

# UMW HOLDINGS BERHAD

(COMPANY NO : 90278-P)  
(INCORPORATED IN MALAYSIA)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31<sup>ST</sup> DECEMBER 2015 (THE FIGURES HAVE NOT BEEN AUDITED )

	CURRENT QUARTER ENDED 31/12/2015 RM'000	COMPARATIVE QUARTER ENDED 31/12/2014 RM'000	12 MONTHS CUMULATIVE TO DATE 31/12/2015 RM'000	AUDITED COMPARATIVE 12 MONTHS CUMULATIVE TO DATE 31/12/2014 RM'000
<b><u>Continuing Operations</u></b>				
Revenue	4,160,904	3,679,729	14,419,750	14,932,490
Operating Expenses	(4,545,726)	(3,551,160)	(14,398,333)	(13,713,516)
Other Operating Income	25,154	104,108	113,511	213,933
<b>Profit From Operations</b>	<b>(359,668)</b>	<b>232,677</b>	<b>134,928</b>	<b>1,432,907</b>
Finance Costs	(41,876)	(27,040)	(126,585)	(85,146)
Share Of Profits Of Associated/Jointly-Controlled Entities	35,751	49,513	130,113	139,648
Investment Income	31,543	34,605	127,174	134,051
<b>Profit Before Taxation</b>	<b>(334,250)</b>	<b>289,755</b>	<b>265,630</b>	<b>1,621,460</b>
Taxation	(57,321)	(92,504)	(259,921)	(408,455)
<b>Profit For The Period</b>	<b>(391,571)</b>	<b>197,251</b>	<b>5,709</b>	<b>1,213,005</b>
<b><u>Other Comprehensive Income :</u></b>				
Translation Of Foreign Operations	(39,466)	118,597	494,051	122,144
Cash Flow Hedge	-	692	(60)	404
Other Comprehensive Income Net Of Tax	(39,466)	119,289	493,991	122,548
<b>Total Comprehensive Income For The Period</b>	<b>(431,037)</b>	<b>316,540</b>	<b>499,700</b>	<b>1,335,553</b>
<b><u>Profit For The Period Attributable To:</u></b>				
Equity Holders Of The Company	(286,040)	77,469	(38,925)	651,970
Non-Controlling Interests	(105,531)	119,782	44,634	561,035
	<b>(391,571)</b>	<b>197,251</b>	<b>5,709</b>	<b>1,213,005</b>
<b><u>Total Comprehensive Income Attributable To :</u></b>				
Equity Holders Of The Company	(301,213)	142,302	246,623	717,896
Non-Controlling Interests	(129,824)	174,238	253,077	617,657
	<b>(431,037)</b>	<b>316,540</b>	<b>499,700</b>	<b>1,335,553</b>
<b><u>(Loss)/Earnings Per Share Attributable to Equity Holders of The Company:</u></b>				
Basic (Loss)/Earnings Per Share For The Period (Sen)	(24.48)	6.63	(3.33)	55.81
Diluted (Loss)/Earnings Per Share For The Period (Sen)	(24.48)	6.63	(3.33)	55.81

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

# UMW HOLDINGS BERHAD

(COMPANY NO : 90278-P)

(INCORPORATED IN MALAYSIA)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT 31/12/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	8,132,654	5,669,692
Investment Properties	3,139	3,850
Intangible Assets	38,304	25,555
Land Use Rights	6,373	6,580
Leased Assets	287,607	267,701
Investments In Associates	1,894,503	1,797,456
Investments In Jointly-Controlled Entity	55,957	59,982
Deferred Tax Assets	68,440	65,824
Other Investments	21,880	21,175
Derivative Assets	2,868	5,631
	<u>10,511,725</u>	<u>7,923,446</u>
<b>Current Assets</b>		
Inventories	1,891,596	1,830,408
Trade Receivables	1,273,334	1,238,314
Other Receivables	465,540	852,058
Other Investments	1,188,945	1,181,759
Derivative Assets	21,204	382
Deposits, Cash & Bank Balances	2,728,282	3,370,710
	<u>7,568,901</u>	<u>8,473,631</u>
Non-Current Assets Held For Sale	-	122,597
	<u>7,568,901</u>	<u>8,596,228</u>
	<u>18,080,626</u>	<u>16,519,674</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To The Equity Holders Of The Company</b>		
Share Capital	584,147	584,147
Share Premium	794,482	794,482
Capital Reserve	396	396
Foreign Currency Translation Reserve	378,152	92,544
Hedging Reserve	(15)	45
Retained Profits	4,639,689	5,108,848
	<u>6,396,851</u>	<u>6,580,462</u>
Non-Controlling Interests	2,827,080	2,852,595
	<u>9,223,931</u>	<u>9,433,057</u>
<b>TOTAL EQUITY</b>		
<b>Non-Current Liabilities</b>		
Provision For Warranties	30,696	30,468
Deferred Tax Liabilities	34,077	27,354
Long Term Borrowings	2,782,516	1,803,038
Other Payables	38,950	48,600
Derivative Liabilities	278,825	107,536
	<u>3,165,064</u>	<u>2,016,996</u>
<b>Current Liabilities</b>		
Provision For Warranties	44,069	57,516
Taxation	61,777	82,753
Short Term Borrowings	3,159,148	2,292,579
Bank Overdrafts	78,786	94,158
Trade Payables	1,164,714	1,411,159
Other Payables	1,065,569	805,890
Derivative Liabilities	739	29,142
Dividend Payable	116,829	175,244
Liabilities Associated With Assets Held For Sale	-	121,180
	<u>5,691,631</u>	<u>5,069,621</u>
	<u>8,856,695</u>	<u>7,086,617</u>
<b>TOTAL LIABILITIES</b>	<u>8,856,695</u>	<u>7,086,617</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>18,080,626</u>	<u>16,519,674</u>
<b>Net Assets Per Share (RM)</b>	<b>5.4754</b>	<b>5.6325</b>

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

# UMW HOLDINGS BERHAD

(COMPANY NO : 90278-P)

(INCORPORATED IN MALAYSIA)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

	NON - DISTRIBUTABLE					DISTRIBUTABLE		NON - CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	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		
<b>12 MONTHS ENDED 31<sup>ST</sup> DECEMBER 2015</b>									
At 1 <sup>st</sup> 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	-	-	-	-	-	-	-	18,872	18,872
Acquisition of non-controlling interest	-	-	-	-	-	(9,647)	(9,647)	(11,126)	(20,773)
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	40,731	40,731
Dividends distributed to equity holders	-	-	-	-	-	(420,587)	(420,587)	(327,069)	(747,656)
Total comprehensive income	-	-	-	285,608	(60)	(38,925)	246,623	253,077	499,700
At 31 <sup>st</sup> December 2015	584,147	794,482	396	378,152	(15)	4,639,689	6,396,851	2,827,080	9,223,931

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

	NON - DISTRIBUTABLE					DISTRIBUTABLE		NON - CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	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		
<b>12 MONTHS ENDED 31<sup>ST</sup> DECEMBER 2014</b>									
At 1 <sup>st</sup> 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									
Acquisition of non-controlling interest	-	-	-	-	-	(30,582)	(30,582)	25,887	(4,695)
Dividends distributed to equity holders	-	-	-	-	-	(397,219)	(397,219)	(433,114)	(830,333)
Total comprehensive income	-	-	-	65,522	404	651,970	717,896	617,657	1,335,553
At 31 <sup>st</sup> December 2014	584,147	794,482	396	92,544	45	5,108,848	6,580,462	2,852,595	9,433,057

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

# UMW HOLDINGS BERHAD

(COMPANY NO : 90278-P)  
(INCORPORATED IN MALAYSIA)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

	12 MONTHS ENDED 31/12/2015 RM'000	AUDITED 12 MONTHS ENDED 31/12/2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	265,630	1,621,460
Adjustments For:		
Depreciation & Impairment of rigs/hydraulic workover units	765,485	378,744
Provision for impairment of assets	10,575	127,835
Provision for expected losses on the disposal of investment	-	93,000
Net inventories written down	6,922	8,584
Interest expense	126,585	85,146
Share of results of associates/Jointly-Controlled Entities	(130,134)	(139,648)
Impairment on receivables	9,686	18,569
Net unrealised foreign exchange/fair value (gain)/loss	(38,583)	20,158
Interest & dividend income	(127,174)	(134,051)
Others	16,859	(53,353)
Operating Profit Before Working Capital Changes	<u>905,851</u>	<u>2,026,444</u>
Increase in receivables	(203,023)	(255,947)
Increase in inventories	(30,025)	(99,405)
Increase in payables	98,821	206,215
Cash Generated From Operating Activities	<u>771,624</u>	<u>1,877,307</u>
Interest paid	(120,803)	(94,091)
Taxation paid	(275,495)	(418,267)
Net Cash Generated From Operating Activities	<u>375,326</u>	<u>1,364,949</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow arising from equity investments	(2,619)	(112,184)
Dividends received	100,185	121,526
Purchase of property, plant & equipment	(2,168,837)	(2,185,546)
Proceeds from disposal of property, plant & equipment	43,507	106,977
Interest income & dividend income	127,174	131,175
Other Investments (net)	(3,658)	1,623,067
Net Cash Used In Investing Activities	<u>(1,904,248)</u>	<u>(314,985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to equity holders of the company	(479,000)	(514,048)
Dividend paid to non-controlling interests	(327,069)	(433,114)
Net drawdown of loans & borrowings	1,692,344	1,150,712
Net Cash Generated From Financing Activities	<u>886,275</u>	<u>203,550</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(642,647)	1,253,514
<b>CASH AND CASH EQUIVALENTS AS AT 1<sup>ST</sup> JANUARY</b>	3,276,552	1,565,067
<b>CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE</b>	-	5,351
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	15,591	6,435
<b>CASH AND CASH EQUIVALENTS AS AT 31<sup>ST</sup> DECEMBER</b>	<u>2,649,496</u>	<u>2,830,367</u>

(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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> December 2014, except for the adoption of the Amendments and Annual Improvements to Standards effective 1<sup>st</sup> 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 1<sup>st</sup> 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 -

## **NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards (“MFRS”) (Cont’d)**

### **Effective for financial periods beginning on or after 1<sup>st</sup> 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 1<sup>st</sup> 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 effective date of these Standards has been deferred, and has yet to be announced by MASB.*

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 1<sup>st</sup> 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.

## **NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards ("MFRS") (Cont'd)**

### **Effective for financial periods beginning on or after 1<sup>st</sup> January 2018 (Cont'd)**

#### **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 1<sup>st</sup> 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 31<sup>st</sup> December 2015.

#### **NOTE 6 - Dividends Paid**

Dividend for the financial year ended 31<sup>st</sup> 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 20<sup>th</sup> 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 24<sup>th</sup> April 2015.

Dividend for the financial year ended 31<sup>st</sup> December 2015 -

- 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 of RM116.8 million (2014 - RM116.8 million) was paid on 8<sup>th</sup> October 2015.



## NOTE 7 - Segmental Reporting

	Financial Period Ended 31 <sup>st</sup> December 2015		
Business Segment	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	10,710,222	858,168	431,288
Equipment	1,884,296	224,902	183,013
Oil & Gas	839,526	(349,394)	(207,603)
Manufacturing & Engineering	702,666	16,343	10,195
Others	362,789	(484,389)	(455,818)
<b>Sub-Total</b>	<b>14,499,499</b>	<b>265,630</b>	<b>(38,925)</b>
Elimination of Inter-Segment Sales	(79,749)	-	
<b>Consolidated Total</b>	<b>14,419,750</b>	<b>265,630</b>	

The increase in total assets for the period was predominantly due to capital expenditure incurred in relation to the acquisition of the premium jack up 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 16<sup>th</sup> November 2015, the Company announced that Vina Offshore Holdings Pte Ltd ("Vina"), a 70%-owned subsidiary of UMW Petropipe (L) Ltd ("UMW Petropipe"), which is in turn 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 the 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 14<sup>th</sup> 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.

Subsequently, on 14<sup>th</sup> December 2015, Vina had agreed that the Completion Date of the SSA be extended to 15<sup>th</sup> January 2016, to allow for completion of certain conditions precedent in the SSA. On 15<sup>th</sup> January 2016, it was announced that all obligations in the SSA have been fulfilled and the proposed disposal has been completed.

In the opinion of the Directors, other than the above, there has been no other material event or transaction during the period from 31<sup>st</sup> December 2015 to the date of this announcement, which affects substantially the results of the Group for the period ended 31<sup>st</sup> December 2015.

## NOTE 9 - Changes in Composition of the Group

1. On 12<sup>th</sup> August 2015, the Company announced that UMW M&E Sdn Bhd, a wholly-owned subsidiary in the UMW Group, had acquired UMW Aerospace Sdn Bhd (“UMW Aerospace”), for a total cash consideration of RM2.00. The principal activity of UMW Aerospace is manufacturing of aerospace engine component products.
2. On 2<sup>nd</sup> 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 18<sup>th</sup> 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 19<sup>th</sup> 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 19<sup>th</sup> August 2015 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

3. On 19<sup>th</sup> 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.
4. On 20<sup>th</sup> November 2015, the Company announced that its wholly-owned subsidiary, UMWC, had completed the disposal of 61.08% equity interest in MK Autocomponents Limited (“MKAL”) and 55% equity interest in MK Automotive Industries Limited (“MKAIL”). Accordingly, MKAL and MKAIL have ceased to be subsidiaries in the UMW Group.
5. On 29<sup>th</sup> December 2015, the Company announced that UMW Equipment Rental Services Sdn Bhd, UMW Vehicle Components Sdn Bhd, KPKK Realty Sdn Bhd, and Tracpart Centre Sdn Bhd, the dormant subsidiaries in the UMW Group had commenced members’ voluntary winding up as part of UMW’s continued initiative to reduce the number of dormant companies in the Group and to eliminate unnecessary administrative costs in maintaining the said subsidiaries further.

## 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	393,322	
Equipment, plant and machinery	153,181	
Others	<u>24,604</u>	571,107
Approved but not contracted for:		
Land and buildings	84,640	
Equipment, plant and machinery	308,906	
Others	<u>204,515</u>	598,061
Total		<u>1,169,168</u>

## NOTE 11 - Significant Related Party Transactions

On 27<sup>th</sup> November 2015, the Company announced that its wholly-owned subsidiary, UMWC, had entered into a Settlement Agreement (“the Agreement”) with UMW Development Sdn Bhd (“UMWD”), a 51% subsidiary in the UMW Group, in respect of the settlement of the liabilities due from UMWD to UMWC amounting to RM229,792,101 (“Liabilities”). The settlement of the Liabilities will be made via a transfer of several parcels of land belonging to UMWD to UMWC or any other wholly-owned entity as may be nominated by UMWC, for a total consideration of RM242,462,999.97. The transaction is expected to be completed by the first quarter of 2016.

In the opinion of the Directors, other than the above, 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 RM1,612.7 million as at 31<sup>st</sup> December 2015 from RM1,349.9 million as at 31<sup>st</sup> December 2014.

## NOTE 14 - Review of Performance

### Current Quarter Ended 31<sup>st</sup> December 2015

	Revenue		Profit Before Taxation	
	Quarter Ended 31/12/2015 RM'000	Quarter Ended 31/12/2014 RM'000	Quarter Ended 31/12/2015 RM'000	Quarter Ended 31/12/2014 RM'000
<b>Consolidated Total</b>	<b>4,160,904</b>	<b>3,679,729</b>	<b>(334,250)</b>	<b>289,755</b>
<b>Business Segment</b>				
Automotive	3,375,858	2,561,783	247,882	316,209
Equipment	402,878	443,717	27,538	79,654
Oil & Gas	130,958	326,234	(411,305)	83,772
Manufacturing & Engineering	182,395	174,071	13,388	(5,277)

### Group

The Group revenue of RM4,160.9 million recorded in the current quarter ended 31<sup>st</sup> December 2015 was 13.1% higher than the revenue recorded in the same quarter of 2014. The improved performance from the Automotive segment by 31.8% contributed to the higher revenue.

The Group recorded a loss before taxation of RM334.3 million in the current quarter despite the higher revenue recorded. The loss before taxation was attributable to assets impairment in the Oil & Gas segment provided in the current quarter, as well as the weakening of ringgit against US Dollar ("USD").

The asset and goodwill impairment in the Oil & Gas segment had negatively impacted the Group's results for the quarter by RM337.7 million. The weakening ringgit had also resulted in a higher cost of sales of more than RM300.0 million for the quarter.

### Automotive Segment

The Automotive segment recorded a higher revenue by RM814.1 million in the fourth quarter of 2015 compared to the previous year's corresponding quarter. The higher revenue was due to positive response towards aggressive year-end sales campaigns coupled with the anticipated vehicle price increase in 2016.

Nevertheless, the segment registered a lower profit before taxation of RM247.9 million for the quarter against RM316.2 million in the same quarter of 2014. The segment was adversely affected by the depreciating ringgit against the USD.

### Equipment Segment

The Equipment segment's revenue and profit before taxation in the fourth quarter of 2015 was lower than the performance in the same period of 2014. Fourth quarter 2014 performance was boosted by higher demand for heavy equipment in Myanmar following the resumption of jade mining activities in September 2014. The demand was subsequently normalised in 2015.

## **NOTE 14 - Review of Performance (Cont'd)**

### **Current Quarter Ended 31<sup>st</sup> December 2015 (Cont'd)**

#### **Oil & Gas Segment**

The Oil & Gas segment's revenue in the current quarter of RM131.0 million was 59.9% lower than the previous year's corresponding quarter of RM326.2 million. Lower revenue was due to lower time charter rates and lower utilisation of some of the assets during the quarter.

The segment recorded a loss before taxation of RM411.3 million for the fourth quarter, after taking into account asset and goodwill impairment amounting to RM337.7 million for the period. The loss before taxation was also attributable to costs incurred during the non-operational period when assets were not fully contracted as a result of the sluggish oil and gas market. The segment recorded a loss before taxation of RM73.6 million before provisioning for asset and goodwill impairment.

#### **Manufacturing & Engineering Segment**

The Manufacturing & Engineering segment recorded 4.8% higher revenue in the current quarter compared to the same quarter of 2014 due to higher demand for lubricants and absorbers.

In line with the higher revenue, profit before taxation also improved over the corresponding quarter of 2014. Successful disposal of the loss-making automotive components companies in India in November 2015 had also attributed to the segment's better results.

## NOTE 14 - Review of Performance (Cont'd)

### Twelve Months Ended 31<sup>st</sup> December 2015

	Revenue		Profit Before Taxation	
	Twelve Months Ended 31/12/2015 RM'000	Twelve Months Ended 31/12/2014 RM'000	Twelve Months Ended 31/12/2015 RM'000	Twelve Months Ended 31/12/2014 RM'000
<b>Consolidated Total</b>	<b>14,419,750</b>	<b>14,932,490</b>	<b>265,630</b>	<b>1,621,460</b>
<b>Business Segment</b>				
Automotive	10,710,222	10,766,009	858,168	1,475,266
Equipment	1,884,296	1,767,166	224,902	218,231
Oil & Gas	839,526	1,014,903	(349,394)	284,156
Manufacturing & Engineering	702,666	725,078	16,343	14,786

### Group

The Group recorded a total revenue of RM14,419.8 million for the year ended 31<sup>st</sup> December 2015, 3.4% lower than the RM14,932.5 million recorded in 2014. All segments reported lower revenue except for the Equipment segment.

The sluggish oil and gas market, and the depreciating ringgit against USD, which dropped by 20% in 2015, had adversely impacted the performance of the Group resulting in the significant drop in profitability. Total asset and goodwill impairment of RM337.7 million for the Oil & Gas segment and foreign exchange impact of about RM700.0 million from the depreciating ringgit had adversely impacted Group performance.

### Automotive Segment

The Automotive segment's revenue of RM10,710.2 million was slightly lower than the previous year. Reduction in revenue was attributable to stiff competition from new model introduction and aggressive marketing strategy by all players in the market.

Consequently, profit before taxation reduced to RM858.2 million, 41.8% lower than the previous year. The depreciating ringgit against USD had significantly shrunk the profit margin of the segment during the period.

### Equipment Segment

The Equipment segment outperformed its 2014 performance in both revenue and profit before taxation.

The better performance was attributable to higher demand for equipment from our overseas subsidiaries in Myanmar, Papua New Guinea and Vietnam, following resumption of the jade mining activities in Myanmar as well as aggressive marketing efforts undertaken by the subsidiaries.

## **NOTE 14 - Review of Performance (Cont'd)**

### **Twelve Months Ended 31<sup>st</sup> December 2015 (Cont'd)**

#### **Oil & Gas Segment**

The Oil & Gas segment's revenue for the financial year 2015 of RM839.5 million was lower by 17.3% than that of the previous year. Lower revenue was attributable to the reduced time charter rates as well as lower rig utilisation rates for some of the assets.

The segment reported a loss before taxation of RM349.4 million for the financial year ended 31<sup>st</sup> December 2015. The sluggish oil and gas market for the past 18 months had impacted the segment as follows -

- High operating cost from the non-operating and under-utilised rig assets
- Asset impairment on the rig assets.

The segment recorded a loss before taxation of RM11.7 million before asset and goodwill impairment.

#### **Manufacturing & Engineering Segment**

The Manufacturing & Engineering segment recorded a 3.1% lower revenue compared to 2014. The performance was largely affected by lower demand for absorbers and power steering pumps during the period.

Nevertheless, profit before taxation increased by 10.5% to RM16.3 million compared to the previous year's performance. The higher profit was attributable to the better performance of the lubricant segment and cost-cutting measures undertaken during the year.

## NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit Before Taxation	
	4 <sup>th</sup> Quarter Ended 31/12/2015 RM'000	3 <sup>rd</sup> Quarter Ended 30/09/2015 RM'000	4 <sup>th</sup> Quarter Ended 31/12/2015 RM'000	3 <sup>rd</sup> Quarter Ended 30/09/2015 RM'000
<b>Consolidated Total</b>	<b>4,160,904</b>	<b>3,533,179</b>	<b>(334,250)</b>	<b>72,239</b>
<b>Business Segment</b>				
Automotive	3,375,858	2,596,144	247,882	113,393
Equipment	402,878	474,782	27,538	64,382
Oil & Gas	130,958	212,697	(411,305)	11,454
Manufacturing & Engineering	182,395	183,807	13,388	752

The Group's revenue of RM4,160.9 million in the fourth quarter of 2015 was higher than the RM3,533.2 million recorded in the third quarter of 2015. This was due to the aggressive marketing campaigns by the Automotive segment which successfully boosted its revenue by 30.0% in the current quarter. The rest of the segments recorded lower revenue compared to the previous quarter.

The Group recorded a loss before taxation of RM334.3 million during the quarter, mainly from the provision of assets and goodwill impairment for the Oil & Gas segment as well as the foreign exchange loss resulting from continued deterioration of the ringgit. The impairment was provided following the continuous under utilisation of assets during the period with no clear indication of recoverability in oil prices in the near future.

## NOTE 16 - Current Prospect

### Automotive Segment

The Malaysian Automotive Association has forecasted TIV to drop to 650,000 units in 2016, from 666,674 units in 2015. This was mainly due to the subdued global economic growth, whilst domestically, the Malaysian economy is projected to expand in the region of 4% to 4.5% in 2016.

The persistent weakening of ringgit against major currencies will continue to contribute to the higher cost. Softening consumer sentiments and stiff competition in the industry may affect demand. Profit margin for the segment will stay under pressure from the higher operating cost due to the weakening ringgit.

The outlook for the Automotive segment remains challenging for 2016.

### Equipment Segment

Business communities generally are scaling down capital expenditure and remain cautious in operating expenditure in the current low commodity price situation. This will continue to affect equipment demand.

Overall, a challenging year is expected for the Equipment segment in 2016.



## **NOTE 16 - Current Prospect (Cont'd)**

### **Oil & Gas Segment**

Oil prices are expected to remain low and continue to be volatile in the near future. This poses uncertainties to the Oil & Gas segment in 2016. However, any recovery in the oil price will positively affect and improve the segment's performance.

### **Manufacturing & Engineering Segment**

Slower growth in the automotive industry in 2016 will continue to affect the demand for lubricants and automotive components products. The segment will continue to focus more on products with higher profit margin through intensive trade, consumer promotions and brand awareness activities.

### **Group**

As long as oil prices continue at the low level and ringgit continues to depreciate, the outlook for 2016 is expected to be challenging. Nevertheless, the Group has undertaken cost-cutting measures to mitigate the uncertain market environment.

## **NOTE 17 - Variance from Profit Forecast and Profit Guarantee**

This is not applicable to the Group.

## **NOTE 18 - Taxation**

	<b>Quarter Ended 31/12/2015 RM'000</b>	<b>Twelve Months Ended 31/12/2015 RM'000</b>
Current period's provision	53,242	255,683
Under/(Over) provision in prior periods	(300)	130
	52,942	255,813
Deferred taxation	4,379	4,108
Total	57,321	259,921

The effective tax rates for the current quarter and period ended 31st December were higher than the statutory tax rate of 25.0% primarily because -

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

## NOTE 19 - Corporate Proposals

On 16<sup>th</sup> May 2013, an announcement was made by the Company in relation to its proposal to list its wholly-owned subsidiary.

On 1<sup>st</sup> 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 22<sup>nd</sup> February 2016 is as follows-

<u>Purpose</u>	<u>Proposed Utilisation RM'mil</u>	<u>Actual Utilisation To Date RM'mil</u>	<u>Intended Timeframe for Utilisation Month</u>	<u>Deviation in Amount &amp; %</u>	<u>Explanation</u>
Repayment of borrowings	203.0	203.0	24	nil	-
Working capital	547.5	242.1	24	n/a	-
Capital expenditure	200.0	64.3	24	n/a	-
Estimated fees and expenses for the IPO and the Listing	51.5	23.6	6	RM27.9mil or 54.2%	*
<b>Total gross proceeds</b>	<b><u>1,002.0</u></b>	<b><u>533.0</u></b>			

\*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**

	<b>RM'000</b>	<b>RM'000</b>	<b>'000</b>
(a) Short term borrowings			
- Unsecured			
Short term loans and trade facilities	2,745,892		( USD602,857 SGD1,840)
Portion of long term loans payable within 12 months	<u>273,131</u>		( USD63,242)
		3,019,023	
- Secured			
Short term loans and trade facilities	139,573		( USD20,084 AUD3,806 RMB14,059)
Finance lease payable	<u>552</u>		SGD111
		<u>140,125</u>	
		3,159,148	( USD686,183 SGD1,951 AUD3,806 RMB14,059)
		<u>3,159,148</u>	
(b) Long term borrowings			
- Unsecured			
Long term loans	2,743,820		( USD490,502)
Finance lease payable	37		
Portion of long term loans payable within 12 months	<u>(273,131)</u>		( (USD63,242)
		2,470,726	
- Secured			
Long term loans	<u>311,790</u>		( USD62,867 RMB62,871)
		<u>311,790</u>	
		2,782,516	( USD490,127 RMB62,871)
		<u>2,782,516</u>	

## **NOTE 21 - Material Litigation**

On 10<sup>th</sup> April 2015, a wholly-owned subsidiary of 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 15<sup>th</sup> 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 6<sup>th</sup> 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 claim 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**

The Board is pleased to declare an interim single-tier dividend of 20% or 10.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM116.8 million (2014 - 32% or 16.0 sen per share of RM0.50 each, amounting to RM186.9 million) for the year ended 31<sup>st</sup> December 2015, to be paid on 23<sup>rd</sup> March 2016.

The total single-tier dividend for the financial year ended 31<sup>st</sup> December 2015 would be 40% or 20.0 sen per share of RM0.50 each, amounting to a net dividend of approximately RM233.7 million (2014 - 82% or 41.0 sen per share of RM0.50 each, amounting to a net dividend of RM479.0 million).

## **NOTE 23 - Earnings/(Loss) Per Share**

Basic loss per share for the current quarter and period ended 31<sup>st</sup> December 2015 is calculated by dividing the net loss attributable to shareholders of RM286.0 million and RM38.9 million, respectively, by the weighted average number of ordinary shares in issue as at 31<sup>st</sup> December 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 30<sup>th</sup> September 2015 and 31<sup>st</sup> December 2015, pursuant to the format prescribed by Bursa Securities, is as follows -

	<b>As at 30/09/2015 RM'000</b>	<b>As at 31/12/2015 RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	3,248,638	2,706,762
- Unrealised	71,490	89,378
	3,320,128	2,796,140
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,757,363	1,697,461
- Unrealised	(467,168)	(418,456)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(294,693)	(284,262)
- Unrealised	(1,866)	(2,665)
	4,313,764	3,788,218
Less: Consolidation adjustments	728,794	851,471
Total Group retained profits as per consolidated accounts	5,042,558	4,639,689

## NOTE 25 - Audit Qualification

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

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

	<b>Fourth Quarter Ended 31/12/2015 RM'000</b>	<b>Twelve Months Ended 31/12/2015 RM'000</b>
a) Interest income	20,144	87,595
b) Other investment income	11,399	39,579
c) Depreciation and impairment of rigs/hydraulic workover units	(403,673)	(765,485)
d) Impairment losses of receivables	(6,001)	(9,686)
e) Reversal/(provision) for write down of inventories	10,411	(6,922)
f) Gain on disposal of quoted or unquoted investment	276	521
g) Gain on disposal of property, plant and equipment	1,024	997
h) Reversal/(provision) for impairment losses of assets	28,629	(10,575)
i) Net foreign exchange (loss)/gain (net)	(79,163)	96,047
j) Gain/(loss) on derivatives (net)	114,657	(127,221)
k) Exceptional item	-	-

**By Order Of The Board**

**FADZILAH BINTI SAMION**

**Secretary**

**(MACS 01262)**

Shah Alam

25<sup>th</sup> February 2016