

UMW HOLDINGS BERHAD

(COMPANY NO. 090278-P)
(INCORPORATED IN MALAYSIA)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
SECOND QUARTER ENDED 30TH JUNE 2014
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT QUARTER ENDED 30/06/2014 RM'000	COMPARATIVE QUARTER ENDED 30/06/2013 RM'000	6 MONTHS CUMULATIVE TO DATE 30/06/2014 RM'000	COMPARATIVE 6 MONTHS CUMULATIVE TO DATE 30/06/2013 RM'000
<u>Continuing Operations</u>				
Revenue	3,966,828	3,499,181	7,550,233	6,858,477
Operating Expenses	(3,694,311)	(3,181,468)	(6,868,311)	(6,173,141)
Other Operating Income	110,421	98,227	134,360	125,373
Profit From Operations	382,938	415,940	816,282	810,709
Finance Costs	(20,125)	(28,802)	(45,308)	(48,451)
Share Of Profits Of Associated/Jointly- Controlled Entities	23,847	39,403	64,523	77,900
Investment Income	35,395	16,648	65,937	35,734
Profit Before Taxation	422,055	443,189	901,434	875,892
Taxation	(128,088)	(101,202)	(215,373)	(198,736)
Profit For The Period	293,967	341,987	686,061	677,156
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	(27,656)	20,447	(36,992)	19,566
Cash Flow Hedge	132	2,549	391	3,033
Other Comprehensive Income Net Of Tax	(27,524)	22,996	(36,601)	22,599
Total Comprehensive Income For The Period	266,443	364,983	649,460	699,755
<u>Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	141,960	250,987	377,505	470,651
Non-Controlling Interests	152,007	91,000	308,556	206,505
	293,967	341,987	686,061	677,156
<u>Total Comprehensive Income Attributable To:</u>				
Equity Holders Of The Company	126,699	274,571	356,934	494,255
Non-Controlling Interests	139,744	90,412	292,526	205,500
	266,443	364,983	649,460	699,755
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	12.15	21.48	32.31	40.29
Diluted EPS For The Period (Sen)	12.15	21.48	32.31	40.29

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT 30/06/2014 RM'000	(AUDITED) AS AT 31/12/2013 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant & Equipment	4,554,084	3,898,853
Investment Properties	3,933	4,553
Intangible Assets	37,856	37,856
Land Use Rights	6,616	6,697
Leased Assets	259,942	259,163
Investments In Associates	1,708,044	1,696,035
Investments In Jointly-Controlled Entities	53,676	57,909
Deferred Tax Assets	71,171	57,576
Other Investments	52,693	41,928
Derivative Assets	-	7,232
	6,748,015	6,067,802
Current Assets		
Inventories	2,125,876	1,754,167
Trade Receivables	1,051,872	1,209,602
Other Receivables	686,598	671,599
Other Investments	1,425,647	2,331,470
Derivative Assets	8,475	371
Deposits, Cash & Bank Balances	3,005,111	2,557,694
	8,303,579	8,524,903
Non-Current Assets Held For Sale	206,157	2,442
	8,509,736	8,527,345
TOTAL ASSETS	15,257,751	14,595,147

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	(UNAUDITED) AS AT 30/06/2014 RM'000	(AUDITED) AS AT 31/12/2013 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	6,060	27,022
Hedging Reserve	32	(359)
Retained Profits	5,157,038	4,884,679
	6,542,155	6,290,367
Non-Controlling Interests	2,736,438	2,642,165
TOTAL EQUITY	9,278,593	8,932,532
Non-Current Liabilities		
Provision For Liabilities	42,984	44,680
Deferred Tax Liabilities	32,556	30,111
Long Term Borrowings	1,390,560	1,524,177
Derivative Liabilities	51,826	77,669
	1,517,926	1,676,637
Current Liabilities		
Provision For Liabilities	48,325	56,071
Taxation	146,241	86,300
Short Term Borrowings	2,004,391	1,389,198
Bank Overdrafts	100,494	75,127
Trade Payables	1,276,273	1,352,314
Other Payables	728,257	717,808
Derivative Liabilities	2,010	17,087
Dividend Payable	-	292,073
	4,305,991	3,985,978
Liabilities directly associated with assets classified as held for sale	155,241	-
	4,461,232	3,985,978
TOTAL LIABILITIES	5,979,158	5,662,615
TOTAL EQUITY AND LIABILITIES	15,257,751	14,595,147
Net Assets Per Share (RM)	5.5998	5.3842

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

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

←----- NON-DISTRIBUTABLE -----> DISTRIBUTABLE

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 2013

←----- NON-DISTRIBUTABLE -----> DISTRIBUTABLE

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	HEDGING RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
6 MONTHS ENDED 30TH JUNE 2013									
At 1 st January 2013	584,147	794,482	396	(37,278)	(2,063)	3,511,084	4,850,768	1,426,831	6,277,599
Effects of applying MFRS	-	-	-	(2,518)	-	-	(2,518)	23,336	20,818
At 1 st January 2013 (Restated)	584,147	794,482	396	(39,796)	(2,063)	3,511,084	4,848,250	1,450,167	6,298,417
Transactions with owners									
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	(25)	(25)
Disposal of a subsidiary	-	-	-	-	-	-	-	(1,583)	(1,583)
Dividends distributed to equity holders	-	-	-	-	-	(292,074)	(292,074)	(272,769)	(564,843)
Total comprehensive income	-	-	-	20,571	3,033	470,651	494,255	205,500	699,755
At 30 th June 2013	584,147	794,482	396	(19,225)	970	3,689,661	5,050,431	1,381,290	6,431,721

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30TH JUNE 2014**

	6 MONTHS ENDED 30/06/2014 RM'000	6 MONTHS ENDED 30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	901,434	875,892
Adjustments For:		
Depreciation & Amortisation	153,860	141,247
Provision/(Reversal) Of Impairment Losses On Investments	7,149	(8,061)
Provision For Expected Losses On The Disposal Of Investment	93,000	-
Net Inventories (Write Back)/Written Down	(2,704)	2,833
Interest Expense	45,308	48,451
Share of Results Of Associates/Jointly-Controlled Entities	(64,523)	(77,900)
Reversal Of Impairment On Receivables	(4,657)	528
Net Foreign Exchange/Fair Value (Gain)/Loss	(50,665)	14,157
Interest & Dividend Income	(65,937)	(35,734)
Others	(30,886)	(32,497)
Operating Profit Before Working Capital Changes	981,379	928,916
Decrease/(Increase) In Receivables	102,177	(444,046)
Increase In Inventories	(391,061)	(416,498)
Decrease In Payables	(76,176)	(125,217)
Cash Generated From/(Used In) Operating Activities	616,319	(56,845)
Interest Paid	(41,697)	(31,881)
Taxation Paid	(161,700)	(198,810)
Net Cash Generated From/(Used In) Operating Activities	412,922	(287,536)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Outflow Arising From Equity Investments	(36,150)	(219,597)
Dividends Received	85,172	61,498
Purchase Of Property, Plant & Equipment	(1,046,330)	(657,727)
Proceeds From Disposal Of Property, Plant & Equipment	75,732	62,918
Interest & Dividend Income	65,937	35,734
Other Investments (Net)	908,031	(45,101)
Net Cash Generated From/(Used In) Investing Activities	52,392	(762,275)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Issuance Of Shares	-	25
Dividend Paid To Equity Holders Of The Company	(397,219)	(175,244)
Dividend Paid To Non-Controlling Interests	(198,252)	(272,769)
Net Drawdown Of Loans & Borrowings	553,906	739,125
Net Cash (Used In)/Generated From Financing Activities	(41,565)	291,137
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	423,749	(758,674)
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	2,482,567	2,435,561
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	(134)	-
EFFECTS OF EXCHANGE RATE CHANGES	(1,565)	18,053
CASH AND CASH EQUIVALENTS AS AT 30TH JUNE	2,904,617	1,694,940

(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 1”)

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 Malaysian Financial Reporting Standards (“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 2013. 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 2013.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31st December 2014 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31st December 2013 except as described below.

As of 1st January 2014, the Group has adopted the following new and revised MFRSs, amendments and IC Interpretations (collectively referred to as “pronouncements”) which are effective for annual periods beginning on or after 1st January 2014.

Description

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010–2012 Cycle
Annual Improvements to MFRSs 2011–2013 Cycle
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139

The Directors expect that the adoption of the above standards and IC Interpretations will have no material impact on the financial statements in the period of initial application except as disclosed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1st January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1st January 2015. Subsequently, on 14th February 2014, it was announced that the new effective date will be decided when the project is closer to completion.

The adoption of the first phase of MFRS 9 will have an impact on the classification and measurement of the Group’s financial assets, but will not have an impact on the classification

and measurement of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

The adoption of the above pronouncements does not have a material impact on the financial statements of the Group.

Note 2 - Seasonal or Cyclical Factors

The Group is principally engaged in the -

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

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

Note 3 - Exceptional Items

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

Note 4 - Accounting Estimates

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

Note 5 - Issuance or Repayment of Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30th June 2014.

Note 6 - Dividends Paid

Dividend for the financial year ended 31st December 2013:

- (i) A second interim single-tier dividend of 30% or 15.0 sen (2013 - 30% or 15 sen) per share of RM0.50 each, amounting to a net dividend of RM175.2 million (2013 - RM175.2 million) and;
- (ii) A special interim single-tier dividend of 20% or 10.0 sen (2013 - nil) per share of RM0.50 each, amounting to a net dividend of RM116.8 million (2013 - nil)

were paid on 20th January 2014.

- (iii) A third interim single-tier dividend of 18% or 9.0 sen (2013 - nil) per share of RM0.50 each, amounting to a net dividend of RM105.1 million (2013 - nil) was paid on 25th April 2014.

Note 7 - Segmental Reporting

Business Segment	Financial Period Ended 30th June 2014		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	5,560,854	815,114	375,145
Equipment	888,699	94,187	82,843
Oil & Gas	434,349	124,540	62,865
Manufacturing & Engineering	370,801	21,547	10,104
Others	335,592	(153,954)	(153,452)
Sub-Total	7,590,295	901,434	377,505
Elimination of Inter-Segment Sales	(40,062)	-	
Consolidated Total	7,550,233	901,434	

Total assets increased in tandem with higher levels of revenue and profitability. There has been no material change 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"), a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement with Dato' Muthukumar a/l Ayarpadde for the disposal of 61.08% equity interest in MK Autocomponents Ltd ("MKAL") and 55% equity interest in MK Automotive Industries Ltd ("MKAIL"), for a cash consideration of RM73,126,825.

The proposed disposal is expected to result in a loss of approximately RM93 million which is derived before accounting for transaction cost associated with it and the financial position of MKAL and MKAIL at completion date.

The effects of the proposed disposal have been reflected in the financial statements for the interim period.

In the opinion of the Directors, there has been no other material event or transaction during the period from 30th June 2014 to the date of this announcement, which affects substantially the results of the Group for the period ended 30th June 2014.

Note 9 - Changes in Composition/Group

There were no changes in the composition of the Group during the quarter ended 30th June 2014.

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	119,705	
Equipment, plant and machinery	1,974,012	
Others	7,068	2,100,785
	<hr/>	
Approved but not contracted for:		
Land and buildings	70,222	
Equipment, plant and machinery	416,489	
Others	53,089	539,800
	<hr/>	<hr/>
Total		<u>2,640,585</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 RM1,128.5 million as at 30th June 2014 from RM1,011.3 million as at 31st December 2013.

Note 14 - Review of Performance

Current Quarter Ended 30th June 2014

	Revenue		Profit Before Tax	
	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000
Consolidated Total	3,966,828	3,499,181	422,055	443,189
Business Segment :				
Automotive	2,904,419	2,571,362	408,547	358,110
Equipment	453,758	444,233	55,089	51,920
Oil & Gas	238,776	167,756	66,237	75,781
Manufacturing & Engineering	188,886	187,863	11,926	(2,536)

Group

Group revenue of RM3,966.8 million for the second quarter ended 30th June 2014 was RM467.6 million or 13.4% higher than the RM3,499.2 million recorded in the same period of 2013. The improved revenue was contributed by all business segments within the Group.

Despite the higher revenue, a lower profit before taxation of RM422.1 million was recorded for the second quarter ended 30th June 2014 compared to RM443.2 million recorded in the same period of 2013. This was mainly due to the provision for the expected loss of RM93 million on the proposed disposal of investment in the automotive component companies in India.

In line with the reduced profit before taxation, net profit attributable to equity holders of the Company for the second quarter ended 30th June 2014 also reduced to RM142.0 million from RM251.0 million registered in the previous year's corresponding quarter.

Automotive Segment

Revenue for the Automotive Segment for the second quarter of 2014 of RM2,904.4 million increased by RM333.0 million or 13.0% from the RM2,571.4 million registered in the second quarter of 2013. Toyota vehicle sales for the quarter increased by 17.8% compared to the same quarter of 2013, mainly contributed by the increase in sales of Vios and Altis.

In line with the higher revenue, profit before taxation in the second quarter of 2014 of RM408.5 million recorded an increase of RM50.4 million or 14.1% from RM358.1 million registered in the previous corresponding quarter.

Equipment Segment

The Equipment Segment recorded a revenue of RM453.8 million compared to RM444.2 million recorded in the same period of 2013.

In line with the higher revenue, profit before taxation increased to RM55.1 million from RM51.9 million recorded in the corresponding quarter of 2013.

Better contribution from the industrial equipment segment resulted in the higher revenue and profit before taxation.

Oil & Gas Segment

Revenue for the Oil & Gas Segment of RM238.8 million for the current quarter was higher than the same quarter of 2013 of RM167.8 million.

The improved revenue in the current quarter was contributed by additional contribution from NAGA 5, which commenced operations in May 2014.

However, profit before taxation of RM66.2 million in the second quarter of 2014 was lower than the corresponding quarter in 2013 of RM75.8 million. The higher profit before taxation in 2013 was due to the one-off contribution from the sale of property by one of the subsidiaries of approximately RM30.0 million.

Manufacturing & Engineering Segment

The Manufacturing & Engineering Segment's revenue for the current quarter of RM188.9 million was marginally higher than that of the same quarter in 2013.

The segment recorded a profit of RM11.9 million for the current quarter compared to a loss of RM2.5 million in the previous corresponding quarter. This was mainly due to the foreign exchange gain on the retranslation of the USD loans by the subsidiaries in India following the strengthening of the Indian Rupee against USD.

Six Months Ended 30th June 2014

	Revenue		Profit Before Tax	
	Six Months ended 30/06/2014 RM'000	Six Months ended 30/06/2013 RM'000	Six Months ended 30/06/2014 RM'000	Six Months ended 30/06/2013 RM'000
Consolidated Total	7,550,233	6,858,477	901,434	875,892
Business Segment				
Automotive	5,560,854	4,963,451	815,114	726,165
Equipment	888,699	923,620	94,187	111,000
Oil & Gas	434,349	325,280	124,540	96,404
Manufacturing & Engineering	370,801	364,994	21,547	6,852

Group

Group revenue of RM7,550.2 million for the six months ended 30th June 2014 was 10.1% higher than the RM6,858.5 million recorded in the corresponding period of 2013. The higher revenue was mainly contributed by the Automotive and Oil & Gas Segments.

Likewise, Group profit before taxation for the six months ended 30th June 2014 improved by 2.9% to RM901.4 million from the RM875.9 million registered in the same period of 2013.

Notwithstanding the above, the net profit attributable to equity holders of the Company reduced to RM377.5 million from the RM470.7 million registered in the first half of 2013. The reduction was largely contributed by the provision for the expected loss on the proposed disposal of investment in the automotive component companies in India.

Automotive Segment

Revenue for the segment for the first half of 2014 of RM5,560.9 million increased by RM597.4 million or 12.0% from the RM4,963.5 million registered in the same period of 2013. Overall, Toyota vehicles sales improved by 17.2%. The increase was mainly driven by Vios and Altis full model change.

Market share for Toyota vehicles was higher at 15.8% in the first half of 2014 compared to 14.4% in the same period of 2013.

In tandem with the increase in revenue, profit before taxation in the first half of 2014 of RM815.1 million recorded an increase of RM88.9 million or 12.2% from RM726.2 million registered in the same period of 2013.

Equipment Segment

The Equipment Segment revenue of RM888.7 million for the first half of 2014 was 3.8% lower than the RM923.6 million registered in the same period of 2013.

The lower revenue was contributed by the overseas operations of the heavy equipment segment due to :

- The continued drop in commodity prices in Papua New Guinea; and
- The continued suspension of mining activities in Myanmar.

In line with the reduction in revenue, profit before taxation for the Equipment Segment reduced to RM94.2 million from RM111.0 million recorded in the first half of 2013.

Oil & Gas Segment

Revenue for the Oil & Gas Segment of RM434.3 million for the first half of 2014 was higher than the same period of 2013 of RM325.3 million.

The improved revenue was contributed by :

- Full contribution from NAGA 4 which commenced operations in April 2013;
- Higher daily operating rates for NAGA 2;
- Higher operating days for NAGA 1; and
- Additional contribution from NAGA 5, which commenced operations in May 2014.

Consequently, profit before taxation increased to RM124.5 million in the first half of 2014 from RM96.4 million registered in the same period of 2013.

Manufacturing & Engineering Segment

The Manufacturing & Engineering Segment's revenue for the first half of 2014 of RM370.8 million was marginally higher than that of the same period of 2013.

Profit before taxation increased by RM14.7 million due to :

- Higher gain from retranslation of USD term loans; and
- Improved operating margin contribution from our lubricant business in China.

Note 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit Before Tax	
	2 nd Quarter ended 30/06/2014 RM'000	1 st Quarter ended 31/03/2014 RM'000	2 nd Quarter ended 30/06/2014 RM'000	1 st Quarter ended 31/03/2014 RM'000
Consolidated Total	3,966,828	3,583,405	422,055	479,379
Business Segment :				
Automotive	2,904,419	2,656,435	408,547	406,567
Equipment	453,758	434,941	55,089	39,098
Oil & Gas	238,776	195,573	66,237	58,303
Manufacturing & Engineering	188,886	181,915	11,926	9,621

Group revenue of RM3,966.8 million recorded in the second quarter of 2014 was higher than the revenue recorded in the first quarter of 2014. This was due to the higher revenue recorded by all business segments within the Group.

Nevertheless, the Group registered a lower profit before taxation of RM422.1 million for the second quarter of 2014 against the RM479.4 million recorded in the first quarter. The lower profit was due to the provision for the expected loss on the proposed disposal of investment in the automotive component companies in India, estimated to be approximately RM93.0 million.

Note 16 - Current Prospect

Automotive Segment

In view of the good performance in the first half of 2014 and the positive outlook of the Malaysian economy, the Malaysian Automotive Association has revised the total industry volume forecast for 2014 to 680,000 units, an increase of 10,000 units or 1.4% from 670,000 units forecasted earlier (2013: 655,793 units). Introduction of new models especially Energy Efficient Vehicles (“EEV”) at very competitive prices will generate buying interest. Aggressive promotional campaigns are also expected with new model launches. (Source: MAA Press Conference - 22 July 2014)

Perodua, which has been awarded the EEV licence will be launching Axia, Malaysia’s first EEV, soon. The Perodua’s 10th model comes in four variants and is expected to be competitive in the region due to its unique features.

Intense competition from aggressive promotions and new model launches are expected to continue in the second half of 2014. Notwithstanding this, the Automotive Segment is expected to sustain its performance.

Equipment Segment

The Myanmar Government had recently announced that the suspension of jade mining activities in Myanmar will be lifted effective 1st September 2014. The resumption of mining activities will offer growth potential and the UMW Group is confident of securing more orders for Komatsu equipment in Myanmar.

Oil & Gas Segment

Three new jack-up drilling rigs are expected to be delivered, one each in September 2014, December 2014 and September 2015. In line with its expansion programme, the performance of the segment is expected to be on track for the rest of 2014.

Manufacturing & Engineering Segment

The Manufacturing & Engineering Segment is expected to sustain its performance through better sales of automotive component products such as shock absorbers and filters.

Group

Overall, the Group performance is expected to remain satisfactory in 2014.

Note 17 - Statement on Headline Key Performance Indicators (“KPIs”)

The Headline KPIs of the Group for the financial year ended 31st December 2014 are -

- a) Minimum annual return on shareholders’ funds of 10%; and
- b) Annual dividend payout ratio of at least 50% of net profit attributable to shareholders after excluding unrealised profits.

Note 18 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

Note 19 - Taxation

	Quarter Ended 30/06/2014 RM'000	Six Months Ended 30/06/2014 RM'000
Current period's provision	128,414	227,499
Under/(Over) provision in prior periods	-	-
	128,414	227,499
Deferred taxation	(326)	(12,126)
Total	128,088	215,373

The effective tax rates for the current quarter and period ended 30th June 2014 of 32.2% and 25.7%, respectively, was higher than the statutory tax rate of 25% primarily due to -

- a) certain expenses are not allowable for tax purposes; and
- b) higher tax rates for certain overseas subsidiaries.

Note 20 - 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 options 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 August 2014 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	193.4	81.4	24	n/a	-
Capital expenditure	200.0	34.5	24	n/a	-
Estimated fees and expenses for the IPO and the Listing	51.5	23.6	6	n/a	-
Total gross proceeds	647.9	342.5			

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

Note 21 - Group Borrowings and Debt Securities

	RM'000	RM'000	'000
(a) Short term borrowings			
- Unsecured			
Short term loans and trade facilities	1,789,008	(USD488,686 SGD4,310
Finance lease payable	-	(
Portion of long term loans payable within 12 months	156,937	1,945,945	(USD47,655
- Secured			
Short term loans and trade facilities	43,466	(AUD3,773 (INR23,840 (USD9,103
Finance lease payable	849	(SGD139
Portion of long term loans payable within 12 months	14,131	58,446	(USD4,309
	<hr/>	<hr/>	<hr/>
		(USD549,753
		2,004,391	(SGD4,449
			(AUD3,773
			(INR23,840
		<hr/>	<hr/>
	RM'000	RM'000	'000
(b) Long term borrowings			
- Unsecured			
Long term loans	1,463,261	(USD218,406
Finance lease payable	262		
Portion of long term loans payable within 12 months	(156,937)	1,306,586	((USD47,655)
- Secured			
Long term loans	97,423	(USD29,711
Finance lease payable	682		
Portion of long term loans payable within 12 months	(14,131)	83,974	((USD4,309)
	<hr/>	<hr/>	<hr/>
		1,390,560	(USD196,153
		<hr/>	<hr/>

Note 22 - Material Litigation

There was no material litigation pending on the date of this announcement.

Note 23 - Dividend

The Board is pleased to declare an interim single-tier dividend of 20% or 10.0 sen (2013 - 20% or 10.0 sen) per share of RM0.50 each, amounting to a net dividend payable of approximately RM116.8 million (2013 - RM116.8 million) for the year ending 31st December 2014, to be paid on 8th October 2014.

Note 24 - Earnings Per Share

Basic earnings per share for the quarter and financial period ended 30th June 2014 is calculated by dividing the net profit attributable to shareholders of RM142.0 million and RM377.5 million, respectively, by the weighted average number of ordinary shares in issue as at 30th June 2014 of 1,168,293,932 shares of RM0.50 each.

Note 25 - Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at 31st March 2014 and 30th June 2014, pursuant to the format prescribed by Bursa Securities, is as follows:

	As at 31/03/2014 RM'000	As at 30/06/2014 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	3,954,368	3,915,321
- Unrealised	(73,418)	(74,481)
	3,880,950	3,840,840
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,273,708	1,170,734
- Unrealised	(37,248)	(12,623)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(198,785)	(225,169)
- Unrealised	6,090	7,412
	4,924,715	4,781,194
Less: Consolidation adjustments	90,363	375,844
Total Group retained profits as per consolidated accounts	5,015,078	5,157,038

Note 26 - Audit Qualification

The audit report in respect of the annual financial statements for the financial year ended 31st December 2013 was not qualified.

Note 27 - Items to Disclose in the Statement of Comprehensive Income

	2nd Quarter Ended 30/06/2014 RM'000	Six Months Ended 30/06/2014 RM'000
a) Interest income	24,651	43,152
b) Other investment income	10,744	22,785
c) Depreciation and amortization	80,636	153,860
d) Write back of allowance for impairment of receivables (net)	2,394	4,657
e) Write back of inventories	1,322	2,704
f) Provision for expected loss on disposal of quoted or unquoted investment	(93,180)	(92,048)
g) Gain on disposal of properties	29,629	30,496
h) Impairment of assets/investments (net)	(9,249)	(7,149)
i) Net foreign exchange gain	1,821	9,313
j) Gain on derivatives (net)	34,345	42,843
k) Exceptional item	-	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
27th August 2014