

UMW HOLDINGS BERHAD

(Company No. 090278-P)



MINUTES OF THE THIRTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, 28TH MAY 2015 AT 10.00 A.M. AT THE UMW AUDITORIUM, UMW HOLDINGS BERHAD, NO. 3, JALAN UTAS (15/7), BATU TIGA INDUSTRIAL ESTATE, 40200 SHAH ALAM, SELANGOR DARUL EHSAN

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|-----------------------|---|--|
| PRESENT | - Y Bhg Tan Sri Asmat bin Kamaludin Y Bhg Datuk Syed Hisham bin Syed Wazir Dr Leong Chik Weng Y Bhg Datuk Dr Nik Norzrul Thani bin N.Hassan Thani Y Bhg Dato' Siow Kim Lun @ Siow Kim Lin Y Bhg Dato' Mohd Nizam bin Zainordin Encik Khalid bin Sufat Puan Rohaya binti Mohammad Yusof Y Bhg Tan Sri Hasmah binti Abdullah Corporate Representatives/Shareholders/ Proxies | - Group Chairman President & Group CEO Director Director Senior Independent Director Director Director Director Appendix A |
| BY INVITATION | - Encik Badrul Feisal bin Abdul Rahim Encik Azmin bin Che Yusoff Puan Nik Julia binti Nik Jaafar Encik Rohaizad bin Darus Mr Tan Chin Lam Puan Fa'izah binti Mohamed Amin Cik A'tikah binti Ahmad Puan Roza Shahnaz binti Omar Ms Lee Kar Ling Encik Norazmi bin Abdul Razak Encik Ahmad Zahirudin bin Abdul Rahim Mr Lim Eng Hoe Ms Chell I-Fong Cik Siti Mariam binti Rodzlan Akib | - Group Chief Operating Officer Executive Director, Group Financial Services Division Executive Director, Group Human Resource Division President, UMW Oil & Gas Corporation Berhad Acting Executive Director, Equipment Division President, Technology Division Senior General Manager, Group Financial Services Division Senior General Manager, Group Corporate Development Division Group Legal & Secretarial, UMW Oil & Gas Corporation Berhad Messrs Ernst & Young |
| IN ATTENDANCE- | Encik Mohd Nor Azam bin Mohd Salleh | - Secretary of Meeting |

WELCOMING ADDRESS BY THE CHAIRMAN

Y Bhg Tan Sri Asmat bin Kamaludin, Chairman of the Board, took the Chair and extended a warm welcome to shareholders/corporate representatives/proxies and invitees to the Company's Thirty-Third Annual General Meeting ("AGM").

SAFETY BRIEFING

Before proceeding with the meeting, the Chairman invited UMW's Safety Officer, Encik Abdul Aziz Mohamed bin Edar, to brief the meeting on safety procedures.

INTRODUCTION

The Chairman introduced members of the Board, the Secretary of the Meeting and other senior management of the Company as well as representatives from Messrs Ernst & Young, the Company's auditors, to the Meeting.

CHAIRMAN OPENING REMARKS

The Chairman in his opening remarks informed shareholders that UMW had again succeeded in achieving a healthy profit before taxation in 2014. He added that although the past few years have been challenging, UMW Group continues to make steady progress in each of its core businesses.

The Meeting was informed that all four core business segments in UMW recorded improved performance in 2014. The Automotive Division saw an increase in sales of Toyota models, the Oil & Gas Division was uplifted by enhanced rig operations and the Equipment Division enjoyed significant growth in its industrial equipment segment. The Manufacturing & Engineering Division also experienced a positive year during which it bounced back into profitability.

PRESENTATION BY PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

The Chairman then invited the President & Group CEO, Y Bhg Datuk Syed Hisham bin Syed Wazir, to present to the Meeting an overview of the UMW Group's operations and performance to date.

In the same presentation, Y Bhg Datuk Syed Hisham also shared with shareholders, issues raised by the Minority Shareholder Watchdog Group ("MSWG") in its letter of 18th May 2015 and UMW's written response dated 25th May 2015 (copies attached).

CONFIRMATION OF QUORUM

The formal proceedings of the AGM commenced upon confirmation of the presence of a quorum.

VOTING

The Chairman briefed shareholders/corporate representatives/proxies on their rights to speak and vote at the Meeting on resolutions set out in the Notice of Meeting.

The Meeting was informed that voting for all resolutions at the AGM would be by show of hands unless poll voting is demanded before or upon the declaration of the results of the show of hands, by at least two members or the holder or holders in person or by proxy of at least one-twentieth part of the issued and paid-up capital of the Company (i.e., 58,414,696 shares) or by the Chairman.

The Chairman informed the Meeting that the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") mandates poll voting only for related party transactions. Since there were no such transactions being put forth at the AGM, all resolutions were to be voted by a show of hands.

NOTICE OF MEETING

With the consent of shareholders, the Notice of Meeting was taken as read.

AUDITED FINANCIAL STATEMENTS

The Chairman explained that the Audited Financial Statements ("AFS") of the Company for the year ended 31st December 2014, together with the Reports of the Directors and the Auditors thereon were tabled for discussion only, pursuant to Section 169(1) and (3) of the Companies Act, 1965.

Nonetheless, shareholders/corporate representatives/proxies were invited to raise questions on the AFS.

QUESTION & ANSWER SESSION

The questions/comments raised by the shareholders/corporate representative/proxies and the corresponding responses/replies made by the Board and management are summarised below -

- 1) Ms Rebecca Yap, the corporate representative from MSWG, congratulated UMW on the good performance of the Group in 2014. She also commended UMW for making the right efforts to ensure that the Company continues to practice good corporate governance as proven when UMW received the Industry Excellence Award (Consumer Goods Category) from MSWG in 2014 and ranking 8th among the top 100 Malaysian listed companies in 2014 under the ASEAN CG Scorecard. She added that UMW is also in the top 50 companies under the ASEAN CG overall assessment for 2014. She urged the Company to continue to improve its position in the years to come.

As an exemplary company, Ms Rebecca Yap emphasised the need for UMW to disclose details of individual directors' remuneration and fees in its Annual Report. Companies are also encouraged to upload its Memorandum and Articles of Association ("M&A") in their website as part of their continuous effort in improving good corporate governance and practices.

The Chairman thanked Ms Rebecca Yap for MSWG's observations and suggestions for UMW to further improve its level of corporate governance and practices. In response to the suggestion to disclose details of individual directors'

remuneration and fees in Annual Reports, the Chairman stated that for security/safety reasons, details of the remuneration are not disclosed individually. Notwithstanding, the Board will continue to give due consideration on the matter from time to time.

On the matter of uploading of UMW's M&A in the Company's website, the Chairman stated that arrangements will be made to ensure this is done as soon as possible.

- 2) Mr Lee Cheng Hock, a shareholder, enquired on the following matters -
- a) Reasons for the increase in trade receivables as stated on page 105 of the Annual Report and measures taken to reduce it;
 - b) Plans to utilise the deposits, cash and bank balances of RM3.37 billion as highlighted on page 105 of the Annual Report; and
 - c) Whether UMW is in competition with UMW Singapore Ventures Pte Ltd.

Encik Azmin bin Che Yusoff, Executive Director, Group Financial Services Division, was invited to address the questions posed by Mr Lee.

Encik Azmin explained that the reason for the increase in trade receivables for 2014 was directly attributed to the increase in revenue from RM13.951 billion in 2013 to RM14.932 billion in 2014. As the UMW Group is actively involved in trading, the amount of trade receivables will naturally be higher in tandem with the increase in revenue. Encik Azmin clarified that from past trends, doubtful debts arising from these trade receivables were very low, i.e., at less than 1% and the amount to be written-off was also very small. The Group has no significant concentration of credit risks from exposure to single debtor or single group of debts.

In reply to the second question, Encik Azmin explained that UMW would need to conserve some of its cash towards meeting repayments of SUKUK amounting to RM110 million in October 2015 and RM440 million in February 2016. At the same time, cash is also needed to enable the Company to consistently pay dividend well above its pay-out policy of 50% of profit after tax.

With regard to the last question, the Chairman clarified that UMW Singapore Ventures Pte Ltd ("USV") is a subsidiary in the UMW Group and is not in any way a competitor. The Chairman added that USV was established as an investment holding company in Singapore. Similar subsidiaries were also established in other parts of the world such as Myanmar, Indonesia, etc., to enable the Group to manage its overseas operations.

- 3) Mr Khoo Khee Bu, a shareholder, enquired on the following matters -
- a) Recall by UMW Toyota Motor Sdn Bhd ("UMWT") pertaining to the airbag issue and its impact on UMW;
 - b) Impact of the weaker Malaysian Ringgit against stronger US Dollar on UMW; and
 - c) UMWT's future plans for hybrid cars after Prius C.

Y Bhg Datuk Syed Hisham explained that the recall on certain Toyota models is part of a global recall programme initiated by Toyota Motor Corporation, Japan ("TMC"). Other Japanese car manufacturers such as Honda, whose airbags are also supplied by the same manufacturer, Takata Japan ("Takata"), are also affected. UMWT has announced that certain Toyota models are affected by the recall and campaigns to carry out necessary corrective measures are being put in place. UMWT has requested affected customers to bring their cars to the nearest Toyota service centre for free inspection and parts replacement.

On the financial impact to UMW, Y Bhg Datuk Syed Hisham clarified that in a typical recall situation, UMWT would have a back to back arrangement with manufacturers of components for UMWT to claim against product defects from manufacturers. Hence, the financial impact on recall programmes by UMWT is minimised.

On the matter of forex, Encik Azmin stated that the weakening of Malaysian Ringgit against US Dollar has both positive and negative impacts on the Group. On the positive side, UMW Oil & Gas Corporation Berhad ("UMW-OG") stands to gain higher revenue because the contract payments received are in US Dollar. On the other hand, the automotive segment, especially UMWT, is negatively impacted as payments for imports of parts are made in US Dollar. The continued weakening of Malaysian Ringgit will likely have a major impact on UMWT's full year results in 2015. Encik Azmin further added that since the revenue contribution from UMWT is much higher than that of UMW-OG, the negative impact on the weakening of Malaysian Ringgit far outweighs the positive impact on appreciation of US Dollar.

In addition, this has an impact on the fair value of UMW's SUKUK Programme and other derivative instruments, where the Company will continue to make fair value adjustments to the instruments from time to time.

On the plans for hybrid cars, the Chairman explained that imported hybrid cars are normally expensive. Without Government incentives in terms of exemptions on import and excise duties, hybrid cars are difficult to market, unless they are assembled in Malaysia. He added that when Prius C was first imported by UMWT, the cars were marketable because the

price was competitive due to full duty exemption granted by the Government. However, when the incentives were discontinued, the price became uneconomical for UMWT to continue to import as the retail price is not competitive. Recently, UMWT has started to assemble Camry Hybrid locally, for which it will continue to receive Government support until 2016.

- 4) Mr Sze Kok Sing, a shareholder, enquired on the following matters -
- a) Reasons why Toyota component costs are priced in US Dollar and not in Japanese Yen; and
 - b) Whether UMW has any plans to introduce Dividend Reinvestment Plan in the near future, where monies from dividend payment could be used to reduce debts.

The Chairman stated that the decision to use US Dollar on purchases of Toyota components by UMWT was made by TMC. Encik Azmin added that the reason behind it is because the parts are sourced not only from Japan but also from other regional countries such as Thailand and Indonesia. As such, TMC has agreed to use US Dollar as a common denomination for all cross-border transactions.

On the introduction of Dividend Reinvestment Plan, the Chairman responded that management will be looking into the proposal accordingly.

- 5) Encik Abdul Rahman bin Abdullah, a shareholder, enquired on which state recorded the highest sales for Toyota and Perodua cars.

Y Bhg Datuk Syed Hisham responded that generally about 40% to 45% of Toyota and Perodua sales are from the Klang Valley.

As there were no other questions, the Chairman proceeded with Item 2 of the Agenda.

**ORDINARY
RESOLUTIONS
1, 2 AND 3**

Re-election of Y Bhg Datuk Dr Nik Norzrul Thani bin N.Hassan Thani, Y Bhg Dato' Siow Kim Lun and Encik Khalid bin Sufat, Directors Retiring by Rotation pursuant to Article 123 of the Company's Articles of Association

The Chairman informed the Meeting that Y Bhg Datuk Dr Nik Norzrul Thani bin N.Hassan Thani, Dato' Siow Kim Lun and Encik Khalid bin Sufat, are to retire pursuant to Article 123 of the Company's Articles of Association and being eligible, have offered themselves for re-election.

There being no questions raised, the resolutions for re-election of Directors were voted individually as follows -

- 1) **Ordinary Resolution 1** on the proposed re-election of Y Bhg Datuk Dr Nik Norzrul Thani bin N.Hassan Thani, was duly proposed by Encik Nordin bin Omar and seconded by Mr Khoo Khee Bu.

The following motion was put to vote and declared carried unanimously -

“THAT, Y Bhg Datuk Dr Nik Norzrul Thani bin N.Hassan Thani, a Director retiring pursuant to Article 123 of the Company’s Articles of Association, be re-elected Director of the Company.”

- 2) **Ordinary Resolution 2** on the proposed re-election of Y Bhg Dato’ Siow Kim Lun @ Siow Kim Lin, was duly proposed by Mr Lee Cheng Hock and seconded by Mr Michael Lee Soon Heng.

The following motion was put to vote and declared carried unanimously -

“THAT, Y Bhg Dato’ Siow Kim Lun @ Siow Kim Lin, a Director retiring pursuant to Article 123 of the Company’s Articles of Association, be re-elected Director of the Company.”

- 3) **Ordinary Resolution 3** on the proposed re-election of Encik Khalid bin Sufat, was duly proposed by Encik Abdul Rahman bin Abdullah and seconded by Mr Lee Cheng Hock.

The following motion was put to vote and declared carried unanimously -

“THAT, Encik Khalid bin Sufat, a Director retiring pursuant to Article 123 of the Company’s Articles of Association, be re-elected Director of the Company.”

**ORDINARY
RESOLUTION 4**

Approval for Payment of Directors’ Fees amounting to RM1,000,000 for the Financial Year Ended 31st December 2014

The Chairman proceeded with Ordinary Resolution 4 on the approval for payment of Directors’ fees amounting to RM1,000,000 for the financial year ended 31st December 2014.

The motion was duly proposed by Mr Shak Kum Choy and seconded by Mr Lee Cheng Hock.

There being no questions raised, the following motion was put to the vote and declared carried unanimously -

“THAT, a sum of RM1,000,000 be approved as Directors’ fees for the financial year ended 31st December 2014, such fees to be divided amongst the Directors as they shall determine.”

**ORDINARY
RESOLUTION 5****Approval for the Increase in Directors' Fees to RM1,350,000 in respect of the Financial Year Ending 31st December 2015**

The Chairman proceeded with Ordinary Resolution 5 on the approval to increase the Directors' fees to RM1,350,000 for the financial year ending 31st December 2015, to be paid in a manner to be determined by the Board.

The motion was duly proposed by Mr Lee Cheng Hock and seconded by Mr Shak Kum Choy.

Shareholders/corporate representatives/proxies were invited to raise any questions they had on the said proposal.

**QUESTION &
ANSWER
SESSION**

- 1) Mr Sze Kok Sing, a shareholder, sought explanation from the Board on the following -
 - a) Rationale for the 35% increase in Directors' fees for the financial year ending 31st December 2015; and
 - b) Whether UMW Directors also sit on the Board of UMW subsidiaries and whether they receive compensation in terms of fees from the subsidiaries.

The Chairman, speaking on behalf of the Non-Executive Directors ("NEDs") on the Board, replied that the proposed increase in Directors' fees is to reflect the additional responsibilities of NEDs in tandem with the expansion and complexity of the Group's businesses, locally and abroad. This is in addition to the added responsibilities mandated by regulatory bodies. He added that there are now more meetings held at both the Board and Board Committee levels, where Directors have dedicated their time and commitment to the Company. This is reflective in their attendance at such meetings as presented in the 2014 Annual Report.

On the second question, the Chairman confirmed that UMW Directors also sit on the Boards of UMW subsidiaries and were paid a nominal sum by the said subsidiaries.

There being no further questions raised, the following motion was put to vote and declared carried -

"THAT, the increase in Directors fees to RM1,350,000 for the financial year ending 31st December 2015, to be divided amongst the Directors as they shall determine, be approved."

**ORDINARY
RESOLUTION 6****Re-Appointment of Auditors and Fixing of Auditors' Remuneration**

The Chairman proceeded with Ordinary Resolution 6 on the re-appointment of Messrs Ernst & Young as Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration.

The motion was duly proposed by Mr Lee Cheng Hock and seconded by Mr Kuah Kock Heng.

There being no questions raised, the following motion was put to vote and declared carried unanimously -

“THAT, Messrs Ernst & Young, the retiring Auditors, be re-appointed Auditors of the Company to hold such office from the date hereof to the conclusion of the next Annual General Meeting and at a remuneration to be determined by the Directors.”

**ORDINARY
RESOLUTION 7**

Re-Appointment of Y Bhg Tan Sri Asmat bin Kamaludin pursuant to Section 129(6) of the Companies Act, 1965

As the Chairman is the subject matter of Ordinary Resolution 7, he handed the Chair over to Dr Leong Chik Weng to continue with the proceedings.

The motion was duly proposed by Mr Lee Cheng Hock and seconded by Mr Tan Ching Joo.

There being no questions raised, the following motion was put to vote and declared carried -

“THAT, Y Bhg Tan Sri Asmat bin Kamaludin, a Non-Independent Non-Executive Director, who retires pursuant to Section 129(2) of the Companies Act, 1965, be re-appointed as Director of the Company in accordance with Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting of the Company.”

Having concluded the proceedings, Dr Leong Chik Weng handed the chair back to the Chairman.

**ORDINARY
RESOLUTION 8**

Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

The Chairman proceeded with Ordinary Resolution 8 on the renewal of the mandate granted by the shareholders of the Company on 19th June 2014. The Proposed Shareholders’ Mandate will enable the UMW Group to enter into any recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the UMW Group, involving related parties, as detailed in the Circular to Shareholders dated 6th May 2015, which was issued together with the 2014 Annual Report.

The motion was duly proposed by Mr Kuah Kock Heng and seconded by Ms Wai Thuy Fong.

There being no questions raised, the following motion was put to vote and declared carried unanimously -

“THAT, the mandate granted by the shareholders of the Company on 19th June 2014 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), authorising the Company and its subsidiaries (“the UMW Group”) to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3(b) of the Circular to Shareholders dated 6th May 2015 (“the Circular”), which are necessary for the UMW Group’s day-to-day operations, be renewed, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

THAT, the authority conferred by such renewed mandate shall continue to be in force and effect until -

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the next AGM is required to be held, pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to any extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest.

THAT, the Directors of the Company be authorised to complete and do such acts and things as they may think expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders’ Mandate.”

CONCLUSION

There being no other business, the Meeting ended at 11.20 a.m. with a vote of thanks to the Chair.

Approved,



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CHAIRMAN



MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest

18 May 2015

BY FAX/HAND
(Fax No. 603-55193890)

The Board of Directors
UMW Holdings Berhad
3rd Floor, The Corporate,
No. 10, Jalan Utas (15/7)
Batu Tiga Industrial Estate
40200 Shah Alam
Selangor Darul Ehsan

Attention: Puan Fadzilah binti Samion
Company Secretary

Dear Sirs

Re: **33rd Annual General Meeting (AGM) of UMW Holdings Berhad ("UMW" or "the Company") to be held on 28 May 2015**

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issues at 33rd Annual General Meeting of UMW Holdings Berhad:-

Strategic & Financial Matters

1. We noted that the Automotive Division achieved a 4.4% increase in Profit Before Tax driven by sales of Toyota Vehicles. It was stated in the Chairman's Statement that standing strong against stiff competition, UMW Toyota Motor Sdn Bhd ("UMW Toyota") managed to increase its market share from 14.1% in 2013 to 15.6% in 2014.
 - (i) With intense competition in the Automotive market, is the Board expecting the Automotive Division to sustain its performance for 2015?
 - (ii) Would UMW Toyota be able to maintain its market share in 2015?
 - (iii) How were the sales of the Vios and Altis models for the first quarter of 2015?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia • Company No: 524989-M)
Tingkat 11, Bangunan KWSR, No: 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.
Tel: (603) 2070 9090 Fax: (603) 2070 9107
E-Mail: watchdog@mswg.org.my Website: www.mswg.org.my

UMW Holdings Berhad

33rd AGM, 28 May 2015

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2. In the Review of Operations, it was stated that the Heavy Equipment Group's overall results remained satisfactory in 2014, although the Malaysian and Papua New Guinea operations continued to face challenging market conditions.

What are the measures taken to overcome these market challenges?

3. As reported under the Segment Reporting in Note 37(a) of the Annual Report, segment under "Others" continued to drag down the results of the Group with a segment loss of RM371 million (2013 : Loss of RM341.3 million).

What are the plans for these other businesses?

4. What was the nature of net provision of inventories written down of RM8.6 million in 2014?
5. What was the nature of net impairment losses of investments in joint ventures and associates of RM86.5 million and RM27.8 million, respectively, in 2014?

We would appreciate if the Board could present the points raised by us and the related answers for the shareholders present at the forthcoming general meeting. At the same time, we await a written reply as soon as possible for our record and posting into our website for the benefit of all stakeholders.

Thank you.

Yours sincerely



LYA RAHMAN

General Manager
Corporate Services



25th May 2015

Puan Lya Rahman
General Manager
Corporate Services
Minority Shareholder Watchdog Group
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Dear Puan Lya,

THIRTY-THIRD (33RD) ANNUAL GENERAL MEETING (“AGM”) OF UMW HOLDINGS BERHAD

We refer to your letter dated 18th May 2015 on the above matter.

We thank you for your comments and would be happy to highlight the queries raised by you at the AGM. Our response to your questions is as follows -

1. **We noted that the Automotive Division achieved a 4.4% increase in Profit Before Tax driven by sales of Toyota Vehicles. It was stated in the Chairman’s Statement that standing strong against stiff competition, UMW Toyota Motor Sdn Bhd (“UMW Toyota”) managed to increase its market share from 14.1% in 2013 to 15.6% in 2014.**

a) **With intense competition in the Automotive market, is the Board expecting the Automotive Division to sustain its performance for 2015?**

Toyota is expected to sell slightly less than the total units sold in 2014.

b) **Would UMW Toyota be able to maintain its market share in 2015?**

We are aiming to achieve 14% market share of the Total Industry Volume (TIV) in 2015.

c) **How were the sales of the Vios and Altis models for the first quarter of 2015?**

Although we had started off the year on a softer note (Jan and Feb 2015), March was exceptional as most makes experienced higher vehicle sales as a result of car dealers avoiding double taxation.

2. **In the Review of Operations, it was stated that the Heavy Equipment Group's overall results remained satisfactory in 2014, although the Malaysian and Papua New Guinea operations continued to face challenging market conditions.**

What are the measures taken to overcome these market challenges?

We have taken various measures to address the challenges facing our business operations. While we have intensified our marketing activities, we have also implemented stringent controls on inventory holdings and trade receivables in the Malaysian operations. In Papua New Guinea, we have expanded our market coverage to the non-mining sectors, especially to the construction and forestry sectors. We have implemented stringent measures to reduce spare parts inventory holdings. We also continue to focus on cost control measures on operating expenses and capital expenditures.

3. **As reported under the segment Reporting in Note 37(a) of the Annual Report, segment under "Others" continued to drag down the results of the Group with a segment loss of RM371 million (2013: Loss of RM341.3 million).**

What are the plans for these other businesses?

The segment loss of RM371 million in FY2014 consists of a one-off provision for the proposed disposal of our India auto component companies as well as provisions and losses from the companies in the Value Group.

Our Value Group companies were the result of a segregation of our oil & gas assets prior to the IPO in 2013. The Value Group consists of OCTG assets in China, India and Indonesia; land rig assets in Oman and India, oilfield services business and international pipe trading company. The low oil price environment and moderating market conditions for the oil & gas sector has led to the overall decline in the performance of our Value Group, which operates across all markets.

Our plan is to constantly monitor the progress of these investments with a view for potential value creation exercise. The UMW Group would still need to nurture these assets and continue to assess various options and opportunities for potential value creation. Our strategy remains to continue to nurture and enhance the value of the aforementioned assets in the near term.

4. **What was the nature of net provision of inventories written down of RM8.6 million in 2014?**

The net provision of inventories written down in 2014 comprised mainly parts and consumables in the Equipment division, mostly from our operations in Papua New Guinea. The continued depressed commodity prices have affected the demand for parts and consumables and hence due allowance need to be made for the aged, slow-moving and obsolete items. Provision made was governed by the policy that has been established by the Group.

5. What was the nature of net impairment losses of investments in joint ventures and associates of RM86.5 million and RM27.8 million, respectively in 2014?

The provision for impairment loss of RM86.5 million in 2014 was made on our joint venture ("JV") company in India which manufactures high grade Oil Country Tubular Goods ("OCTG"). The severe drop in oil prices has affected the demand, thus lower sales of OCTG products. The Board is prudent in making the provision in view of the unsatisfactory performance of the company.

The impairment loss of RM27.8 million was made on our associate in China, WSP Holdings Limited ("the Company") following the de-listing of the American Depository Shares of the Company from the New York Stock Exchange ("NYSE") on 13 September 2014.

Thanking you.

**Yours faithfully,
UMW HOLDINGS BERHAD**



**DATUK SYED HISHAM BIN SYED WAZIR
President & Group CEO**