

UMW HOLDINGS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Quarter Ended 30/9/2016 RM'000	Comparative Quarter Ended 30/9/2015 RM'000	9 Months Cumulative To Date 30/9/2016 RM'000	Comparative 9 Months Cumulative To Date 30/9/2015 RM'000
<u>Continuing Operations</u>				
Revenue	2,856,787	3,533,179	7,902,757	10,258,846
Operating Expenses	(3,020,157)	(3,497,714)	(8,051,428)	(9,820,895)
Other Operating Income	27,347	31,351	70,862	88,357
(Loss)/Profit From Operations	(136,023)	66,816	(77,809)	526,308
Finance Costs	(41,064)	(24,751)	(125,618)	(84,709)
Share Of Results Of Associates And Joint Ventures	40,847	(323)	89,444	62,650
Investment Income	14,616	30,497	58,240	95,631
(Loss)/Profit Before Taxation And Zakat	(121,624)	72,239	(55,743)	599,880
Taxation And Zakat	(41,252)	(44,327)	(115,792)	(202,600)
(Loss)/Profit For The Period	(162,876)	27,912	(171,535)	397,280
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	10,475	364,255	(146,346)	533,517
Cash Flow Hedge	8,547	(354)	(4,329)	(60)
Other Comprehensive Income Net Of Tax	19,022	363,901	(150,675)	533,457
Total Comprehensive Income For The Period	(143,854)	391,813	(322,210)	930,737
<u>(Loss)/Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	(128,828)	13,523	(124,375)	247,115
Non-Controlling Interests	(34,048)	14,389	(47,160)	150,165
	(162,876)	27,912	(171,535)	397,280
<u>Total Comprehensive Income Attributable To :</u>				
Equity Holders Of The Company	(128,716)	214,733	(208,400)	547,836
Non-Controlling Interests	(15,138)	177,080	(113,810)	382,901
	(143,854)	391,813	(322,210)	930,737
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	(11.03)	1.16	(10.65)	21.15
Diluted EPS For The Period (Sen)	(11.03)	1.16	(10.65)	21.15

(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 30/9/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	8,174,175	8,102,786
Investment Properties	2,637	3,172
Intangible Assets	25,228	25,228
Land Use Rights	6,435	6,761
Leased Assets	270,121	287,629
Investments In Associates	1,928,622	1,923,150
Investments In Joint Ventures	61,248	55,951
Deferred Tax Assets	73,729	74,501
Other Investments	23,704	22,761
Derivative Assets	140	13,514
	<u>10,566,039</u>	<u>10,515,453</u>
Current Assets		
Inventories	2,204,682	1,889,963
Trade Receivables	856,667	1,457,664
Other Receivables	303,437	427,623
Other Investments	276,407	1,188,945
Derivative Assets	10,145	11,510
Deposits, Cash And Bank Balances	2,116,516	2,734,143
	<u>5,767,854</u>	<u>7,709,848</u>
	<u>16,333,893</u>	<u>18,225,301</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To The 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	365,610	445,306
Hedging Reserve	(4,329)	-
Retained Profits	4,504,807	4,760,127
	<u>6,245,113</u>	<u>6,584,458</u>
Non-Controlling Interests	2,648,250	2,799,413
Total Equity	<u>8,893,363</u>	<u>9,383,871</u>
Non-Current Liabilities		
Provision For Warranties	56,081	55,976
Deferred Tax Liabilities	31,702	27,480
Long Term Borrowings	2,917,898	2,289,762
Other Payables	48,810	50,197
Derivative Liabilities	-	80,030
	<u>3,054,491</u>	<u>2,503,445</u>
Current Liabilities		
Provision For Warranties	88,922	85,171
Taxation	49,257	86,981
Short Term Borrowings	2,407,705	3,646,204
Bank Overdrafts	28,855	78,786
Trade Payables	875,833	1,379,608
Other Payables	853,168	861,571
Derivative Liabilities	82,299	199,664
	<u>4,386,039</u>	<u>6,337,985</u>
	<u>7,440,530</u>	<u>8,841,430</u>
Total Liabilities	<u>7,440,530</u>	<u>8,841,430</u>
TOTAL EQUITY AND LIABILITIES	<u>16,333,893</u>	<u>18,225,301</u>
Net Assets Per Share (RM)	5.3455	5.6360

(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 PERIOD ENDED 30 SEPTEMBER 2016

	←----- 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		
9 MONTHS ENDED 30 SEPTEMBER 2016									
At 1 January 2016	584,147	794,482	396	445,306	-	4,760,127	6,584,458	2,799,413	9,383,871
Transactions with owners									
Acquisition of non-controlling interests	-	-	-	-	-	(14,116)	(14,116)	13,037	(1,079)
Dividends distributed to equity holders	-	-	-	-	-	(116,829)	(116,829)	(50,390)	(167,219)
Total comprehensive income	-	-	-	(79,696)	(4,329)	(124,375)	(208,400)	(113,810)	(322,210)
At 30 September 2016	584,147	794,482	396	365,610	(4,329)	4,504,807	6,245,113	2,648,250	8,893,363

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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		
9 MONTHS ENDED 30 SEPTEMBER 2015									
At 1 January 2015	584,147	794,482	396	92,544	45	5,108,848	6,580,462	2,852,595	9,433,057
Transactions with owners									
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	18,874	18,874
Acquisition of non-controlling interests	-	-	-	-	-	(9,648)	(9,648)	(16,138)	(25,786)
Dividends distributed to equity holders	-	-	-	-	-	(303,757)	(303,757)	(324,477)	(628,234)
Total comprehensive income	-	-	-	300,781	(60)	247,115	547,836	382,901	930,737
At 30 September 2015	584,147	794,482	396	393,325	(15)	5,042,558	6,814,893	2,913,755	9,728,648

(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 PERIOD ENDED 30 SEPTEMBER 2016

	9 Months Ended 30/09/2016 RM'000	9 Months Ended 30/09/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit Before Taxation	(55,743)	599,880
Adjustments For:		
Depreciation & amortisation	413,400	361,812
(Reversal of impairment)/Provision for impairment on assets	(943)	39,204
Net inventories written down	3,106	17,333
Interest expense	125,618	84,709
Share of results of associates and joint ventures	(89,444)	(62,650)
(Reversal of impairment)/ Impairment on receivables	(2,184)	3,685
Net unrealised foreign exchange/fair value (gain)/loss	(219,052)	99,496
Interest & dividend income	(58,240)	(95,631)
Others	10,127	13,779
Operating Profit Before Working Capital Changes	<u>126,645</u>	<u>1,061,617</u>
Decrease in receivables	733,495	302,276
Increase in inventories	(335,802)	(467,934)
Decrease in payables	<u>(536,999)</u>	<u>(7,426)</u>
Cash Generated From Operating Activities	(12,661)	888,533
Interest paid	(124,230)	(80,552)
Taxation paid	<u>(145,701)</u>	<u>(227,003)</u>
Net Cash (Used In)/Generated From Operating Activities	<u>(282,592)</u>	<u>580,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow arising from equity investments	(1,079)	(6,915)
Dividends received	59,233	70,627
Purchase of property, plant & equipment	(724,213)	(1,984,694)
Proceeds from disposal of property, plant & equipment	35,524	51,713
Interest & dividend income	58,240	95,631
Other Investments (net)	<u>913,677</u>	<u>91,769</u>
Net Cash Generated From/(Used In) Investing Activities	<u>341,382</u>	<u>(1,681,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the company	(116,829)	(362,171)
Dividend paid to non-controlling interests	(50,390)	(324,477)
Net (repayment)/drawdown of loans & borrowings	<u>(437,162)</u>	<u>1,232,264</u>
Net Cash (Used In)/Generated From Financing Activities	<u>(604,381)</u>	<u>545,616</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(545,591)	(555,275)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,655,357	3,276,552
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	-	(1,808)
EFFECTS OF EXCHANGE RATE CHANGES	<u>(22,105)</u>	<u>29,627</u>
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	<u>2,087,661</u>	<u>2,749,096</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 December 2015. 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 December 2015.

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 December 2015, except for the adoption of the Amendments and Annual Improvements to Standards effective 1 January 2016.

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 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 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture – *Agriculture: Bearer Plants*
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - *Investment Entities: Applying the Consolidation Exception*
- Annual Improvements to MFRSs 2012 - 2014 Cycle

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

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

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 1 January 2017

- Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*
- Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by the International Accounting Standards Board in July 2014)
- MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 Leases

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- 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**

* *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 three 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 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)

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 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.

c) MFRS 16: Leases

MFRS 16 replaces the guidance in MFRS 117 Leases. The new standard requires lessees to present right-of-use assets and lease liabilities on the statement of financial position and to recognise the following for leases at the commencement date:

- A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

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

On 15 February 2016, the Company completed the issuance of Islamic Medium Term Notes ("IMTN") with a nominal value of RM400 million under the IMTN programme for a period of maturities of three (3) years and five (5) years.

Other than the above, 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 30 September 2016.

NOTE 6 - Dividends Paid

Dividend for the financial year ended 31 December 2015 -

- A second interim single-tier dividend of 20% or 10.0 sen (2015 - 30% or 15.0 sen) per share of RM0.50 each, amounting to a net dividend of RM116.8 million (2015 - RM175.2 million) was paid on 23 March 2016.

NOTE 7 - Segmental Reporting

Business Segment	Financial Period Ended 30 September 2016		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	5,996,492	349,497	202,189
Equipment	1,051,967	116,137	87,996
Manufacturing & Engineering	446,986	19,956	1,673
Oil & Gas (Listed)	267,342	(265,458)	(149,207)
Oil & Gas (Unlisted)	154,226	(116,964)	(99,162)
Others	49,223	(158,911)	(167,864)
Sub-Total	7,966,236	(55,743)	(124,375)
Elimination of Inter-Segment Sales	(63,479)	-	
Consolidated Total	7,902,757	(55,743)	

NOTE 7 - Segmental Reporting (cont'd)

The Segmental Reporting has been improved to provide visibility in disclosure and reporting on the Oil & Gas (Unlisted) segment, which was previously included in "Others". The activities of Oil & Gas (Unlisted) entities are fabrication, onshore drilling, manufacturing of oil country tubular goods ("OCTG") and line pipes and trading of oilfield products.

These business operations are located in Malaysia, Oman, India, China and Australia.

There has been no other material increase in total assets compared to the last annual financial statements.

NOTE 8 - Subsequent Material Events

In the opinion of the Directors, there has been no other material event or transaction during the period from 30 September 2016 to the date of this announcement, which affects substantially the results of the Group for the period ended 30 September 2016.

NOTE 9 - Changes in Composition of the Group

1. On 11 March 2016, the Company announced that UMW Technology Sdn Bhd, a wholly-owned subsidiary in the UMW Group, had acquired UMW IT Services Sdn Bhd ("UMW IT") for a total cash consideration of RM2.00.

The principal activities of UMW IT are providing internal IT support and services for all technology-related assets and businesses, projects activities including projects delivery (Project Management Office), system integration and consultancy and new technologies, data management (big data and analytics), security and application services for both internal and external customers. UMW IT was incorporated on 9 March 2016 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

2. On 28 July 2016, the Company announced that UMW Technology Sdn Bhd, a wholly-owned subsidiary in the UMW Group, had established a wholly-owned subsidiary, UTech Americas, Inc ("UTech Americas"), for a total cash consideration of USD1,000.00.

The principal activity of UTech Americas is investment holding for investments in the technology sectors within the United States of America. UTech Americas was incorporated with an authorised share capital of USD200 comprising 100,000 ordinary shares of USD0.001 each and 100,000 preferred shares of USD0.001 each.

3. On 1 August 2016, the Company announced that UTech Americas, a wholly-owned subsidiary in the UMW Group, had entered into a Joint Venture Agreement ("JVA") with Spark Labs International, Inc, to establish a joint venture entity, U-Spark, LLC ("U-Spark").

The principal activity of U-Spark is to participate in technology co-working business in North America. The initial contribution to the capital of U-Spark will be USD2,000,000.00, where it is to be contributed by the parties to the JVA on a 50:50 basis.

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	148,093	
Equipment, plant and machinery	47,465	
Others	<u>36,241</u>	231,799
Approved but not contracted for:		
Land and buildings	112,285	
Equipment, plant and machinery	1,726,547	
Others	<u>156,677</u>	1,995,509
Total		<u><u>2,227,308</u></u>

NOTE 11 - Significant Related Party Transactions

On 27 November 2015, the Company announced that its wholly-owned subsidiary, UMWC, had entered into a Settlement Agreement ("SA") 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.

On 29 March 2016, the Company announced that UMWC and UMWD had mutually agreed to extend the Completion Date of the SA to 31 December 2016, to allow for full satisfaction of all conditions precedent in the SA.

In the opinion of the Directors, other than the above, there were no other disclosures of significant related party transactions ("RPTs") as no material RPTs were entered into except for 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 RM1,720.8 million as at 30 September 2016 from RM1,482.4 million as at 31 December 2015.

NOTE 14 - Review of Performance

Current Quarter Ended 30 September 2016

	Revenue		Profit/(Loss) Before Taxation	
	Quarter ended 30/09/2016 RM'000	Quarter ended 30/09/2015 RM'000	Quarter ended 30/09/2016 RM'000	Quarter ended 30/09/2015 RM'000
Consolidated Total	2,856,787	3,533,179	(121,624)	72,239
Business Segment :				
Automotive	2,263,372	2,596,144	133,474	113,393
Equipment	342,849	474,782	33,551	64,382
Manufacturing & Engineering	144,574	183,807	2,458	752
Oil & Gas (Listed)	49,653	212,697	(133,039)	11,454
Oil & Gas (Unlisted)	58,419	69,955	(36,137)	(65,171)

Group

The Group recorded a revenue of RM2,856.8 million for the third quarter ended 30 September 2016, representing RM676.4 million or 19.1% lower than the RM3,533.2 million recorded in the same period of 2015. The challenging economic environment in the oil and gas industry coupled with the weakening ringgit had impacted the Group's results.

Consequently, the Group reported a loss before taxation of RM121.6 million against a profit of RM72.2 million in the previous year's corresponding quarter.

Automotive Segment

The segment recorded a lower revenue of RM2,263.4 million for the third quarter of 2016 compared to RM2,596.1 million registered in the previous year's corresponding quarter as a result of soft market sentiments and intense competition from other automotive manufacturers. The total industry volume ("TIV") for the third quarter of 2016 was 142,974 units, a drop of 12% compared to 163,235 units in the same quarter of 2015.

Nevertheless, profit before taxation improved from RM113.4 million in the third quarter of 2015 to RM133.5 million in the current quarter. The record sale of the new model, Perodua Bezza that was launched in July 2016, contributed to the better profit performance.

Equipment Segment

Equipment segment's revenue of RM342.8 million for the third quarter of 2016 was a decrease of 27.8% or RM132.0 million against RM474.8 million recorded in the same period of 2015. This was mainly attributable to the decline in equipment sales resulting from the slowdown in the mining sector and stiff competition in the construction sector.

Sales performance in Myanmar was weighed down by the continued restriction imposed on the importation of heavy equipment into the country by the government of Myanmar.

In tandem with the lower revenue, profit before taxation decreased from RM64.4 million recorded in the third quarter of 2015 to RM33.6 million in the current quarter.

NOTE 14 - Review of Performance (cont'd)

Current Quarter Ended 30 September 2016 (cont'd)

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a revenue of RM144.6 million in the current quarter, RM39.2 million or 21.3% lower than the RM183.8 million reported in the previous year's corresponding quarter. Nevertheless, profit before taxation improved from RM0.8 million to RM2.5 million in the current quarter, mainly attributable to the better performance of the shock absorber business.

Oil & Gas (Listed) Segment

The segment registered a revenue of RM49.7 million, a reduction of RM163.0 million from the same quarter of 2015 of RM212.7 million. Fewer income-generating assets coupled with the continued pressure on charter rates significantly impacted the revenue of the segment.

On the back of the lower revenue, the segment reported a loss before taxation of RM133.0 million as opposed to a profit before taxation of RM11.5 million in the same quarter of 2015.

Oil & Gas (Unlisted) Segment

The segment registered a lower revenue of RM58.4 million in the current quarter, a drop of RM11.6 million compared to the RM70.0 million in the same quarter of 2015. The adverse performance of the segment was mainly due to the impact of continued low oil prices. Nevertheless, a lower loss of RM36.1 million was reported compared to the loss of RM65.1 million reported in the same quarter of 2015, mainly attributable to lower operating costs from the onshore drilling operations in Oman.

NOTE 14 - Review of Performance (cont'd)

Nine Months Ended 30 September 2016

	Revenue		Profit/(Loss) Before Taxation	
	Nine Months ended 30/09/2016 RM'000	Nine Months ended 30/09/2015 RM'000	Nine Months ended 30/09/2016 RM'000	Nine Months ended 30/09/2015 RM'000
Consolidated Total	7,902,757	10,258,846	(55,743)	599,880
Business Segment				
Automotive	5,996,492	7,334,364	349,497	610,286
Equipment	1,051,967	1,481,420	116,137	197,365
Manufacturing & Engineering	446,986	520,271	19,956	2,955
Oil & Gas (Listed)	267,342	708,567	(265,458)	61,910
Oil & Gas (Unlisted)	154,226	226,512	(116,964)	(154,210)

Group

The Group's revenue of RM7,902.8 million for the nine months ended 30 September 2016 was 23.0% lower than the RM10,258.8 million recorded in the corresponding period of 2015. The Group's performance was adversely affected by the continued weakening ringgit and low oil prices. Subdued logging and mining activities during the period had specifically impacted the Group's equipment sales.

The Group registered a loss before taxation of RM55.7 million against a profit of RM599.9 million registered in the same period of 2015. Consequently, the Group reported a net loss of RM124.4 million attributable to equity holders of the Company as opposed to a net profit of RM247.1 million in the same period of 2015.

Automotive Segment

The segment registered a revenue of RM5,996.5 million for the nine months of 2016, a decrease of 18.2% from RM7,334.4 million achieved in the same period of 2015. In tandem with the lower revenue, profit before taxation dropped by 42.7% from RM610.3 million to RM349.5 million for the nine months of 2016.

The segment's results were in line with market performance which recorded a decrease in TIV of 67,056 units or 13.8%, from 485,489 units for the first nine months of 2015 to 418,433 units in the current period of 2016. Intense competition from major players coupled with the weakening ringgit contributed further pressure on the segment.

NOTE 14 - Review of Performance (cont'd)

Nine Months Ended 30 September 2016 (cont'd)

Equipment Segment

The Equipment segment generated a revenue of RM1,052.0 million for the nine months of 2016, a decrease of RM429.4 million or 29% compared to RM1,481.4 million in the same period of 2015. The slowdown in the mining sector and stiff competition in the construction sector affected the overall market demand especially for heavy equipment.

This was further compounded by the restriction imposed on heavy equipment importation by the government in Myanmar.

In tandem with the lower revenue contribution, profit before taxation for the Equipment segment reduced from RM197.4 million recorded in the nine months of 2015 to RM116.1 million in the current period.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a revenue of RM447.0 million for the nine months of 2016, RM73.3 million or 14.1% lower than the RM520.3 million recorded in the same period of 2015. Included in the nine months of 2015 revenue was contribution from the automotive component business in India which was disposed in the second half of the year.

Profit before taxation however, improved by RM17.0 million to RM20.0 million as opposed to RM3.0 million in the corresponding period of 2015, driven by higher sales of shock absorbers.

Oil & Gas (Listed) Segment

The segment's revenue of RM267.3 million for the nine months of 2016 was lower than the RM708.6 million registered in the same period of 2015, a decrease of RM441.3 million or 62.3%.

Continued depressed oil prices coupled with reduced operating and capital expenditure from oil majors resulted in lower activities for exploration, development and production. This led to the steep decline in assets utilisation and lower day rates.

Consequently, the segment posted a loss before taxation of RM265.5 million for the nine months of 2016 as opposed to the RM61.9 million profit before taxation in the corresponding period of 2015.

Oil & Gas (Unlisted) Segment

The segment registered a revenue of RM154.2 million for the nine months of 2016, a decrease of 68% from RM226.5 million reported in the corresponding period of 2015. The sub-segment operations which are involved in onshore drilling, manufacture of OCTG and line pipes and supply of oilfield products, were severely affected by the low oil prices and reduction in spending by the oil majors.

Nevertheless, the lower revenue was cushioned by the lower operating expenses incurred for the onshore drilling activities. Hence, the losses reported were lower at RM117.0 million compared to RM154.2 million in the same period of 2015.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit/(Loss) Before Taxation	
	3 rd Quarter Ended 30/09/2016 RM'000	2 nd Quarter Ended 30/6/2016 RM'000	3 rd Quarter Ended 30/09/2016 RM'000	2 nd Quarter Ended 30/6/2016 RM'000
Consolidated Total	2,856,787	2,846,806	(121,624)	44,809
Business Segment				
Automotive	2,263,372	2,177,135	133,474	133,290
Equipment	342,849	351,151	33,551	43,341
Manufacturing & Engineering	144,574	156,967	2,458	10,908
Oil & Gas (Listed)	49,653	130,010	(133,039)	(63,996)
Oil & Gas (Unlisted)	58,419	42,256	(36,137)	(45,272)

The Group's revenue for the third quarter of 2016 of RM2,856.8 million was consistent with the preceding quarter. The Automotive segment contributed an increase of RM86.2 million, attributable to higher volume of export units. The Group however was affected by the continued low oil prices that led to weaker demand for drilling and oilfield services.

Consequently, the Group posted a loss before taxation of RM121.6 million from a profit before taxation of RM44.8 million in the preceding quarter. The lower profitability was mainly attributable to the impact of the continued low oil prices on the Oil & Gas segment.

NOTE 16 - Current Prospects

Automotive Segment

The Malaysian Automotive Association ("MAA") revised down the forecasted TIV for 2016 from 650,000 units to 580,000 units. Consumer sentiment is expected to remain weak due to the uncertain economic outlook. The reduction in the Overnight Policy Rate from 3.25% to 3.0% in July 2016 did not generate momentum to boost automotive sales. Consumers are still cautious due to concerns over the uncertain general economic conditions.

The weakening ringgit will add pressure to the profit margin of the segment.

Equipment Segment

Demand for heavy equipment is expected to remain subdued in view of low activity levels in the mining and logging sectors. However, recent announcements of several infrastructure projects may provide demand opportunities for new heavy equipment.

The continued weakening of ringgit further poses uncertainties causing many business decisions to reconsider capital expenditure and investments.

Myanmar is suspending jade mining operations in Hpakant until a full study is completed on its environmental impact as a result of a series of accidents. It also aims to review and reorganise the current licensing on jade mining concessions.

In view of the above the performance of the segment is expected to be lower in the last quarter of the year.

NOTE 16 - Current Prospects (cont'd)

Manufacturing & Engineering Segment

The reduced consumer spending will continue to impact the performance of the Manufacturing & Engineering segment. However, the impact is expected to be cushioned by increase exports of shock absorbers to the European market and the increase of sales in the Original Equipment Market.

Lubricant business remains tough with the prudent spending by customers and price competition from other brands. The aerospace business with Rolls-Royce is progressing as per schedule and expected to commence production in 2017.

Overall, the segment is expected to contribute positively to the Group in the last quarter of the year.

Oil & Gas (Listed) Segment

The prospects of a sustained recovery for the oil and gas industry is highly dependent on the impending outcome of OPEC's decision to cut oil production to ease supply glut that has weighed on prices for the last two years. Uncertainties in US policies by the upcoming government administration will also impact the industry.

While there is volatility at global level, increase in activities in domestic and regional fronts provide indication of a gradual recovery. The award of drilling contracts for UMW NAGA 2, Naga 6 and Naga 8 augurs well for our future prospects. As such, asset utilisation is expected to improve in the last quarter of 2016. The segment is currently in various stages of tendering a number of local and overseas contracts and is optimistic that asset utilisation will improve slightly over the next few quarters.

Since the overall oil and gas industry is still soft, the segment's financial performance is expected to be adversely affected by potential asset impairment in the last quarter of the year.

Oil & Gas (Unlisted) Segment

The current downturn of the oil and gas industry, globally and locally, will further dampen the Group's initiatives to continue nurturing this segment. Most of the overseas business operations will face pressure due to uncertainties in the operating environment of the respective home countries.

With the continued weak oil prices and uncertainties in the global economy, the prospects of new contracts for this segment remain uncertain. As such, this may lead to increase pressure to impair the under-utilised assets in the last quarter of the year.

NOTE 16 - Current Prospects (cont'd)

Group

Performance of the Group is affected by the present downturn in the oil and gas industry, softer local demand for motor vehicle and weakening ringgit. The challenges and uncertainties in the current business environment may add pressure for asset impairment in the last quarter of the year. Hence, this may adversely impact the Group's results.

Nevertheless, management will take appropriate measures to contain cost, increase operational efficiency and continue to improve business potentials.

NOTE 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 18 - Taxation

	Third Quarter Ended 30/09/2016 RM'000	Nine Months Ended 30/09/2016 RM'000
Current period's provision	36,090	101,960
Under provision in prior periods	-	101
	36,090	102,061
Deferred taxation	5,162	5,171
Taxation	41,252	107,232
Zakat	-	8,560
Total taxation and zakat	41,252	115,792

The effective tax rates for the current quarter and period ended 30 September 2016 were higher than the statutory tax rate of 24.0% primarily due to -

- certain expenses were not allowable for tax purposes; and
- some subsidiaries were in a loss position.

NOTE 19 - Corporate Proposals

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

On 1 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 November 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 & %</u>	<u>Explanation</u>
Repayment of borrowings	203.0	203.0	24	nil	-
Working capital	547.5	319.2	24	n/a	-
Capital expenditure	200.0	154.6	24	n/a	-
Estimated fees and expenses for the IPO and the Listing	51.5	23.6	6	RM27.9mil or 54.2%	*
Total gross proceeds	<u>1,002.0</u>	<u>700.4</u>			

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

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

NOTE 20 - Group Borrowings and Debt Securities

	RM'000	RM'000	'000
(a) Short term borrowings			
- Unsecured			
Short term loans and trade facilities	1,833,035		(USD364,404
Portion of long term loans payable within 12 months	<u>279,615</u>		(USD67,610
		2,112,650	
- Secured			
Short term loans and trade facilities	294,835		(USD57,482
			(AUD5,871
Finance lease payable	<u>220</u>		(INR9,892
		295,055	
		<u>2,407,705</u>	(USD489,496
			(AUD5,871
			(INR9,892
		<hr/>	<hr/>
(b) Long term borrowings			
- Unsecured			
Long term loans	2,242,582		(USD512,602
Portion of long term loans payable within 12 months	<u>(279,615)</u>		((USD67,610)
		1,962,967	
- Secured			
Long term loans		954,931	(USD197,244
			(RMB37,871
			(OMR10,764
		<u>2,917,898</u>	(USD642,236
			(RMB37,871
			(OMR10,764
		<hr/>	<hr/>

NOTE 21 - Material Litigation

On 10 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 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 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.

On 13th October 2016, UOD as the Claimant has served its Amended Reply and Defence to Counterclaim on FOC. UOD has been advised by its solicitors from the facts of its case that, UOD has a good claim and a good defence to the Respondent's counterclaim. The arbitration proceedings are not expected to have a material impact on the earnings per share and the net assets per share of UMW-OG for the financial year ending 31st December 2016. UMW-OG will make further announcement if there is any material development in the matter.

Other than the above, there is no other material development in respect of the arbitral proceedings and there is no other material litigation pending as at the date of this announcement.

NOTE 22 - Dividend

No interim dividend has been recommended for the quarter ended 30 September 2016 (2015 - Nil).

NOTE 23 - Earnings Per Share

Basic loss per share for the current quarter and financial period ended 30 September 2016 is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue as at 30 September 2016.

	Quarter Ended 30/09/2016	Nine Months Ended 30/09/2016
Net loss attributable to shareholders (RM'000)	(128,828)	(124,375)
Weighted average number of ordinary shares of RM0.50 each	1,168,293,932	1,168,293,932
Basic/Diluted loss per share (sen)	(11.03)	(10.65)

NOTE 24 - Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at 30 September 2016, pursuant to the format prescribed by Bursa Securities, is as follows -

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	3,371,298	3,145,989
- Unrealised	(92,470)	291,927
	3,278,828	3,437,916
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,321,931	1,799,944
- Unrealised	(23,537)	(425,144)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(290,329)	(303,430)
- Unrealised	(5,425)	(2,652)
	4,281,468	4,506,634
Less: Consolidation adjustments	223,339	253,493
Total Group retained profits as per consolidated accounts	4,504,807	4,760,127

NOTE 25 - Audit Qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2015 was not qualified.

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

	3rd Quarter Ended 30/09/2016 RM'000	Nine Months Ended 30/09/2016 RM'000
1) Interest income	11,097	39,895
2) Other investment income	3,519	18,345
3) Depreciation	(150,974)	(413,400)
4) (Provision)/Reversal for impairment losses of receivables	(3,939)	2,184
5) Reversal/ (Provision) for write down of inventories	795	(3,106)
6) Gain on disposal of quoted or unquoted investment	354	1,809
7) Loss on disposal of property, plant and equipment	(213)	(653)
8) Reversal for impairment losses of assets	1,794	943
9) Net foreign exchange loss (net)	(18,421)	(204,588)
10) (Loss)/Gain on derivatives (net)	(16,434)	197,626
11) Exceptional item	-	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
29 November 2016