

UMW HOLDINGS BERHAD
(COMPANY NO. 090278-P)
(INCORPORATED IN MALAYSIA)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
SECOND QUARTER ENDED 30TH JUNE 2015**
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT QUARTER ENDED 30/06/2015 RM'000	COMPARATIVE QUARTER ENDED 30/06/2014 RM'000	6 MONTHS CUMULATIVE TO DATE 30/06/2015 RM'000	COMPARATIVE 6 MONTHS CUMULATIVE TO DATE 30/06/2014 RM'000
<u>Continuing Operations</u>				
Revenue	3,485,294	3,966,828	6,725,667	7,550,233
Operating Expenses	(3,336,643)	(3,694,311)	(6,365,486)	(6,868,311)
Other Operating Income	27,332	110,421	99,311	134,360
Profit From Operations	175,983	382,938	459,492	816,282
Finance Costs	(27,764)	(20,125)	(59,958)	(45,308)
Share Of Profits Of Associated/Jointly- Controlled Entities	29,544	23,847	62,973	64,523
Investment Income	29,861	35,395	65,134	65,937
Profit Before Taxation	207,624	422,055	527,641	901,434
Taxation	(74,267)	(128,088)	(158,273)	(215,373)
Profit For The Period	133,357	293,967	369,368	686,061
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	62,176	(27,656)	169,262	(36,992)
Cash Flow Hedge	342	132	294	391
Other Comprehensive Income Net Of Tax	62,518	(27,524)	169,556	(36,601)
Total Comprehensive Income For The Period	195,875	266,443	538,924	649,460
<u>Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	68,438	141,960	233,592	377,505
Non-Controlling Interests	64,919	152,007	135,776	308,556
	133,357	293,967	369,368	686,061
<u>Total Comprehensive Income Attributable To:</u>				
Equity Holders Of The Company	114,205	126,699	333,103	356,934
Non-Controlling Interests	81,670	139,744	205,821	292,526
	195,875	266,443	538,924	649,460
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	5.86	12.15	19.99	32.31
Diluted EPS For The Period (Sen)	5.86	12.15	19.99	32.31

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT 30/06/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant & Equipment	6,718,408	5,669,692
Investment Properties	3,494	3,850
Intangible Assets	25,555	25,555
Land Use Rights	6,476	6,580
Leased Assets	271,762	267,701
Investments In Associates	1,838,793	1,797,456
Investments In Jointly-Controlled Entities	57,722	59,982
Deferred Tax Assets	65,404	65,824
Other Investments	20,703	21,175
Derivative Assets	-	5,631
	9,008,317	7,923,446
Current Assets		
Inventories	2,163,135	1,830,408
Trade Receivables	1,177,956	1,238,314
Other Receivables	481,775	852,058
Other Investments	1,151,788	1,181,759
Derivative Assets	18,600	382
Deposits, Cash & Bank Balances	2,867,316	3,370,710
	7,860,570	8,473,631
Non-Current Assets Held For Sale	104,686	122,597
	7,965,256	8,596,228
TOTAL ASSETS	16,973,573	16,519,674

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	(UNAUDITED) AS AT 30/06/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
<u>EQUITY AND LIABILITIES</u>		
Equity Attributable To Equity Holders Of The Company		
Share Capital	584,147	584,147
Share Premium	794,482	794,482
Capital Reserve	396	396
Foreign Currency Translation Reserve	191,761	92,544
Hedging Reserve	339	45
Retained Profits	5,145,865	5,108,848
	<hr/>	<hr/>
	6,716,990	6,580,462
Non-Controlling Interests	2,880,097	2,852,595
TOTAL EQUITY	<hr/> 9,597,087 <hr/>	<hr/> 9,433,057 <hr/>
Non-Current Liabilities		
Provision For Liabilities	30,468	30,468
Deferred Tax Liabilities	27,957	27,354
Long Term Borrowings	1,831,156	1,803,038
Other Payables	38,950	48,600
Derivative Liabilities	189,852	107,536
	<hr/>	<hr/>
	2,118,383	2,016,996
Current Liabilities		
Provision For Liabilities	43,584	57,516
Taxation	72,787	82,753
Short Term Borrowings	2,928,276	2,292,579
Bank Overdrafts	69,690	94,158
Trade Payables	1,175,305	1,411,159
Other Payables	843,758	805,890
Derivative Liabilities	20,840	29,142
Dividend Payable	-	175,244
	<hr/>	<hr/>
	5,154,240	4,948,441
Liabilities Associated With Assets Held For Sale	103,863	121,180
	<hr/>	<hr/>
	5,258,103	5,069,621
TOTAL LIABILITIES	<hr/> 7,376,486 <hr/>	<hr/> 7,086,617 <hr/>
TOTAL EQUITY AND LIABILITIES	<hr/> 16,973,573 <hr/>	<hr/> 16,519,674 <hr/>
Net Assets Per Share (RM)	5.7494	5.6325

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 2015

<----- NON-DISTRIBUTABLE -----> DISTRIBUTABLE

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	HEDGING RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
6 MONTHS ENDED 30TH JUNE 2015									
At 1 st January 2015	584,147	794,482	396	92,544	45	5,108,848	6,580,462	2,852,595	9,433,057
Transactions with owners									
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	18,874	18,874
Acquisition of non-controlling interest	-	-	-	-	-	(9,648)	(9,648)	(16,138)	(25,786)
Dividends distributed to equity holders	-	-	-	-	-	(186,927)	(186,927)	(181,055)	(367,982)
Total comprehensive income	-	-	-	99,217	294	233,592	333,103	205,821	538,924
At 30 th June 2015	584,147	794,482	396	191,761	339	5,145,865	6,716,990	2,880,097	9,597,087

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 2014

<----- NON-DISTRIBUTABLE -----> DISTRIBUTABLE

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	HEDGING RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
6 MONTHS ENDED 30TH JUNE 2014									
At 1 st January 2014	584,147	794,482	396	27,022	(359)	4,884,679	6,290,367	2,642,165	8,932,532
Transactions with owners									
Dividends distributed to equity holders	-	-	-	-	-	(105,146)	(105,146)	(198,253)	(303,399)
Total comprehensive income	-	-	-	(20,962)	391	377,505	356,934	292,526	649,460
At 30 th June 2014	584,147	794,482	396	6,060	32	5,157,038	6,542,155	2,736,438	9,278,593

(These Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2015

	6 MONTHS ENDED 30/06/2015 RM'000	6 MONTHS ENDED 30/06/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	527,641	901,434
Adjustments For:		
Depreciation & Amortisation	218,418	153,860
(Reversal)/Provision Of Impairment On Investments	(20,474)	7,149
Provision For Expected Losses On The Disposal Of Investment	-	93,000
Net Inventories Written Down/(Write Back)	6,993	(2,704)
Interest Expense	59,958	45,308
Share of Results Of Associates/Jointly-Controlled Entities	(62,973)	(64,523)
Impairment/(Reversal Of Impairment) On Receivables	5,725	(4,657)
Net Foreign Exchange/Fair Value Loss/(Gain)	39,408	(50,665)
Interest & Dividend Income	(65,134)	(65,937)
Others	16,650	(30,886)
Operating Profit Before Working Capital Changes	726,212	981,379
Decrease In Receivables	450,062	102,177
Increase In Inventories	(329,925)	(391,061)
Decrease In Payables	(251,308)	(76,176)
Cash Generated From Operating Activities	595,041	616,319
Interest Paid	(58,498)	(41,697)
Taxation Paid	(165,189)	(161,700)
Net Cash Generated From Operating Activities	371,354	412,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Outflow Arising From Equity Investments	(6,913)	(36,150)
Dividend Received	68,947	85,172
Purchase Of Property, Plant & Equipment	(1,120,861)	(1,046,330)
Proceeds From Disposal Of Property, Plant & Equipment	26,970	75,732
Interest Income & Dividend Income	65,134	65,937
Other Investments (Net)	33,117	908,031
Net Cash (Used In)/Generated From Investing Activities	(933,606)	52,392
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid To Equity Holders Of The Company	(362,171)	(397,219)
Dividend Paid To Non-Controlling Interests	(181,055)	(198,252)
Net Drawdown Of Loans & Borrowings	613,959	553,906
Net Cash Generated From/(Used In) Financing Activities	70,733	(41,565)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(491,519)	423,749
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	3,276,552	2,482,567
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	3,698	(134)
EFFECTS OF EXCHANGE RATE CHANGES	8,895	(1,565)
CASH AND CASH EQUIVALENTS AS AT 30TH JUNE	2,797,626	2,904,617

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

Note 1 - Significant Accounting Policies and Application of Malaysian Financial Reporting Standards (“MFRS”)

Basis of Preparation

The interim financial statements have been prepared in accordance with the requirements of International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* and MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31st December 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31st December 2014.

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group’s audited financial statements for the financial year ended 31st December 2014, except for the adoption of the Amendments and Annual Improvements to Standards effective as of 1st January 2015.

Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1st January 2015 -

- Amendments to MFRS 119 Employee Benefits - *Defined Benefit Plans: Employee Contributions*
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

Standards Issued but Not Yet Effective

At the date of authorisation of the Condensed Report, the following Standards, Amendments and Annual Improvements to Standards were issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group -

Effective for Financial Periods Beginning on or after 1st January 2016

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 11 Joint Arrangements - *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101 Presentation of Financial Statements - *Disclosure Initiative*
- Amendments to MFRS 127 Consolidated and Separate Financial Statements - *Equity Method in Separate Financial Statements*
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - *Clarification of Acceptable Methods of Depreciation and Amortisation*

Effective for Financial Periods Beginning on or after 1st January 2017

- MFRS 15 Revenue from Contracts with Customers

Effective for Financial Periods Beginning on or after 1st January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncements other than for the two standards described below, for which the effects are still being assessed -

a) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1st January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but will have no impact on the classification and measurement of the Group's and the Company's financial liabilities.

b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1st January 2017 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTE 2 - Seasonal or Cyclical Factors

The Group is principally engaged in the -

- a) import, assembly and marketing of passenger and commercial vehicles and related spares and manufacturing of original/replacement automotive parts;
- b) trading and manufacturing of a wide range of light and heavy equipment including related spares for use in the industrial, construction, agricultural and mining sectors; and
- c) manufacturing and trading of oil pipes and providing various oil and gas services including drilling and pipe-coating.

The Group's products and services are generally dependent on the Malaysian and global economies, consumer demand and market sentiment.

NOTE 3 - Exceptional Items

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows except as disclosed in Note 1 above.

NOTE 4 - Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior years that have a material effect in the current interim period.

NOTE 5 - Issuance or Repayment of Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30th June 2015.

NOTE 6 - Dividends Paid

Dividend for the financial year ended 31st December 2014 -

- A second interim single-tier dividend of 30% or 15.0 sen (2014 - 30% or 15.0 sen) per share of RM0.50 each, amounting to a net dividend of RM175.2 million (2014 - RM175.2 million) was paid on 20th January 2015; and
- A third interim single-tier dividend of 32% or 16.0 sen (2014 - 18% or 9.0 sen) per share of RM0.50 each, amounting to a net dividend of RM186.9 million (2014 - RM105.1 million) was paid on 24th April 2015.

NOTE 7 - Segmental Reporting

Business Segment	Financial Period Ended 30 th June 2015		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	4,738,220	496,893	247,311
Equipment	1,006,638	132,982	105,296
Oil & Gas	495,870	50,456	20,242
Manufacturing & Engineering	336,464	2,203	1,763
Others	185,389	(154,893)	(141,020)
Sub-Total	6,762,581	527,641	233,592
Elimination of Inter-Segment Sales	(36,914)	-	
Consolidated Total	6,725,667	527,641	

The increase in total assets for the quarter was mainly attributable to capital expenditure incurred on the purchase of a drilling rig by one of the subsidiaries within the Group. There has been no other material increase in total assets compared to the last annual financial statements.

NOTE 8 - Subsequent Material Events

On 25th July 2014, the Company announced that its wholly-owned subsidiary, UMW Corporation Sdn Bhd ("UMWC"), had entered into a Sale and Purchase Agreement ("SPA") with Dato' Muthukumar a/l Ayarpadde ("DMK"), for the proposed disposal of 61.08% equity interest in MK Autocomponents Limited and 55% equity interest in MK Automotive Industries Limited ("Proposed Disposal"). UMWC had on 19th December 2014 and 30th March 2015, agreed that the Completion Date of the SPA be extended to 31st March 2015 and further extended to 30th June 2015, respectively.

On 30th April 2015, UMWC entered into a Supplemental Sale and Purchase Agreement ("SSPA") with DMK to vary certain terms of the SPA dated 25th July 2014, in respect of the price consideration for the Proposed Disposal. The total cash consideration has been mutually revised from RM73,126,825 to RM111,654,575. Accordingly, the Completion Date has been extended from 30th June 2015 to 15th July 2015, subject to fulfilment of all the conditions precedent in the SPA and the SSPA. Subsequently, on 13th July 2015, UMWC had agreed that the Completion Date of the SPA be extended to 30th September 2015 to allow for completion of certain conditions precedent in the SPA.

On 12th August 2015, the Company announced that a wholly-owned subsidiary of UMWC, UMW M&E Sdn Bhd ("UMW M&E"), had acquired two (2) ordinary shares of RM1.00 each in UMW Aerospace Sdn Bhd ("UMW Aerospace"), representing the entire issued and paid-up share capital of UMW Aerospace, for a total cash consideration of RM2.00. The principal activity of the newly-acquired subsidiary is manufacturing of aerospace engine component products. Concurrently, the Company announced that UMW M&E and UMW Aerospace had entered into an agreement with Rolls-Royce Plc ("RR") to manufacture and assemble aerospace products.

In the opinion of the Directors, other than the above, there has been no other material event or transaction during the period from 30th June 2015 to the date of this announcement, which affects substantially the results of the Group for the period ended 30th June 2015.

NOTE 9 - Changes in Composition/Group

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

NOTE 10 - Commitments for the Purchase of Property, Plant and Equipment

These are in respect of capital commitments -

	RM'000	RM'000
Approved and contracted for:		
Land and buildings	140,939	
Equipment, plant and machinery	793,338	
Others	<u>7,144</u>	941,421
Approved but not contracted for:		
Land and buildings	110,216	
Equipment, plant and machinery	530,107	
Others	<u>142,168</u>	782,491
Total		<u>1,723,912</u>

NOTE 11 - Significant Related Party Transactions

There were no disclosures of significant related party transactions ("RPTs") as no material RPT was entered into other than those in the recurrent RPT mandate.

NOTE 12 - Classification of Financial Assets

There were no changes in the classification of financial assets as a result of a change in the purpose or use of the asset.

NOTE 13 - Changes in Contingent Liabilities and Contingent Assets

Contingent liabilities of the Group had decreased to RM1,294.5 million as at 30th June 2015 from RM1,349.9 million as at 31st December 2014.

NOTE 14 - Review of Performance

Current Quarter Ended 30th June 2015

	Revenue		Profit Before Taxation	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000
Consolidated Total	3,485,294	3,966,828	207,624	422,055
Business Segment :				
Automotive	2,732,671	2,904,419	263,370	408,547
Equipment	353,644	453,758	33,681	55,089
Oil & Gas	183,374	238,776	7,995	66,237
Manufacturing & Engineering	165,400	188,866	400	11,926

Group

The Group recorded a revenue of RM3,485.3 million for the second quarter ended 30th June 2015, representing RM481.5 million or 12.1% lower than the RM3,966.8 million recorded in the same period of 2014. All business segments recorded lower revenue compared to the previous year's corresponding quarter.

In line with the lower revenue, the Group generated a lower profit before taxation of RM207.6 million against RM422.1 million in the previous year's corresponding quarter. Consequently, the Group recorded net profit attributable to equity holders of the Company for the second quarter ended 30th June 2015 of RM68.4 million against RM142.0 million recorded in the previous year's corresponding quarter.

Automotive Segment

The segment recorded a revenue of RM2,732.7 million for the second quarter of 2015 compared to RM2,904.4 million registered in the previous year's corresponding quarter. Toyota's core vehicle models faced stiff competition from new model launches by other players in the market.

Consequently, the segment registered a lower profit before taxation of RM263.4 million for the quarter. The weakening of Ringgit Malaysia had also unfavourably affected the profit for the segment.

Equipment Segment

Equipment segment's revenue of RM353.6 million for the second quarter of 2015 was RM100.2 million or 22.1% lower than RM453.8 million recorded in the same period of 2014. Both heavy and industrial equipment sub-segments recorded lower revenue in the current quarter attributable to the slower construction and mining sectors.

Consequently, profit before taxation for the Equipment segment decreased to RM33.7 million from RM55.1 million recorded in the previous year's corresponding quarter.

NOTE 14 - Review of Performance (Cont'd)

Oil & Gas Segment

The Oil & Gas segment's revenue of RM183.4 million for the current quarter was 23.2% or RM55.4 million lower than the previous year's corresponding quarter of RM238.8 million.

The reduction in revenue was the result of the following -

- lower time charter rates; and
- lower utilisation of some of our assets in the second quarter of 2015.

Lower revenue was mitigated by -

- additional revenue contributions from our new assets, UMW GAIT 6, a hydraulic workover unit and UMW NAGA 6, a jack-up rig, which commenced operations in August 2014 and October 2014, respectively; and
- translation gains from the appreciation of United States Dollar against Ringgit Malaysia.

Hence, profit before taxation of RM8.0 million recorded for the current quarter was lower compared to RM66.2 million reported in the previous year's corresponding quarter.

The decrease in profit performance was mainly due to the lower revenue and additional operating expenses from UMW NAGA 7 which has yet to secure a contract.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded lower revenue and profit before taxation for the current quarter of RM165.4 million and RM0.4 million, respectively. The lower contribution was attributed to lower sales by the autocomponent manufacturers especially for 4-wheeler products.

Six Months Ended 30th June 2015

	Revenue		Profit Before Taxation	
	Six Months ended 30/06/2015 RM'000	Six Months ended 30/06/2014 RM'000	Six Months ended 30/06/2015 RM'000	Six Months ended 30/06/2014 RM'000
Consolidated Total	6,725,667	7,550,233	527,641	901,434
Business Segment				
Automotive	4,738,220	5,560,854	496,893	815,114
Equipment	1,006,638	888,699	132,982	94,187
Oil & Gas	495,870	434,349	50,456	124,540
Manufacturing & Engineering	336,464	370,801	2,203	21,547

Group

Group revenue of RM6,725.7 million for the six months ended 30th June 2015 was 10.9% lower than the RM7,550.2 million recorded in the corresponding period of 2014. The Automotive and Manufacturing & Engineering segments contributed to the lower revenue for the period.

In line with the lower revenue, Group profit before taxation for the six months ended 30th June 2015 decreased by 41.5% to RM527.6 million from the RM901.4 million registered in the same period of 2014.

Consequently, the net profit attributable to equity holders of the Company reduced to RM233.6 million from the RM377.5 million registered in the first half of 2014.

NOTE 14 - Review of Performance (Cont'd)

Automotive Segment

The segment's revenue for the first half of 2015 of RM4,738.2 million decreased by RM822.7 million or 14.8% from the RM5,560.9 million registered in the same period of 2014. Generally, market performance is affected by the worsening economic conditions as evidenced from the overall decrease in total industry volume ("TIV") from 333,152 units in the same period of 2014 to 322,184 units in the first half of 2015.

Intense competition within the market has widened the revenue variance for the segment. Market share for Toyota vehicles was lower at 12.7% in the first half of 2015 compared to 15.8% in the same period of 2014.

In tandem with the decrease in revenue, profit before taxation for the first half of 2015 of RM496.9 million recorded a decrease of RM318.2 million or 39.0% from the RM815.1 million registered in the same period of 2014.

Equipment Segment

The Equipment segment's revenue of RM1,006.6 million for the first half of 2015 was 13.3% higher than the RM888.7 million registered in the same period of 2014.

The higher revenue was attributable to -

- higher demand for equipment, parts and services in the first quarter of 2015;
- resumption of the jade mining activities in Myanmar in September 2014; and
- tax incentive given by the authority on the purchase of equipment in Singapore.

In tandem with the higher revenue, profit before taxation for the Equipment segment improved from RM94.2 million recorded in the first half of 2014 to RM133.0 million in the current period.

Oil & Gas Segment

The Oil & Gas segment's revenue of RM495.9 million for the first half of 2015 was RM61.6 million or 14.2% higher than the RM434.3 million generated in same period of 2014.

The improved revenue was mostly attributable to -

- full contribution from UMW NAGA 5, UMW GAIT 6 and UMW NAGA 6 which commenced operations in May, August and October 2014, respectively;
- higher utilisation of UMW GAIT 3 which has been income-generating from mid-March 2014; and
- translation gains from the appreciation of United States Dollar against Ringgit Malaysia.

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

Profit before taxation reduced to RM50.5 million in the first half of 2015 from the RM124.5 million registered in the same period of 2014. This was due to -

- lower time charter rates;
- lower utilisation of some of the assets; and
- additional operating expenses from UMW NAGA 7.

NOTE 14 - Review of Performance (Cont'd)**Manufacturing & Engineering Segment**

The Manufacturing & Engineering segment recorded a revenue of RM336.5 million for the first half of 2015, RM34.3 million or 9.3% lower than the RM370.8 million recorded in the same period of 2014. This was contributed by low orders for exports of KAYABA 4-wheeler products, Original Equipment Market products and power steering pumps during the period.

Likewise, lower profit before taxation of RM2.2 million was recorded in the current period against RM21.5 million recorded in the previous year's corresponding period.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit Before Taxation	
	2 nd Quarter ended 30/06/2015 RM'000	1 st Quarter ended 31/03/2015 RM'000	2 nd Quarter ended 30/06/2015 RM'000	1 st Quarter ended 31/03/2015 RM'000
Consolidated Total	3,485,294	3,240,373	207,624	320,017
Business Segment :				
Automotive	2,732,671	2,005,549	263,370	233,523
Equipment	353,644	652,994	33,681	99,301
Oil & Gas	183,374	312,496	7,995	42,461
Manufacturing & Engineering	165,400	171,064	400	1,803

The Group's revenue of RM3,485.3 million in the second quarter of 2015 was higher than the RM3,240.4 million recorded in the first quarter of 2015. The Automotive segment, with its aggressive marketing programmes, contributed to the higher revenue in the second quarter of 2015.

Nevertheless, the Group registered a lower profit before taxation of RM207.6 million for the second quarter of 2015 against the RM320.0 million recorded in the previous quarter. Lower profit during the quarter was mainly due to the lower revenue recorded by the Equipment and Oil & Gas segments during the quarter.

NOTE 16 - Current Prospect

Automotive Segment

The Malaysian Automotive Association forecasted a revised TIV of 670,000 units for 2015 from 680,000 units originally forecasted. Although the TIV in the second quarter of 2015 has improved towards the end of the quarter, the year-to-date TIV is still lower than the previous year.

Continous weakening of Ringgit Malaysia against United States Dollar will affect operating costs and profit margins. Consumer sentiment will affect sales performance and will be geared towards purchasing more affordable cars that may result in margin compression. New model launches and aggressive promotions from major competitors in the market will further intensify competition in the market.

The outlook for the Automotive segment remains challenging.

Equipment Segment

The Equipment segment remains resilient despite the current challenging market conditions.

The resumption of jade mining activities and better demand for our industrial equipment will continue to contribute to the earnings of the segment. However, the expected slowdown in the logging sector as well as slower growth in the construction sector locally will affect demand for heavy equipment.

Notwithstanding the above, the Equipment segment is expected to perform satisfactorily.

Oil & Gas Segment

The outlook for the Oil & Gas segment is adversely affected by the continued drop in oil prices. Time charter rates remain under pressure in a highly competitive environment where rig supply far outnumbered demand. Major oil & gas companies continue to re-evaluate their capital and operating expenditure to cushion the impact of low oil prices.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment's outlook remains uncertain and challenging with various economic pressures, globally as well as in Malaysia. Intense competition from other players in the market will continue to affect the lubricant business. The segment will work towards securing better product mix to achieve better overall margin.

Group

The Group foresees the outlook for the rest of the financial year to be challenging with the weakening of Ringgit Malaysia and current sentiment. Nevertheless, management will work towards implementing appropriate measures to improve operational efficiencies and contain cost.

NOTE 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 18 - Taxation

	Quarter Ended 30/06/2015 RM'000	Six Months Ended 30/06/2015 RM'000
Current period's provision	74,242	159,287
Under/(Over) provision in prior periods	(4)	(1,040)
	74,238	158,247
Deferred taxation	29	26
Total	74,267	158,273

The effective tax rates for the current quarter and period ended 30th June 2015 of 38.4% and 33.0%, respectively, were higher than the statutory tax rate of 25.0% primarily because -

- certain expenses are not allowable for tax purposes;
- corporate income tax for some foreign operations is calculated based on a certain percentage of the contract value invoiced instead of net income; and
- some subsidiaries are in a loss position.

NOTE 19 - Corporate Proposals

On 16th May 2013, an announcement was made by UMW Holdings Berhad ("UMWH") in relation to its proposal to list its wholly-owned subsidiary.

On 1st November 2013, the listing of UMW Oil & Gas Corporation Berhad ("UMW-OG") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") was completed following the listing of and quotation for the entire issued and paid-up share capital of UMW-OG of 2,162,000,000 ordinary shares of RM0.50 each, on Bursa Securities.

UMWH raised total proceeds of approximately RM1,002.0 million via offer for sale and exercise of the over-allotment option in conjunction with the listing. The proceeds from the exercise of over-allotment options will be utilised for working capital purposes whilst the proceeds from the offer for sale will be utilised as per the table below.

The status of utilisation of proceeds from the offer for sale as at 21st August 2015 is as follows -

Purpose	Proposed Utilisation RM'mil	Actual Utilisation To Date RM'mil	Intended Timeframe for Utilisation Month	Deviation in Amount & %	Explanation
Repayment of borrowings	203.0	203.0	24	nil	-
Working capital	547.5	208.2	24	n/a	-
Capital expenditure	200.0	52.9	24	n/a	-
Estimated fees and expenses for the IPO and the Listing	51.5	23.6	6	RM27.9 mil or 54.2%	*
Total gross proceeds	1,002.0	487.7			

*Actual expenses incurred were lower as management had successfully negotiated for lower fees. The unutilised balance will be used for working capital purposes

Other than the above, there were no corporate proposals announced but not completed at the date of this announcement.

NOTE 20 - Group Borrowings and Debt Securities

	RM'000		RM'000		'000
(a) Short term borrowings					
- Unsecured					
Short term loans and trade facilities	2,588,097			(USD606,216 SGD6,690
Finance lease payable	53				
Portion of long term loans payable within 12 months	<u>254,225</u>			(USD67,228
			<u>2,842,375</u>		
- Secured					
Short term loans and trade facilities	85,019			(USD18,523 AUD3,585 INR14,314
Finance lease payable	<u>882</u>				SGD135
			<u>85,901</u>		
			<u>2,928,276</u>	(<u>USD691,967</u> <u>SGD6,825</u> <u>AUD3,585</u> <u>INR14,314</u>
(b) Long term borrowings					
- Unsecured					
Long term loans	1,920,226			(USD340,454
Finance lease payable	17				
Portion of long term loans payable within 12 months	<u>(254,225)</u>			((USD67,228)
			<u>1,666,018</u>		
- Secured					
Long term loans	164,924			(USD43,671
Finance lease payable	<u>214</u>				
			<u>165,138</u>		
			<u>1,831,156</u>	(<u>USD316,897</u>

NOTE 21 - Material Litigation

On 10th April 2015, a wholly-owned subsidiary of UMW Oil & Gas Corporation Berhad ("UMW-OG"), UMW Offshore Drilling Sdn Bhd ("UOD"), commenced arbitration proceedings against Frontier Oil Corporation ("FOC" or "Respondent") (UOD and FOC collectively known as "the Parties") by serving a Notice of Arbitration to seek amongst others, an award for damages and/or compensation for all losses arising from FOC's breach of contract but not limited to the early termination fee amounting to USD19.2 million.

On 15th September 2014, the Parties had entered into a drilling contract wherein UOD at the request of FOC, agreed to provide a drilling unit, UMW NAGA 7, and other related services. It is UOD's contention that FOC had breached the contract by failing in its obligation to provide bank guarantee and advance payment to UOD prior to UOD's commencement of works leading to UOD having to terminate the contract.

The contract states that any contract breach, termination or validity thereof shall be settled by final and binding arbitration at the Singapore International Arbitration Centre ("SIAC"), before one (1) arbitrator to be appointed by the Chairman of SIAC, and that the place of arbitration shall be Singapore where the award shall be deemed to be a Singapore Award.

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

Other than the above, there are no other material litigation pending as at the date of this announcement.

NOTE 22 - Dividend

The Board is pleased to declare an interim single-tier dividend of 20% or 10.0 sen (2014 - 20% or 10.0 sen) per share of RM0.50 each amounting to a net dividend payable of approximately RM116.8 million (2014 - RM116.8 million) for the year ending 31st December 2015, to be paid on 8th October 2015.

NOTE 23 - Earnings Per Share

Basic earnings per share for the current quarter and period ended 30th June 2015 is calculated by dividing the net profit attributable to shareholders of RM68.4 million and RM233.6 million, respectively, by the weighted average number of ordinary shares in issue as at 30th June 2015 of 1,168,293,932 shares of RM0.50 each.

Note 24 - Realised and Unrealised Profits/Losses

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

	As at 31/03/2015 RM'000	As at 30/06/2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
-Realised	4,381,041	4,152,308
-Unrealised	(38,526)	(54,115)
	4,342,515	4,098,193
Total share of retained profits/(accumulated losses) from associated companies:		
-Realised	1,098,845	1,339,891
-Unrealised	170,778	(33,339)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
-Realised	(308,396)	(304,972)
-Unrealised	-	661
	5,303,742	5,100,434
Less: Consolidation adjustments	(226,315)	45,431
Total Group retained profits as per consolidated accounts	5,077,427	5,145,865

NOTE 25 - Audit Qualification

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

NOTE 26 - Items to Disclose in the Statement of Comprehensive Income

	2nd Quarter Ended 30/06/2015 RM'000	Six Months Ended 30/06/2015 RM'000
a) Interest income	22,103	46,733
b) Other investment income	7,758	18,401
c) Depreciation and amortisation	(105,404)	(218,418)
d) Impairment losses of receivables	(1,113)	(5,725)
e) Provision for write down of inventories	(302)	(6,993)
f) Gain/(loss) on disposal of quoted or unquoted investment	181	(36)
g) Loss on disposal of property, plant and equipment	-	(94)
h) Reversal of impairment of assets/investments (net)	16,519	21,070
i) Net foreign exchange (loss)/gain (net)	(2,003)	42,307
j) Loss on derivatives (net)	(15,212)	(60,905)
k) Exceptional item	-	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
26th August 2015