

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
FIRST QUARTER ENDED 31ST MARCH 2015**
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT QUARTER ENDED 31/03/2015 RM'000	COMPARATIVE QUARTER ENDED 31/03/2014 RM'000	3 MONTHS CUMULATIVE TO DATE 31/03/2015 RM'000	COMPARATIVE 3 MONTHS CUMULATIVE TO DATE 31/03/2014 RM'000
<u>Continuing Operations</u>				
Revenue	3,240,373	3,583,405	3,240,373	3,583,405
Operating Expenses	(3,028,843)	(3,174,000)	(3,028,843)	(3,174,000)
Other Operating Income	71,979	23,939	71,979	23,939
Profit From Operations	283,509	433,344	283,509	433,344
Finance Costs	(32,194)	(25,183)	(32,194)	(25,183)
Share Of Profits Of Associated/Jointly- Controlled Entities	33,429	40,676	33,429	40,676
Investment Income	35,273	30,542	35,273	30,542
Profit Before Taxation	320,017	479,379	320,017	479,379
Taxation	(84,006)	(87,285)	(84,006)	(87,285)
Profit For The Period	236,011	392,094	236,011	392,094
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	107,086	(9,336)	107,086	(9,336)
Cash Flow Hedge	(48)	259	(48)	259
Other Comprehensive Income Net Of Tax	107,038	(9,077)	107,038	(9,077)
Total Comprehensive Income For The Period	343,049	383,017	343,049	383,017
<u>Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	165,154	235,545	165,154	235,545
Non-Controlling Interests	70,857	156,549	70,857	156,549
	236,011	392,094	236,011	392,094
<u>Total Comprehensive Income Attributable To:</u>				
Equity Holders Of The Company	218,898	230,235	218,898	230,235
Non-Controlling Interests	124,151	152,782	124,151	152,782
	343,049	383,017	343,049	383,017
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	14.14	20.16	14.14	20.16
Diluted EPS For The Period (Sen)	14.14	20.16	14.14	20.16

(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 31/03/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant & Equipment	6,610,039	5,669,692
Investment Properties	3,672	3,850
Intangible Assets	25,555	25,555
Land Use Rights	6,528	6,580
Leased Assets	269,058	267,701
Investments In Associates	1,848,924	1,797,456
Investments In Jointly-Controlled Entities	58,367	59,982
Deferred Tax Assets	66,028	65,824
Other Investments	15,947	21,175
Derivative Assets	-	5,631
	8,904,118	7,923,446
Current Assets		
Inventories	1,839,812	1,830,408
Trade Receivables	1,353,089	1,238,314
Other Receivables	616,137	852,058
Other Investments	1,037,430	1,181,759
Derivative Assets	11,124	382
Deposits, Cash & Bank Balances	3,186,266	3,370,710
	8,043,858	8,473,631
Non-Current Assets Held For Sale	109,611	122,597
	8,153,469	8,596,228
TOTAL ASSETS	17,057,587	16,519,674

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	(UNAUDITED) AS AT 31/03/2015 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	146,336	92,544
Hedging Reserve	(3)	45
Retained Profits	5,077,427	5,108,848
	<hr/>	<hr/>
	6,602,785	6,580,462
Non-Controlling Interests	2,960,644	2,852,595
TOTAL EQUITY	<hr/> 9,563,429 <hr/>	<hr/> 9,433,057 <hr/>
Non-Current Liabilities		
Provision For Liabilities	30,468	30,468
Deferred Tax Liabilities	27,425	27,354
Long Term Borrowings	1,924,274	1,803,038
Other Payables	38,950	48,600
Derivative Liabilities	175,904	107,536
	<hr/>	<hr/>
	2,197,021	2,016,996
Current Liabilities		
Provision For Liabilities	49,474	57,516
Taxation	66,597	82,753
Short Term Borrowings	2,994,271	2,292,579
Bank Overdrafts	81,363	94,158
Trade Payables	994,868	1,411,159
Other Payables	801,229	805,890
Derivative Liabilities	12,820	29,142
Dividend Payable	186,927	175,244
	<hr/>	<hr/>
	5,187,549	4,948,441
Liabilities Associated With Assets Held For Sale	109,588	121,180
	<hr/>	<hr/>
	5,297,137	5,069,621
TOTAL LIABILITIES	<hr/> 7,494,158 <hr/>	<hr/> 7,086,617 <hr/>
TOTAL EQUITY AND LIABILITIES	<hr/> 17,057,587 <hr/>	<hr/> 16,519,674 <hr/>
Net Assets Per Share (RM)	5.6516	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 31ST MARCH 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
3 MONTHS ENDED 31ST MARCH 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									
Acquisition of non-controlling interest	-	-	-	-	-	(9,648)	(9,648)	(16,102)	(25,750)
Dividends distributed to equity holders	-	-	-	-	-	(186,927)	(186,927)	-	(186,927)
Total comprehensive income	-	-	-	53,792	(48)	165,154	218,898	124,151	343,049
At 31 st March 2015	584,147	794,482	396	146,336	(3)	5,077,427	6,602,785	2,960,644	9,563,429

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 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
3 MONTHS ENDED 31ST MARCH 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)	-	(105,146)
Total comprehensive income	-	-	-	(5,569)	259	235,545	230,235	152,782	383,017
At 31 st March 2014	584,147	794,482	396	21,453	(100)	5,015,078	6,415,456	2,794,947	9,210,403

(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
31ST MARCH 2015**

	3 MONTHS ENDED 31/03/2015 RM'000	3 MONTHS ENDED 31/03/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	320,017	479,379
Adjustments For:		
Depreciation & Amortisation	113,014	73,224
Reversal Of Impairment Losses On Investments	(4,550)	(8,792)
Net Inventories Written Down/(Write Back)	6,691	(1,382)
Interest Expense	32,194	25,183
Share of Results Of Associates/Jointly-Controlled Entities	(33,429)	(40,676)
Impairment/(Reversal Of Impairment) On Receivables	4,612	(2,263)
Net Foreign Exchange/Fair Value Loss/(Gain)	9,915	(15,990)
Interest & Dividend Income	(35,273)	(30,542)
Others	13,853	(11,249)
Operating Profit Before Working Capital Changes	427,044	466,892
Decrease/(Increase) In Receivables	141,363	(12,802)
Increase In Inventories	(11,582)	(174,588)
Decrease In Payables	(506,707)	(114,464)
Cash Generated From Operating Activities	50,118	165,038
Interest Paid	(23,101)	(24,858)
Taxation Paid	(103,210)	(77,771)
Net Cash (Used In)/Generated From Operating Activities	(76,193)	62,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Outflow Arising From Equity Investments	(25,750)	-
Purchase Of Property, Plant & Equipment	(882,973)	(444,942)
Proceeds From Disposal Of Property, Plant & Equipment	14,685	12,217
Interest Income & Dividend Income	35,273	30,542
Other Investments (Net)	146,830	644,832
Net Cash (Used In)/Generated From Investing Activities	(711,935)	242,649
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid To Equity Holders Of The Company	(175,244)	(292,073)
Net Drawdown Of Loans & Borrowings	786,087	235,471
Net Cash Generated From/(Used In) Financing Activities	610,843	(56,602)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(177,285)	248,456
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	3,276,552	2,482,567
EFFECTS OF EXCHANGE RATE CHANGES	5,636	(5,569)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH	3,104,903	2,725,454

(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 depict 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 the MFRS 15 and is planning 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 31st March 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.

Note 7 - Segmental Reporting

Business Segment	Three Months Ended 31st March 2015		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	2,005,549	233,523	116,692
Equipment	652,994	99,301	78,726
Oil & Gas	312,496	42,461	17,914
Manufacturing & Engineering	171,064	1,803	1,306
Others	115,866	(57,071)	(49,484)
Sub-Total	3,257,969	320,017	165,154
Elimination of Inter-Segment Sales	(17,596)	-	
Consolidated Total	3,240,373	320,017	

Total increase in total assets for the quarter was mainly attributable to the capital expenditure incurred on the purchase of 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 UMW Corporation Sdn Bhd (“UMWC”), its wholly-owned subsidiary, 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 considerations have 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.

Other than the above, in the opinion of the Directors, there has been no other material event or transaction during the period from 31st March 2015 to the date of this announcement, which affects substantially the results of the Group for the period ended 31st March 2015.

Note 9 - Changes in Composition/Group

There were no changes in the composition of the Group during the quarter ended 31st March 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	141,410	
Equipment, plant and machinery	814,696	
Others	<u>9,431</u>	965,537
Approved but not contracted for:		
Land and buildings	130,551	
Equipment, plant and machinery	602,896	
Others	<u>187,040</u>	920,487
Total		<u><u>1,886,024</u></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 RM1,240.2 million as at 31st March 2015 from RM1,349.9 million as at 31st December 2014.

Note 14 - Review of Performance

Current Quarter Ended 31st March 2015

	Revenue		Profit Before Tax	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000
Consolidated Total	3,240,373	3,583,405	320,017	479,379
Business Segment :				
Automotive	2,005,549	2,656,435	233,523	406,567
Equipment	652,994	434,941	99,301	39,098
Oil & Gas	312,496	195,573	42,461	58,303
Manufacturing & Engineering	171,064	181,915	1,803	9,621

Group

The Group recorded revenue of RM3,240.4 million for the first quarter ended 31st March 2015, RM343.0 million or 9.5% lower than the RM3,583.4 million recorded in the same period of 2014. The Group's revenue was impacted by the lower performance of Automotive and Manufacturing & Engineering segments.

In line with the lower revenue, the Group generated lower profit before taxation of RM320.0 million against RM479.4 million in the previous year's corresponding quarter. Consequently, the Group recorded net profit attributable to equity holders of the Company for the first quarter ended 31st March 2015 of RM165.2 million against RM235.5 million recorded in the previous year's corresponding quarter.

Automotive Segment

The segment recorded revenue of RM2,005.6 million for the first quarter of 2015 compared to RM2,656.4 million registered in the previous corresponding period. Toyota core vehicle models faced stiff competition from the new model launches by other players in the market.

Consequently, the segment registered a lower profit before taxation of RM233.5 million for the quarter. The weakening of Ringgit Malaysia has also unfavourably affected the profit for the segment.

Equipment Segment

Equipment segment's revenue of RM653.0 million for the first quarter of 2015 had outperformed its 2014 level of RM434.9 million by RM218.1 million or 50.1%. Both heavy and industrial equipment sub-segments contributed to the improved performance with an increase of 78.1% and 29.6%, respectively. Locally, the improved revenue performance was attributable to higher demand for equipment, parts and services in anticipation of Goods and Services Tax implementation. For overseas operations, the resumption of the jade mining activities in Myanmar in September 2014 as well as tax incentive given by the authority on the purchase of equipment in Singapore contributed to the higher revenue.

In line with the improved revenue, profit before taxation for the Equipment segment increased to RM99.3 million from RM39.1 million recorded in the previous corresponding quarter.

Note 14 - Review of Performance (Cont'd)

Oil & Gas Segment

The Oil & Gas segment's revenue of RM312.5 million for the current quarter was 59.8% or RM116.9 million higher than the previous year's corresponding period of RM195.6 million.

The improved revenue performance was attributable to the following -

- Full contribution from UMW NAGA 5 and UMW NAGA 6 which commenced operations in May and October 2014, respectively;
- Improved operating efficiency by UMW NAGA 2 and UMW NAGA 3; and
- Additional revenue from hydraulic workover GAIT 3 and GAIT 6. GAIT 6 was not operating in the first quarter of 2014.

Profit before taxation of RM42.5 million recorded for the current quarter was lower compared to RM58.3 million reported in the previous year's corresponding quarter. Lower contributions from the drilling business mainly attributed to discounts on time charter rates given to existing clients in view of the significant drop in oil price, accounted for the profit reduction in the first quarter.

The lower profit was also due to the termination of contract of UMW NAGA 7 with Frontier Oil Corporation ("FOC"). UMW NAGA 7 was ready for deployment in February 2015. Please refer to Note 21 for details on arbitration proceedings against FOC.

Manufacturing & Engineering Segment

Manufacturing & Engineering segment recorded a lower revenue and profit before taxation for the current quarter of RM171.1 million and RM1.8 million, respectively. Lower contribution was attributed to lower sales by the autocomponent manufacturers especially on the 4 wheelers products. The segment's lower performance was however mitigated by better contribution from the lubricant business.

Note 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit Before Tax	
	1 st Quarter ended 31/03/2015 RM'000	4 th Quarter ended 31/12/2014 RM'000	1 st Quarter ended 31/03/2015 RM'000	4 th Quarter ended 31/12/2014 RM'000
Consolidated Total	3,240,373	3,679,729	320,017	289,755
Business Segment :				
Automotive	2,005,549	2,561,783	233,523	316,209
Equipment	652,994	443,717	99,301	79,654
Oil & Gas	312,495	326,234	42,461	83,771
Manufacturing & Engineering	171,064	174,071	1,803	(5,277)

The Group's revenue of RM3,240.4 million in the first quarter of 2015 was lower than the RM3,679.7 million recorded in the fourth quarter of 2014. Equipment segment, with its better performance had mitigated the lower revenue contribution by other segments during the first quarter of 2015.

Despite the lower revenue, the Group registered a higher profit before taxation of RM320.0 million for the first quarter of 2015 against the RM289.8 million recorded in the previous quarter. Higher profit during the quarter was mainly caused by lower net foreign exchange/fair value loss and lower asset impairment compared to the previous quarter.

Note 16 - Current Prospect

Automotive Segment

The outlook for Automotive segment remains challenging with new model launches and aggressive promotions from major competitors in the market.

Current business conditions have weakened following the depreciation of Ringgit Malaysia and the decline in oil price. Imports are becoming more expensive affecting the cost of production and consumer sentiments may be geared towards purchasing energy efficient vehicles and other more affordable cars. Perodua is looking at keeping up with the market momentum with its energy-efficient vehicles, AXIA.

Equipment Segment

Equipment segment's performance is expected to be soft in the domestic market. However, this may be mitigated by sustaining business opportunity in Myanmar following the resumption of the jade mining business in the country.

Oil & Gas Segment

The outlook for the Oil & Gas segment remains soft with the severe drop in oil price. Major oil companies are re-evaluating their spending and considering reduction in capital expenditure to cushion the impact of the low oil price.

Manufacturing & Engineering Segment

The lubricant business in Malaysia will continue to face intense competition from other major players in the market whilst its automotive components manufacturing business will continue to be affected by the market condition.

In view of these challenges, the remaining of 2015 is expected to continue to be difficult for the Manufacturing & Engineering segment.

Nevertheless, the success of its overseas lubricant business in securing some contracts to supply the aftermarket products to leading car manufacturers in China will help to mitigate the adverse impact.

Group

The Group foresees that the outlook for the rest of financial year 2015 will be challenging and has put in various measures to mitigate the situation.

Note 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

Note 18 - Taxation

	Quarter Ended 31/03/2015 RM'000
Current period's provision	85,045
Under/(Over) provision in prior periods	(1,036)
	84,009
Deferred taxation	(3)
Total	84,006

The effective tax rate for the current quarter ended 31st March 2015 of 29.4% was higher than the statutory tax rate of 25%, mainly because certain expenses are not allowable for tax purposes and some subsidiaries are in a loss position.

Note 19 - Corporate Proposal

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 22nd May 2015 is as follows -

Purpose	Proposed Utilisation RM'mill	Actual Utilisation To Date RM'mill	Intended Timeframe for Utilisation Month	Deviation in Amount & %	Explanation
Repayment of borrowings	203.0	203.0	24	nil	-
Working capital	547.5	189.4	24	n/a	-
Capital expenditure	200.0	50.3	24	n/a	-
Estimated fees and expenses for the IPO and the Listing	51.5	23.6	6	RM27.9m or 54.2%	*
Total gross proceeds	1,002.0	466.3			

*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	2,650,839	(USD661,489 SGD6,020
Finance lease payable	56		
Portion of long term loans payable within 12 months	<u>254,539</u>	(USD68,601
		2,905,434	
- Secured			
Short term loans and trade facilities	88,402	(USD19,871 AUD3,273 INR25,069
Finance lease payable	<u>435</u>		SGD150
		<u>88,837</u>	
		2,994,271	(
			<u>USD749,961 SGD6,170 AUD3,273 INR25,069</u>
(b) Long term borrowings			
- Unsecured			
Long term loans	2,058,889	(USD354,720
Finance lease payable	37		
Portion of long term loans payable within 12 months	<u>(254,539)</u>	((USD68,601)
		1,804,387	
- Secured			
Long term loans	119,673	(USD32,296
Finance lease payable	<u>214</u>		
		<u>119,887</u>	
		<u>1,924,274</u>	(
			<u>USD318,415</u>

Note 21 - Material Litigation

On 10th April 2015, UMW Offshore Drilling Sdn Bhd (“UOD”), a wholly-owned subsidiary of UMW Oil & Gas Corporation Berhad, a subsidiary within the Group, served a notice of arbitration on Frontier Oil Corporation (“FOC”) 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.

In accordance with clause 2.2 of the contract, FOC was to have arranged for the issuance of a bank guarantee of USD5.0 million and an advance payment of USD15.0 million within the time stipulated in the contract, i.e., on or before 15th December 2014 (being a date not later than 30 days prior to the Early Commencement Date which was on 15th January 2015). Despite repeated reminders, FOC has failed to, refused to and/or neglected to arrange for the said bank guarantee and advance payment.

The contract further states that the contract breach, termination or validity thereof shall be settled by final and binding arbitration in accordance with 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 and the award shall be deemed to be a Singapore Award.

Other than the above, there was no material litigation pending on the date of this announcement.

Note 22 - Dividend

No interim dividend has been recommended for the quarter ended 31st March 2015 (2014 - Nil).

Note 23 - Earnings Per Share

Basic earnings per share for the quarter ended 31st March 2015 is calculated by dividing the net profit attributable to shareholders of RM165.2 million by the weighted average number of ordinary shares in issue as at 31st March 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, pursuant to the format prescribed by Bursa Securities, is as follows -

	As at 31/03/2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:	
-Realised	4,381,041
-Unrealised	(38,526)
	4,342,515
Total share of retained profits/(accumulated losses) from associated companies:	
-Realised	1,098,845
-Unrealised	170,778
Total share of retained profits/(accumulated losses) from jointly-controlled entities:	
-Realised	(308,396)
-Unrealised	-
	5,303,742
Less: Consolidation adjustments	(226,315)
Total Group retained profits as per consolidated accounts	5,077,427

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

	Quarter Ended 31/03/2015 RM'000
a) Interest income	24,630
b) Other investment income	10,643
c) Depreciation and amortization	(113,014)
d) Impairment losses of receivables	(4,612)
e) Provision for write down of inventories	(6,691)
f) Loss on disposal of quoted or unquoted investment	(217)
g) Loss on disposal of property, plant and equipment	(94)
h) Reversal of impairment of assets/investments (net)	4,551
i) Net foreign exchange gain (net)	44,310
j) Loss on derivatives (net)	(45,693)
k) Exceptional item	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
26th May 2015