

UMW OIL & GAS CORPORATION BERHAD

(COMPANY NO : 878786-H)
(INCORPORATED IN MALAYSIA)

Condensed Consolidated Statement Of Comprehensive Income For The Third Quarter Ended 30th September 2016 (The Figures Have Not Been Audited)

	Current Quarter Ended 30/09/2016 RM'000	Comparative Quarter Ended 30/09/2015 RM'000	9 Months Cumulative To Date 30/09/2016 RM'000	Comparative 9 Months Cumulative To Date 30/09/2015 RM'000
<u>Continuing Operations</u>				
Revenue	49,653	212,697	267,342	708,567
Operating Expenses	(154,591)	(224,668)	(494,884)	(662,165)
Other Operating Income	34	34,308	33,468	36,082
(Loss) / Profit From Operations	(104,904)	22,337	(194,074)	82,484
Finance Costs	(32,770)	(16,842)	(83,995)	(41,153)
Share Of Profits Of Associated Company	88	147	261	383
Investment Income	4,547	5,812	12,350	20,196
(Loss) / Profit Before Tax From Continuing Operations	(133,039)	11,454	(265,458)	61,910
Taxation	(2,544)	(9,142)	(3,725)	(22,845)
(Loss) / Profit From Continuing Operations, Net Of Tax	(135,583)	2,312	(269,183)	39,065
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	86,185	430,620	(113,080)	608,715
Cash Flow Hedge	5,085	-	(10,636)	-
Other Comprehensive (Loss) / Income, Net Of Tax	91,270	430,620	(123,716)	608,715
Total Comprehensive (Loss) / Income For The Period	(44,313)	432,932	(392,899)	647,780
<u>(Loss) / Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	(135,432)	218	(267,755)	36,824
Non-controlling Interests	(151)	2,094	(1,428)	2,241
	(135,583)	2,312	(269,183)	39,065
<u>Total Comprehensive (Loss) / Income Attributable To:</u>				
Equity Holders Of The Company	(44,342)	429,526	(390,764)	643,847
Non-controlling Interests	29	3,406	(2,135)	3,933
	(44,313)	432,932	(392,899)	647,780
(LPS) / EPS Attributable To Equity Holders Of The Company:				
Basic (Sen)	(6.26)	0.01	(12.38)	1.70

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement Of Financial Position

	(Unaudited) As At 30/09/2016 RM'000	(Audited) As At 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	5,708,644	6,081,634
Land Use Rights	2,427	2,631
Investments In Associate	2,154	2,073
Deferred Tax Assets	196	204
Derivative Assets	-	2,636
	5,713,421	6,089,178
Current Assets		
Inventories	215,119	204,508
Other Investments	14,454	89,565
Trade Receivables	123,995	265,389
Other Receivables	44,147	20,638
Derivative Assets	-	232
Due From Related Companies	3,413	3,666
Deposits, Cash & Bank Balances	907,581	973,807
	1,308,709	1,557,805
	7,022,130	7,646,983
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	1,081,000	1,081,000
Share Premium	1,372,819	1,372,819
Other Reserves	611,922	734,931
Retained (Losses) / Profits	(123,505)	144,250
	2,942,236	3,333,000
Non-controlling Interests	8,302	10,437
TOTAL EQUITY	2,950,538	3,343,437
Non-Current Liabilities		
Deferred Tax Liabilities	1,228	1,098
Due To Holding Company	308,000	-
Long Term Borrowings	2,176,870	1,746,965
	2,486,098	1,748,063
Current Liabilities		
Taxation	2,473	1,143
Short Term Borrowings	1,346,565	2,257,330
Trade Payables	169,068	236,596
Other Payables	51,645	57,639
Due To Holding Company	5,603	-
Due To Related Companies	2,372	2,775
Derivative Liabilities	7,768	-
	1,585,494	2,555,483
TOTAL LIABILITIES	4,071,592	4,303,546
TOTAL EQUITY AND LIABILITIES	7,022,130	7,646,983
Net Assets per share (RM)	1.3609	1.5416

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30th September 2016

	← Non - Distributable →							Distributable			
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Intercompany Financial Liabilities RM'000	Hedging Reserves RM'000	Retained Profits RM'000	Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
9 MONTHS ENDED 30TH SEPTEMBER 2016											
At 1st January 2016	1,081,000	1,372,819	3,243	698	649,977	78,145	2,868	144,250	3,333,000	10,437	3,343,437
Total Comprehensive Income	-	-	-	-	(112,373)	-	(10,636)	(267,755)	(390,764)	(2,135)	(392,899)
At 30th September 2016	1,081,000	1,372,819	3,243	698	537,604	78,145	(7,768)	(123,505)	2,942,236	8,302	2,950,538

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30th September 2015

	← Non - Distributable →							Distributable			
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Intercompany Financial Liabilities RM'000	Hedging Reserves RM'000	Retained Profits RM'000	Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
9 MONTHS ENDED 30TH SEPTEMBER 2015											
At 1st January 2015	1,081,000	1,372,819	3,243	698	150,394	78,145	-	513,527	3,199,826	8,000	3,207,826
Total Comprehensive Income	-	-	-	-	607,023	-	-	36,824	643,847	3,933	647,780
At 30th September 2015	1,081,000	1,372,819	3,243	698	757,417	78,145	-	550,351	3,843,673	11,933	3,855,606

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

UMW OIL & GAS CORPORATION BERHAD
Condensed Consolidated Statement Of Cash Flows
For The Period Ended 30th 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 Tax	(265,458)	61,910
Adjustments For:		
Depreciation, Impairment & Amortisation	203,067	168,264
Net Inventories Written Down	-	9,470
Interest Expense	83,995	41,153
Share Of Results Of Associate	(261)	(383)
Impairment Losses On Receivables	-	3,070
Net Fair Value Gain On Derivatives	-	(585)
Net Unrealised Foreign Exchange Gain	(31,965)	(32,874)
Net Fair Value Loss / (Gain) On Money Market Fund	80	(34)
Interest Income	(12,350)	(20,196)
Property, Plant & Equipment Written Off	239	218
Operating (Loss) / Profit Before Working Capital Changes	<u>(22,653)</u>	<u>230,013</u>
Decrease In Receivables	113,363	39,338
Increase In Inventories	(17,073)	(66,094)
Net Changes In Related Companies Balances	5,452	(321)
(Decrease) / Increase In Payables	<u>(60,703)</u>	<u>20,422</u>
Cash Generated From Operating Activities	18,386	223,358
Interest Paid	(81,964)	(39,001)
Taxes Paid	<u>(1,943)</u>	<u>(13,806)</u>
Net Cash (Used In) / Generated From Operating Activities	<u>(65,521)</u>	<u>170,551</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Property, Plant & Equipment	(37,920)	(1,624,664)
Interest Received	11,717	13,579
Dividend Received From Associate	179	-
Investment In Money Market Fund	(1,274)	(251,781)
Proceeds From Disposal Of Money Market Fund	76,304	209,854
Net Cash Generated From / (Used In) Investing Activities	<u>49,006</u>	<u>(1,653,012)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment Of Long Term Borrowings	(173,238)	(157,274)
Drawdown Of Long Term Borrowings	665,475	-
Net Movement In Short Term Borrowings	(831,676)	1,444,763
Advances From Holding Company	308,000	-
Dividend Paid	-	(21,620)
Net Cash (Used In) / Generated From Financing Activities	<u>(31,439)</u>	<u>1,265,869</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,954)	(216,592)
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	973,807	1,178,046
EFFECTS OF EXCHANGE RATE CHANGES	(18,272)	55,259
CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER	<u>907,581</u>	<u>1,016,713</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements)

Explanatory Notes

NOTE 1 – Significant accounting policies

Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of 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 significant accounting policies and methods of computation in the interim financial statements are consistent with those in the annual audited financial statements for the year ended 31st December 2015.

NOTE 2 – Seasonal or Cyclical Factors

The Group is principally engaged in:

- (a) the provision of drilling services for exploration, development and production wells and workover services to the upstream sector of the oil and gas industry;
- (b) the provision of threading, inspection and repair services for Oil Country Tubular Goods (“OCTG”) in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells; and
- (c) acting as agent in Malaysia for international companies providing specialised drilling equipment and services.

The Group’s products and services are dependent on the level of activity of, and the corresponding capital spending by oil and gas companies, which are affected by volatile oil and natural gas prices and cyclicity in the offshore drilling and oilfield services industries.

NOTE 3 – Exceptional Items

As at 30th September 2016, the United States Dollar had weakened against the Ringgit Malaysia by about 3% compared with the exchange rate as at 31st December 2015. This had affected assets and liabilities upon translation of the Group’s assets and liabilities denominated in USD to RM, the presentation currency of the Company. The net impact to equity as at 30th September 2016 was a loss of RM113.1 million.

Other than the above, there were no material unusual items affecting assets, liabilities, equity, net income or cash flows during the period ended 30th September 2016.

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 financial years that have a material effect, during the period ended 30th September 2016.

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 during the period ended 30th September 2016.

NOTE 6 – Dividends Paid

There was no dividend paid during the period ended 30th September 2016.

NOTE 7 – Segmental Reporting

	Nine Months Ended 30th September 2016		
Business Segment	Revenue RM'000	Profit / (Loss) Before Tax RM'000	Profit / (Loss) Attributable to Owners of the Company RM'000
Drilling Services	252,572	(266,668)	(269,953)
Oilfield Services	14,770	(14,068)	(12,544)
Others	-	15,278	14,742
Consolidated Total	267,342	(265,458)	(267,755)

The decrease in total assets during the period ended 30th September 2016 was mainly due to depreciation of RM203 million and translation loss of approximately RM208 million from the weakening of United States Dollar upon translation of the Group's assets denominated in USD to RM, the presentation currency of the Company. Other than the above, there has been no material movement in total assets as compared to the last annual financial statements.

NOTE 8 – Subsequent Material Events

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

NOTE 9 – Changes in Composition / Group

There were no changes in the composition of the Group during the period ended 30th September 2016.

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	321	
Equipment, plant and machinery	19,220	
Others	81	19,622
Approved but not contracted for:		
Land and buildings	3,729	
Equipment, plant and machinery	31,109	
Others	1,535	36,373
Total		55,995

NOTE 11 - Significant Related Party Transactions

No.	UMW-OG & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
1.	UMW Offshore Drilling Sdn. Bhd.	UMW Pennzoil Distributors Sdn. Bhd.	Subsidiary of holding company	Purchase of Goods	21
2.	UMW Oilpipe Services Sdn. Bhd.	UMW Industries (1985) Sdn. Bhd.	Subsidiary of holding company	Purchase of Goods and Services	203
3.	UMW Offshore Drilling Sdn. Bhd.	U-TravelWide Sdn. Bhd.	Subsidiary of holding company	Purchase of Services	22
4.	UMW Oil & Gas Corporation Berhad	U-TravelWide Sdn. Bhd.	Subsidiary of holding company	Purchase of Services	309
5.	UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co. Ltd. and its subsidiaries	Corporate Shareholder of UMW JDC Drilling Sdn. Bhd.	Purchase of Goods and Services	13,301
				Bareboat Charter	2,312
6.	UMW Oil & Gas Corporation Berhad	UMW Corporation Sdn. Bhd.	Subsidiary of holding company	Rental & Other expenses	1,947
				Management fee	1,271
7.	UMW Oil & Gas Corporation Berhad and its subsidiaries	Toyota Capital Malaysia Sdn. Bhd.	Associate of holding company	Operating lease expense	943

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

There were no material contingent liabilities and contingent assets as at 30th September 2016.

NOTE 14 – Review of Performance

Current Quarter Ended 30th September 2016

	Revenue		Profit / (Loss) Before Tax	
	3rd Quarter ended 30/09/2016 RM'000	3rd Quarter ended 30/09/2015 RM'000	3rd Quarter ended 30/09/2016 RM'000	3rd Quarter ended 30/09/2015 RM'000
Business Segment				
Drilling Services	46,304	203,737	(125,299)	(18,954)
Oilfield Services	3,349	8,960	(2,549)	734
Others	-	-	(5,191)	29,674
Total	49,653	212,697	(133,039)	11,454

Group

The Group recorded low revenue in the third quarter of 2016 due to low asset utilisation. Revenue at RM49.7 million underperformed the RM212.7 million registered in the same quarter of 2015 by RM163.0 million or 76.6% as most of the Group's assets were idled in the third quarter of 2016. Two of the Group's seven jack-up rigs have since commenced operation again in the fourth quarter of 2016.

Consequently, the Group posted a loss before tax of RM133.0 million in the third quarter of 2016 against the RM11.5 million of profit before tax achieved in the same quarter of 2015.

Drilling Services Segment

In the third quarter of 2016, the Drilling Services segment contributed revenue of RM46.3 million or 93.2% of the total revenue of RM49.7 million, a decrease of RM157.4 million or 77.3% over the RM203.7 million recorded in the same quarter of 2015. The fall in revenue was principally due to more assets were idling in the third quarter of 2016 as compared to the same quarter of 2015. Whilst demand for drilling rigs has improved slightly, the long lead time in translating capital and operating expenditures into drilling contracts has resulted in idling in between contracts in 2016.

As a result, the Drilling Services segment incurred a higher loss of RM125.3 million in the third quarter of 2016 compared to the RM19.0 million of loss incurred in the same quarter of 2015.

Oilfield Services Segment

In the third quarter of 2016, the Oilfield Services segment contributed revenue of RM3.4 million or 6.8% of the total revenue of RM49.7 million. This represented a reduction of RM5.6 million or 62.2% over the RM9.0 million registered in the same quarter of 2015. Soft demand for oilfield services due to availability of existing new and used inventories resulted in the lower revenue.

Thus, the Oilfield Services segment reported a loss before tax of RM2.5 million in the third quarter of 2016 compared to a profit of RM0.7 million recorded in the same quarter of 2015.

Nine Months Ended 30th September 2016

	Revenue		Profit / (Loss) Before Tax	
	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
Business Segment				
Drilling Services	252,572	677,584	(266,668)	24,692
Oilfield Services	14,770	30,983	(14,068)	4,336
Others	-	-	15,278	32,882
Total	267,342	708,567	(265,458)	61,910

Group

For the nine-month period ended 30th September 2016, the Group recorded total revenue of RM267.3 million, a decrease of RM441.3 million or 62.3%, compared to the RM708.6 million reported in the same period of 2015. The revenue reduction was the direct result of full impact from the significantly lower levels of exploration, development and production activities in the oil and gas industry, whereas in 2015, the Group continued to receive income from existing unfinished contracts.

As a result, the Group posted a loss before tax of RM265.5 million for the nine-month period ended 30th September 2016, as opposed to the RM61.9 million of profit before tax achieved in the same period of 2015. Weak demand for the Group's Drilling and Oilfield Services due to prolonged low oil prices had caused both the Drilling Services and Oilfield Services segments to incur losses.

Drilling Services Segment

The Drilling Services segment contributed revenue of RM252.6 million or 94.5% of the total revenue of RM267.3 million for the nine-month period ended 30th September 2016, a decrease of RM425.0 million or 62.7% over the RM677.6 million recorded in the same period of 2015. Low assets utilisation and time charter rates due to stiff competitions from excess offshore rigs, resulted in the drop in revenue.

Consequently, the Drilling Services segment incurred a loss of RM266.7 million in the nine-month period ended 30th September 2016 in contrast with the profit before tax of RM24.7 million achieved in the same corresponding period of 2015.

Oilfield Services Segment

Demands for oil pipes threading, inspection and repair services did not improve in the third quarter of 2016 as oil majors continued to reduce cost by making use of existing new and used stocks. As a result, the Oilfield Services segment recorded revenue of RM14.8 million or 5.5% of the total revenue of RM267.3 million, a reduction of RM16.2 million or 52.3% over the RM31.0 million registered in the same period of 2015.

Consequently, the Oilfield Services segment reported a loss before tax of RM14.1 million for the nine-month period ended 30th September 2016 compared to a profit of RM4.3 million recorded in the same period of 2015.

NOTE 15 – Comparison with Preceding Quarter's Results

	Revenue		Profit / (Loss) Before Tax	
	3rd Quarter ended 30/09/2016 RM'000	2nd Quarter ended 30/06/2016 RM'000	3rd Quarter ended 30/09/2016 RM'000	2nd Quarter ended 30/06/2016 RM'000
Business Segment				
Drilling Services	46,304	125,008	(125,299)	(47,994)
Oilfield Services	3,349	5,002	(2,549)	(10,111)
Others	-	-	(5,191)	(5,891)
Total	49,653	130,010	(133,039)	(63,996)

The third quarter of 2016 saw its revenue dipped to RM49.7 million from the RM130.0 million registered in the second quarter of 2016, a reduction of RM80.3 million or 61.8%, due to low asset utilisation. Asset utilisation has since improved with both UMW NAGA 6 and UMW NAGA 8 commencing operations again in the fourth quarter of 2016. The Group has also secured an additional contract for UMW NAGA 2 which is expected to generate income in the first half of 2017.

Consequently, the third quarter of 2016 posted a higher loss before tax of RM133.0 million as compared to a RM64.0 million loss in the second quarter of 2016.

NOTE 16 – Current Prospect

Drilling Services Segment

The prospect of a sustained recovery for the oil and gas industry is highly dependent on the impending outcome of the OPEC's decision to cut oil production to ease supply glut that has weighed on prices for the last two years. In addition, uncertainties in global economy and geo-political environment following recent global events may impact the direction of the oil and gas industry.

While there is volatility at global level, increase in activities in domestic and regional fronts does provide indication of a gradual recovery. The recent award of drilling contracts for UMW NAGA 8 and UMW NAGA 2 by Hess Exploration and Production B.V. and Ophir Production Sdn Bhd, respectively, in addition to the previously awarded long term contract for UMW NAGA 6 by Petronas Carigali Sdn Bhd, augurs well for our future prospects. The increase in the number of tenders being called by oil and gas companies in the region further illustrates a potential recovery in drilling activities both in Malaysia and Southeast Asia.

UMW NAGA 6 mobilised to location end of September 2016 under a 2-year drilling contract and UMW NAGA 8 commenced operation in early November 2016 after securing a contract in October 2016 for a duration of eighteen (18) months with an option to extend for another year. As such, asset utilisation is expected to improve in the last quarter of 2016. The Group is currently in various stages of tendering a number of local and overseas contracts and is optimistic that asset utilisation will improve progressively over the next few quarters.

Oilfield Services Segment

While the Drilling Services segment is seeing an increase in contract awards and the number of tenders being called, the spill-over effect on Oilfield Services segment is slower as oil companies continue to clear up their inventories before placing new orders. As the recovery continues, more orders are expected under both existing and new contracts, especially for those secured in the previous quarter.

Group

For the final quarter of 2016, higher asset utilisation is expected to contribute positively to the earnings of the Group, however asset impairment loss is expected to adversely affect the 2016 financial performance of the Group.

NOTE 17 – Statement on Revenue and Profit Forecast

This is not applicable to the Group.

NOTE 18 – Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 19 – Taxation

	3rd Quarter ended 30/09/2016 RM'000	Nine Months ended 30/09/2016 RM'000
Taxation for current period	2,485	3,521
Under provision in prior periods	64	66
	2,549	3,587
Deferred taxation	(5)	138
Total	2,544	3,725

A few companies in the Group were profitable and in tax payable position while the rest of the companies were in a loss position. Hence the tax charge of RM2.5 million and RM3.7 million for the third quarter and nine months ended 30th September 2016, respectively.

NOTE 20 – Corporate Proposals**(a) Corporate Proposal**

There were no corporate proposals announced but not completed at the date of this announcement.

(b) Status of utilisation of initial public offering (“IPO”) proceeds as at 22nd November 2016

Purpose	Proposed utilisation	Actual utilisation to date	Deviation in amount & %	Explanation	Timeframe for utilisation after extension
	RM'million	RM'million			Month
Acquisition of rigs & HWU	986.6	993.9	RM7.3 million	Note	36
Upgrading of rigs & HWU	20.1	20.1	nil	n/a	18
Acquisition / upgrading of machineries for Oilfield Services	10.4	10.4	nil	n/a	30
Mobilisation / demobilisation costs for drilling rigs	50.0	44.5	n/a	n/a	30
Repayment to UMW Holdings Berhad	597.4	597.4	nil	n/a	6
IPO / Listing expenses *	48.5	41.2	RM7.3 million or 15.1%	Actual was lower than the budget	6
Total	1,713.0	1,707.5			

Date of listing: 1st November 2013

Note:

* The unutilised listing expenses of RM7.3 million had been utilised to meet the costs of acquisition of jack-up rigs in April 2016.

NOTE 21 – Group Borrowings and Debt Securities

	RM'000	RM'000	USD'000
(a) Short term borrowings			
- Unsecured			
Short term loans and revolving credits	1,085,151		261,241
Portion of long term loans payable within 12 months	261,403		62,989
		1,346,554	
- Secured			
Finance lease payable		11	-
		1,346,565	324,230
(b) Long term borrowings			
- Secured			
Long term loans		684,750	165,000
- Unsecured			
Long term loans	1,753,523		422,536
Portion of long term loans payable within 12 months	(261,403)		(62,989)
		1,492,120	
		2,176,870	524,547

NOTE 22 – Material Litigation

Reference is made to the previous announcement dated 1st September 2016.

On 13th October 2016, UMW Offshore Drilling Sdn. Bhd. (“UOD”) as the Claimant has served its Amended Reply and Defence to Counterclaim on Frontier Oil Corporation (“FOC” or “Respondent”). 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 was no material litigation pending on the date of this announcement.

NOTE 23 – Dividend

No dividend has been recommended for the quarter ended 30th September 2016.

NOTE 24 – Earnings Per Share

Basic loss per share for the current quarter and the nine-month period ended 30th September 2016 are calculated by dividing the net loss attributable to equity holders of the Company of RM135,432,000 and RM267,755,000, respectively, by the weighted average number of ordinary shares in issue as at 30th September 2016 of 2,162,000,000 shares of RM0.50 each.

The Company has no dilutive potential ordinary shares as at 30th September 2016.

NOTE 25 – Realised and Unrealised Profits / (Losses)

The breakdown of retained profits of the Group as at 30th June 2016 and 30th September 2016, pursuant to the format prescribed by Bursa Securities, are as follows:

	As at 30/06/2016 RM'000	As at 30/09/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	225,290	96,489
- Unrealised	31,609	30,933
	256,899	127,422
Total share of retained profits from associated company:		
- Realised	1,884	1,972
- Unrealised	-	-
	258,783	129,394
Less : Consolidation adjustments	(246,856)	(252,899)
Total Group retained profits / (losses) as per consolidated accounts	11,927	(123,505)

NOTE 26 – Audit Qualification

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

NOTE 27 – 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
(a) Interest income	4,412	11,195
(b) Other investment income	135	1,155
(c) Depreciation and amortisation	(69,594)	(203,067)
(d) Reversal of impairment / (impairment) losses of receivables	-	-
(e) (Provision for) / write back of inventories	-	-
(f) Loss on disposal of quoted or unquoted investment	-	(80)
(g) (Loss) / gain on disposal of properties	-	-
(h) Reversal / (Impairment) of assets/investments (net)	-	-
(i) Net foreign exchange (loss) / gain	(591)	24,575
(j) Net gain on derivatives	-	-
(k) Property, plant and equipment written off	(3)	(239)

By Order Of The Board

LEE MI RYOUNG
Secretary
(MAICSA 7058423)

Kuala Lumpur
28th November 2016