

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

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

	CURRENT QUARTER ENDED 30/09/2015 RM'000	COMPARATIVE QUARTER ENDED 30/09/2014 RM'000	9 MONTHS CUMULATIVE TO DATE 30/09/2015 RM'000	COMPARATIVE 9 MONTHS CUMULATIVE TO DATE 30/09/2014 RM'000
<u>Continuing Operations</u>				
Revenue	3,533,179	3,702,528	10,258,846	11,252,761
Operating Expenses	(3,630,619)	(3,344,174)	(9,996,105)	(10,212,485)
Other Operating Income	164,256	25,594	263,567	159,954
Profit From Operations	66,816	383,948	526,308	1,200,230
Finance Costs	(24,751)	(12,798)	(84,709)	(58,106)
Share Of Profits Of Associated/Jointly- Controlled Entities	(323)	25,612	62,650	90,135
Investment Income	30,497	33,509	95,631	99,446
Profit Before Taxation	72,239	430,271	599,880	1,331,705
Taxation	(44,327)	(100,578)	(202,600)	(315,951)
Profit For The Period	27,912	329,693	397,280	1,015,754
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	364,255	40,539	533,517	3,547
Cash Flow Hedge	(354)	(679)	(60)	(288)
Other Comprehensive Income Net Of Tax	363,901	39,860	533,457	3,259
Total Comprehensive Income For The Period	391,813	369,553	930,737	1,019,013
<u>Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	13,523	196,996	247,115	574,501
Non-Controlling Interests	14,389	132,697	150,165	441,253
	27,912	329,693	397,280	1,015,754
<u>Total Comprehensive Income Attributable To:</u>				
Equity Holders Of The Company	214,733	218,660	547,836	575,594
Non-Controlling Interests	177,080	150,893	382,901	443,419
	391,813	369,553	930,737	1,019,013
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	1.16	16.86	21.15	49.17
Diluted EPS For The Period (Sen)	1.16	16.86	21.15	49.17

(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 30/09/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant & Equipment	8,500,785	5,669,692
Investment Properties	3,317	3,850
Intangible Assets	25,555	25,555
Land Use Rights	6,425	6,580
Leased Assets	282,723	267,701
Investments In Associates	1,891,242	1,797,456
Investments In Jointly-Controlled Entities	76,336	59,982
Deferred Tax Assets	67,927	65,824
Other Investments	20,511	21,175
Derivative Assets	-	5,631
	10,874,821	7,923,446
Current Assets		
Inventories	2,324,997	1,830,408
Trade Receivables	1,252,994	1,238,314
Other Receivables	595,634	852,058
Other Investments	1,083,080	1,181,759
Derivative Assets	24,499	382
Deposits, Cash & Bank Balances	2,827,136	3,370,710
	8,108,340	8,473,631
Non-Current Assets Held For Sale	146,523	122,597
	8,254,863	8,596,228
TOTAL ASSETS	19,129,684	16,519,674

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	(UNAUDITED) AS AT 30/09/2015 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	393,325	92,544
Hedging Reserve	(15)	45
Retained Profits	5,042,558	5,108,848
	<hr/>	<hr/>
	6,814,893	6,580,462
Non-Controlling Interests	2,913,755	2,852,595
TOTAL EQUITY	<hr/> 9,728,648	<hr/> 9,433,057
Non-Current Liabilities		
Provision For Liabilities	30,492	30,468
Deferred Tax Liabilities	28,811	27,354
Long Term Borrowings	2,089,243	1,803,038
Other Payables	38,950	48,600
Derivative Liabilities	354,036	107,536
	<hr/>	<hr/>
	2,541,532	2,016,996
Current Liabilities		
Provision For Liabilities	38,173	57,516
Taxation	63,483	82,753
Short Term Borrowings	4,042,239	2,292,579
Bank Overdrafts	78,040	94,158
Trade Payables	1,301,574	1,411,159
Other Payables	1,036,332	805,890
Derivative Liabilities	44,090	29,142
Dividend Payable	116,829	175,244
	<hr/>	<hr/>
	6,720,760	4,948,441
Liabilities Associated With Assets Held For Sale	138,744	121,180
	<hr/>	<hr/>
	6,859,504	5,069,621
TOTAL LIABILITIES	<hr/> 9,401,036	<hr/> 7,086,617
TOTAL EQUITY AND LIABILITIES	<hr/> 19,129,684	<hr/> 16,519,674
Net Assets Per Share (RM)	5.8332	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 SEPTEMBER 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
9 MONTHS ENDED 30TH SEPTEMBER 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)	(16,318)	(25,786)
Dividends distributed to equity holders	-	-	-	-	-	(303,757)	(303,757)	(324,477)	(628,234)
Total comprehensive income	-	-	-	300,781	(60)	247,115	547,836	382,901	930,737
At 30 th September 2015	584,147	794,482	396	393,325	(15)	5,042,558	6,814,893	2,913,755	9,728,648

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 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
9 MONTHS ENDED 30TH SEPTEMBER 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	-	-	-	-	-	(221,976)	(221,976)	(421,515)	(643,491)
Total comprehensive income	-	-	-	1,381	(288)	574,501	575,594	443,419	1,019,013
At 30 th September 2014	584,147	794,482	396	28,403	(647)	5,237,204	6,643,985	2,664,069	9,308,054

(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 SEPTEMBER 2015

	9 MONTHS ENDED 30/09/2015 RM'000	9 MONTHS ENDED 30/09/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	599,880	1,331,705
Adjustments For:		
Depreciation & Amortisation	361,812	267,475
Provision Of Impairment On Assets	39,204	7,584
Provision For Expected Losses On The Disposal Of Investment	-	93,000
Net Inventories Written Down	17,333	11,618
Interest Expense	84,709	58,106
Share of Results Of Associates/Jointly-Controlled Entities	(62,650)	(90,135)
Impairment/(Reversal Of Impairment) On Receivables	3,685	(5,640)
Net Foreign Exchange/Fair Value Loss/(Gain)	99,496	(39,115)
Interest & Dividend Income	(95,631)	(99,446)
Others	13,779	(23,042)
Operating Profit Before Working Capital Changes	1,061,617	1,512,110
Decrease In Receivables	302,276	58,736
Increase In Inventories	(467,934)	(57,931)
Decrease In Payables	(7,426)	(306,315)
Cash Generated From Operating Activities	888,533	1,206,600
Interest Paid	(80,552)	(50,280)
Taxation Paid	(227,003)	(281,267)
Net Cash Generated From Operating Activities	580,978	875,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Outflow Arising From Equity Investments	(6,915)	(38,102)
Dividend Received	70,627	88,806
Purchase Of Property, Plant & Equipment	(1,984,694)	(1,793,721)
Proceeds From Disposal Of Properties, Plant & Equipment	51,713	85,153
Interest Income & Dividend Income	95,631	99,446
Other Investments (Net)	91,769	1,014,089
Net Cash Used In Investing Activities	(1,681,869)	(544,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid To Equity Holders Of The Company	(362,171)	(397,219)
Dividend Paid To Non-Controlling Interests	(324,477)	(421,515)
Net Drawdown Of Loans & Borrowings	1,232,264	1,085,795
Net Cash Generated From Financing Activities	545,616	267,061
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(555,275)	597,785
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	3,276,552	2,482,567
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	(1,808)	(556)
EFFECTS OF EXCHANGE RATE CHANGES	29,627	497
CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER	2,749,096	3,080,293

(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 -

(i) 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*

NOTE 1 - Significant Accounting Policies and Application of Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

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

- MFRS 15 Revenue from Contracts with Customers
- 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 2018 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 September 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 September 2015		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	7,334,364	610,286	306,807
Equipment	1,481,420	197,365	156,661
Oil & Gas	708,567	61,910	20,365
Manufacturing & Engineering	520,271	2,955	1,728
Others	268,037	(272,636)	(238,446)
Sub-Total	10,312,659	599,880	247,115
Elimination of Inter-Segment Sales	(53,813)	-	
Consolidated Total	10,258,846	599,880	

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 ("MKAL") and 55% equity interest in MK Automotive Industries Limited ("MKAIL") ("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 and on 30th September 2015, UMWC had agreed that the Completion Date of the SPA be extended to 30th September 2015 and further extended to 30th November 2015, respectively, to allow for completion of certain conditions precedent in the SPA.

On 20th November 2015, UMWC had entered into another SSPA with DMK to vary certain terms of the SSPA in respect of the purchase consideration of the Proposed Disposal, wherein the purchase consideration has been revised to RM115,207,515.13, after taking into account the impact of foreign exchange on the settlement amount of the debts of MKAL's subsidiaries by UMWC. On the same day, the Company announced that all conditions precedent in the SPA have been fulfilled and the Proposed Disposal has now been completed. Accordingly, MKAL and MKAIL have ceased to be subsidiaries of the Group.

NOTE 8 - Subsequent Material Events (Cont'd)

2. On 16th November 2015, the Company announced that Vina Offshore Holdings Pte Ltd ("Vina"), a 70%-owned subsidiary of UMW Petropipe (L) Ltd ("UMW Petropipe"), which in turn is a wholly-owned subsidiary of the Company, had entered into a Share Sale Agreement ("the SSA") with HS Engineering Services Pte Ltd ("HS Engineering"), for proposed disposal of 60% equity interest in UMW Helmsion Engineering Pte Ltd ("UMW Helmsion"), for a total cash consideration of SGD1,697,143 ("Proposed Disposal"). The Proposed Disposal is expected to be completed by 14th December 2015, subject to fulfilment of all conditions precedent in the SSA. Upon completion of the Proposed Disposal, UMW Helmsion will cease to be a subsidiary in the UMW Group.
3. On 19th November 2015, the Company announced that its wholly-owned subsidiary, UMW Petropipe had received the letter of approval from the Business Bureau in the People's Republic of China to acquire 23.7% and 11.9% equity interest in Sichuan Haihua Petroleum Steelpipe Co., Ltd ("Sichuan Haihua") from Sichuan Jinyang Antisepsis Engineering Co., Ltd and Elite International Investment (HK) Limited, respectively, for a total consideration of RMB2. Subsequent to the acquisition, Sichuan Haihua has become a subsidiary in the UMW Group.

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

NOTE 9 - Changes in Composition

On 2nd September 2015, the Company announced that its wholly-owned subsidiary, UMWC had acquired UMW Aero Assets Sdn Bhd ("UMW Aero Assets"), UMW Land Sdn Bhd ("UMW Land") and UMW Training Centre Sdn Bhd ("UMW Training Centre") for a total cash consideration of RM6.00.

The principal activity of UMW Aero Assets is ownership and leasing of equipment and tooling. UMW Aero Assets was incorporated on 18th August 2015 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

The principal activity of UMW Land is investment holding company and property development. UMW Land was incorporated on 19th August 2015 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

The principal activity of UMW Training Centre is provision of training and other related services. UMW Training Centre was incorporated on 19th August 2015 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

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	144,347	
Equipment, plant and machinery	184,167	
Others	12,082	340,596
	<hr/>	
Approved but not contracted for:		
Land and buildings	107,183	
Equipment, plant and machinery	352,238	
Others	84,837	544,258
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Total		<u>884,854</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 increased to RM1,620.2 million as at 30th September 2015 from RM1,349.9 million as at 31st December 2014.

NOTE 14 - Review of Performance**Current Quarter Ended 30th September 2015**

	Revenue		Profit Before Taxation	
	Quarter ended 30/09/2015 RM'000	Quarter ended 30/09/2014 RM'000	Quarter ended 30/09/2015 RM'000	Quarter ended 30/09/2014 RM'000
Consolidated Total	3,533,179	3,702,528	72,239	430,271
Business Segment :				
Automotive	2,596,144	2,643,372	113,393	343,943
Equipment	474,782	434,750	64,382	44,390
Oil & Gas	212,697	254,321	11,454	75,846
Manufacturing & Engineering	183,807	180,206	752	(1,484)

NOTE 14 - Review of Performance (Cont'd)

Group

The Group revenue of RM3,533.2 million for the third quarter ended 30th September 2015, was 4.6% lower than the RM3,702.5 million recorded in the same quarter of 2014, mainly due to lower performance of the Automotive and Oil & Gas segments.

In line with the lower revenue, the Group generated a lower profit before taxation of RM72.2 million against RM430.3 million in the previous year's corresponding quarter. Higher operating cost arising from the current economic situations and provision for impairment have impacted the Group's profitability. Consequently, lower net profit attributable to equity holders of the Company of RM13.5 million for the third quarter ended 30th September 2015 was recorded against RM197.0 million of the previous year's corresponding quarter.

Automotive Segment

The segment recorded a lower revenue of RM2,596.1 million for the third quarter of 2015 compared to RM2,643.4 million registered in the previous year's corresponding quarter. The lower revenue was mainly due to the stiff competition following new model launches by other players in the market and weak consumer sentiments.

Consequently, the segment registered a lower profit before taxation of RM113.4 million for the quarter against RM343.9 million in the same quarter of last year. The weakening of ringgit and higher campaign and promotion expenses had affected the current quarter profit for the segment.

Equipment Segment

The Equipment segment recorded a higher revenue of RM474.8 million for the third quarter of 2015, 9.2% in excess of RM434.8 million recorded in the same period of 2014. The increase was contributed mostly by the heavy equipment sub-segment attributable to the higher demand for equipment, parts and services especially from businesses in Myanmar and Papua New Guinea. In tandem with the higher revenue, the segment reported higher profit before taxation of RM64.4 million against RM44.4 million recorded in the previous year's corresponding quarter.

Oil & Gas Segment

The Oil & Gas segment's revenue of RM212.7 million for the current quarter was 16.4% lower than the previous year's corresponding quarter of RM254.3 million.

The reduction in revenue was due to lower time charter rates and lower utilisation of some of the rigs in the third quarter of 2015. However, this was mitigated by additional full quarter revenue from the new rig, which commenced operation in October 2014.

Profit before taxation for the segment reduced from RM75.8 million in the third quarter of 2014 to RM11.5 million in the current quarter in line with the reduction in revenue. The profit was further weighed down by the additional operating expenses from the new offshore premium jack up rig, UMW NAGA 7, which has not secured any contract during the reporting period.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a slight improvement in revenue and profit before taxation for the current quarter of RM3.6 million and RM2.2 million, respectively. The slight improvement was attributable to an improvement in the lubricant business as well as cost cutting measures undertaken by companies within the segment. Higher forex gain from translation of foreign currency denominated balances also contributed to the improved gain.

NOTE 14 - Review of Performance (Cont'd)

Nine Months Ended 30th September 2015

	Revenue		Profit Before Taxation	
	Nine Months ended 30/09/2015 RM'000	Nine Months ended 30/09/2014 RM'000	Nine Months ended 30/09/2015 RM'000	Nine Months ended 30/09/2014 RM'000
Consolidated Total	10,258,846	11,252,761	599,880	1,331,705
Business Segment				
Automotive	7,334,364	8,204,226	610,286	1,159,057
Equipment	1,481,420	1,323,449	197,365	138,577
Oil & Gas	708,567	688,670	61,910	200,386
Manufacturing & Engineering	520,271	551,007	2,955	20,063

Group

The Group reported revenue of RM10,258.9 million for the nine months ended 30th September 2015, which was 8.8% lower than the RM11,252.8 million recorded in the corresponding period of 2014. Lower revenue by the Automotive segment weighed down the topline performance.

Consequently, the profit before taxation decreased by 55.0% from the RM1,331.7 million registered in the same period of 2014. This was in line with the lower revenue as well as lower margin resulted from the higher operating cost. Consequently, the net profit attributable to equity holders of the Company reduced to RM247.1 million from the RM574.5 million registered in 2014.

Automotive Segment

The Automotive segment reported a revenue of RM7,334.4 million for the nine months of 2015, a drop of 10.6% from the RM8,204.2 million registered in the same period of 2014. Consequently, the profit before taxation recorded lower performance with 47.4% reduction from the RM1,159.1 million registered in the same period of 2014.

The segment was affected by the overall adverse market performance which was resulted from the economic slowdown. Total industry volume ("TIV") reduced from 492,322 units in the same period of 2014 to 485,388 units in the nine months of 2015. The intense competition coupled with continued weakening of ringgit as well as higher campaign and promotion spending had further impacted the segment's performance.

Equipment Segment

The Equipment segment outperformed its 2014 performance. It registered a revenue of RM1,481.4 million for the nine months of 2015, which was 11.9% higher than the RM1,323.5 million registered in the same period of 2014. In line with the higher revenue, profit before taxation for the period increased by 42.4%.

The better performance was mainly attributable to higher demand for equipment following the resumption of jade mining in Myanmar and higher parts and services revenue in Papua New Guinea.

NOTE 14 - Review of Performance (Cont'd)

Oil & Gas Segment

The Oil & Gas segment's revenue of RM708.6 million for the nine months of 2015 was 2.9% higher than the RM688.7 million generated in the same period of 2014.

The higher revenue was primarily 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; and
- higher utilisation of UMW GAIT 3 which has been income-generating from mid-March 2014.

Profit before taxation reduced to RM61.9 million in the nine months of 2015 from the RM200.4 million registered in the same period of 2014 despite the increase in revenue. This was due to -

- lower time charter rates and rig utilisation rates; and
- additional operating expenses from the uncontracted UMW NAGA 7 which was delivered in January 2015.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a revenue of RM520.3 million for the nine months of 2015, which was 5.6% lower than the RM551.0 million recorded in the same period of 2014. Consequently a lower profit before taxation of RM3.0 million was recorded in the current period against RM20.1 million recorded in the previous year's corresponding period.

The downward trend was contributed by the low orders for KAYABA 4-wheeler products, Original Equipment Market products and power steering pumps during the period.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit Before Taxation	
	3 rd Quarter ended 30/09/2015 RM'000	2 nd Quarter ended 30/06/2015 RM'000	3 rd Quarter ended 30/09/2015 RM'000	2 nd Quarter ended 30/06/2015 RM'000
Consolidated Total	3,533,179	3,485,294	72,239	207,624
Business Segment :				
Automotive	2,596,144	2,732,671	113,393	263,370
Equipment	474,782	353,644	64,382	33,681
Oil & Gas	212,697	183,374	11,454	7,995
Manufacturing & Engineering	183,807	165,400	752	400

The Group's revenue of RM3,533.2 million in the third quarter of 2015 was higher than the RM3,485.3 million recorded in the second quarter of 2015. Heavy Equipment segment mainly the Myanmar and Papua New Guinea businesses contributed to the increase. However, it was moderated by the lower sales of the Automotive segment following the intense market competition.

Profit before taxation of RM72.2 million recorded for the third quarter of 2015 was lower than that of the previous quarter of RM207.6 million. The lower profitability was mainly attributable to the Automotive segment that was impacted by the stiff competition and weakening of ringgit.

NOTE 16 - Current Prospect

Automotive Segment

Unfavourable exchange rate movements will continue to contribute to the higher cost of imported components. This will impact margins whilst manufacturers struggle to keep prices down to bring in more sales. Weak consumer sentiments will delay spending on big ticket items like cars, thus affecting the sales performance.

Major players in the market are launching new models to remain competitive and aggressively pursuing marketing and promotion activities to boost sales.

The outlook for the Automotive segment remains challenging.

Equipment Segment

The current prevailing low commodity prices will continue to dampen the overall domestic economy. At the same time, the cost of imported goods are expected to increase due to unfavourable foreign exchange rates. However, this is expected to benefit the Equipment segments's overseas operations.

Our strong business performance in both Myanmar and Papua New Guinea is expected to contribute positively to the segment.

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

Oil & Gas Segment

Oil prices are expected to remain weak for the foreseeable future. The continuous uncertainty in the industry is expected to impact asset utilisation.

The financial performance of the segment is expected to be very challenging.

Manufacturing & Engineering Segment

The weak consumer sentiments will continue to affect the Manufacturing & Engineering segment's performance. Continuous appreciation of dollar will further cause a rise in imported material cost. The segment will continue working towards improving sales performance by extending customer base while at the same time tightening costs.

Group

The Group expects its outlook to be very challenging in view of depressing oil prices, volatility of ringgit, weak consumer sentiments and uncertain economic environment. Nevertheless, management will continue 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 30/09/2015 RM'000	Nine Months Ended 30/09/2015 RM'000
Current period's provision	43,154	202,441
Under/(Over) provision in prior periods	1,470	430
Deferred taxation	44,624 (297)	202,871 (271)
Total	44,327	202,600

The effective tax rates for the current quarter and period ended 30th September 2015 of 31.7% and 37.9%, 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 20th November 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	229.9	24	n/a	-
Capital expenditure	200.0	54.9	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	<u>1,002.0</u>	<u>511.4</u>			

*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	3,676,884			(USD771,583 SGD9,950
Finance lease payable	37				
Portion of long term loans payable within 12 months	<u>254,507</u>			(USD57,671
			3,931,428		
- Secured					
Short term loans and trade facilities	109,938			(USD20,005 AUD5,822 SGD122
Finance lease payable	<u>873</u>				
			<u>110,811</u>		
			4,042,239	(<u>USD849,259</u> <u>SGD10,072</u> <u>AUD5,822</u>
(b) Long term borrowings					
- Unsecured					
Long term loans	2,098,501			(USD332,757
Finance lease payable	17				
Portion of long term loans payable within 12 months	<u>(254,507)</u>			((USD57,671)
			1,844,011		
- Secured					
Long term loans	245,021			(USD55,744
Finance lease payable	<u>211</u>				
			<u>245,232</u>		
			<u>2,089,243</u>	(<u>USD330,830</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.

NOTE 21 - Material Litigation (Cont'd)

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 material developments in respect of the arbitral proceedings and there are no other material litigation pending as at the date of this announcement.

NOTE 22 - Dividend

No interim dividend has been recommended for the quarter ended 30th September 2015 (2014 – 30% or 15.0 sen).

NOTE 23 - Earnings Per Share

Basic earnings per share for the current quarter and period ended 30th September 2015 is calculated by dividing the net profit attributable to shareholders of RM13.5 million and RM247.1 million, respectively, by the weighted average number of ordinary shares in issue as at 30th September 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 30th June 2015 and 30th September 2015, pursuant to the format prescribed by Bursa Securities, is as follows -

	As at 30/06/2015 RM'000	As at 30/09/2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
-Realised	4,152,308	3,248,638
-Unrealised	(54,115)	71,490
	4,098,193	3,320,128
Total share of retained profits/(accumulated losses) from associated companies:		
-Realised	1,339,891	1,757,363
-Unrealised	(33,339)	(467,168)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
-Realised	(304,972)	(294,693)
-Unrealised	661	(1,866)
	5,100,434	4,313,764
Less: Consolidation adjustments	45,431	728,794
Total Group retained profits as per consolidated accounts	5,145,865	5,042,558

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

	3rd Quarter Ended 30/09/2015 RM'000	Nine Months Ended 30/09/2015 RM'000
a) Interest income	20,718	67,451
b) Other investment income	9,779	28,180
c) Depreciation and amortisation	(143,394)	(361,812)
d) Reversal/(Impairment losses) of receivables	2,040	(3,685)
e) Provision for write down of inventories	(10,340)	(17,333)
f) Gain on disposal of quoted or unquoted investment	281	245
g) Gain/(loss) on disposal of property, plant and equipment	67	(27)
h) Provision for impairment losses of assets	(60,274)	(39,204)
i) Net foreign exchange gain (net)	132,903	175,210
j) Loss on derivatives (net)	(180,973)	(241,878)
k) Exceptional item	-	-

By Order Of The Board

FADZILAH BINTI SAMION

**Secretary
(MACS 01262)**

Shah Alam
26th November 2015