



UMW

UMW HOLDINGS BERHAD (90278-P)

ANNUAL REPORT

2015



**FORWARD WITH
RESILIENCE**

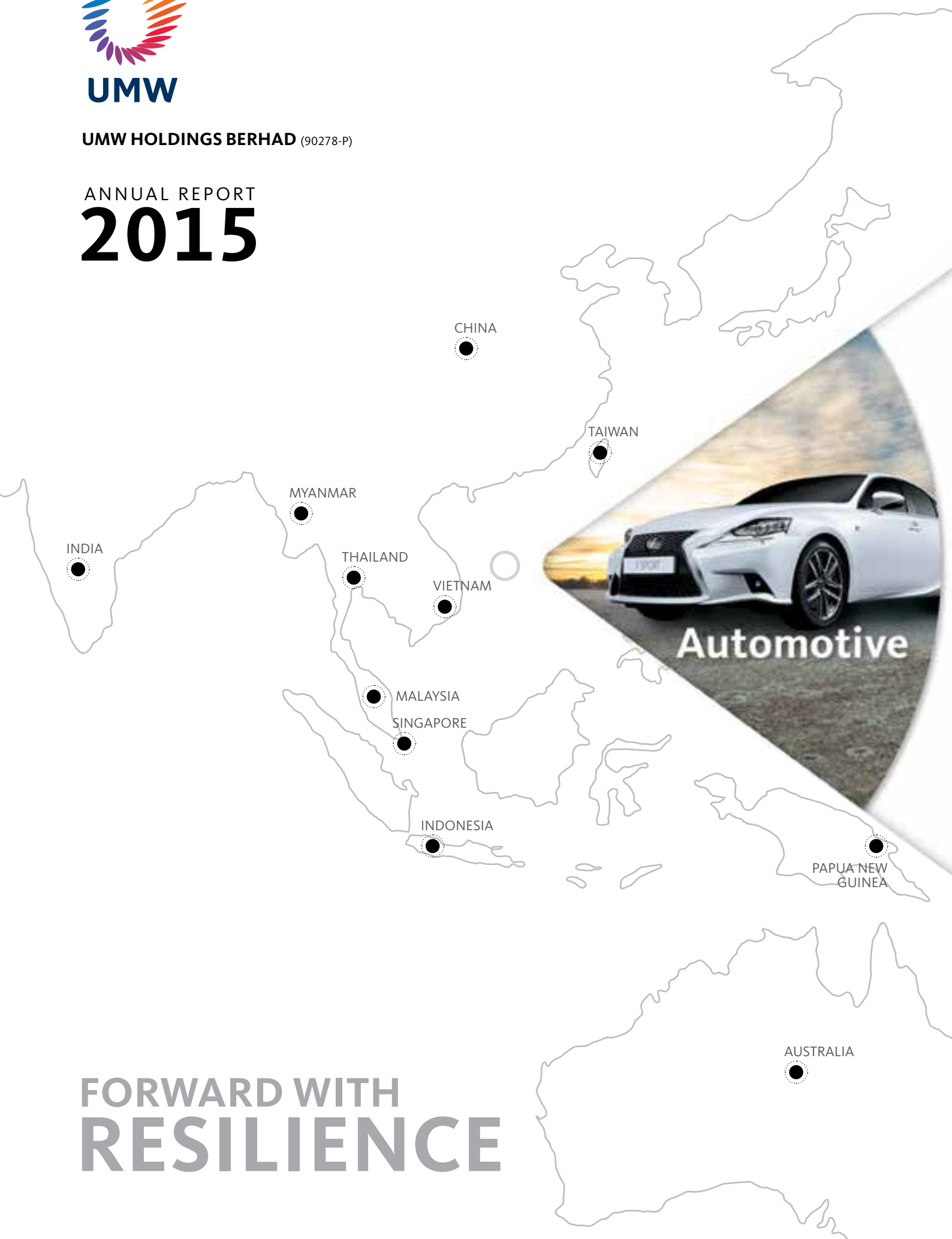


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Automotive

**FORWARD WITH
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2015



INDIA

CHINA

TAIWAN

MYANMAR

THAILAND

VIETNAM

MALAYSIA

SINGAPORE

INDONESIA

PAPUA NEW
GUINEA

AUSTRALIA

Equipment

FORWARD WITH
RESILIENCE



UMW

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ANNUAL REPORT

2015



Manufacturing & Engineering

**FORWARD WITH
RESILIENCE**

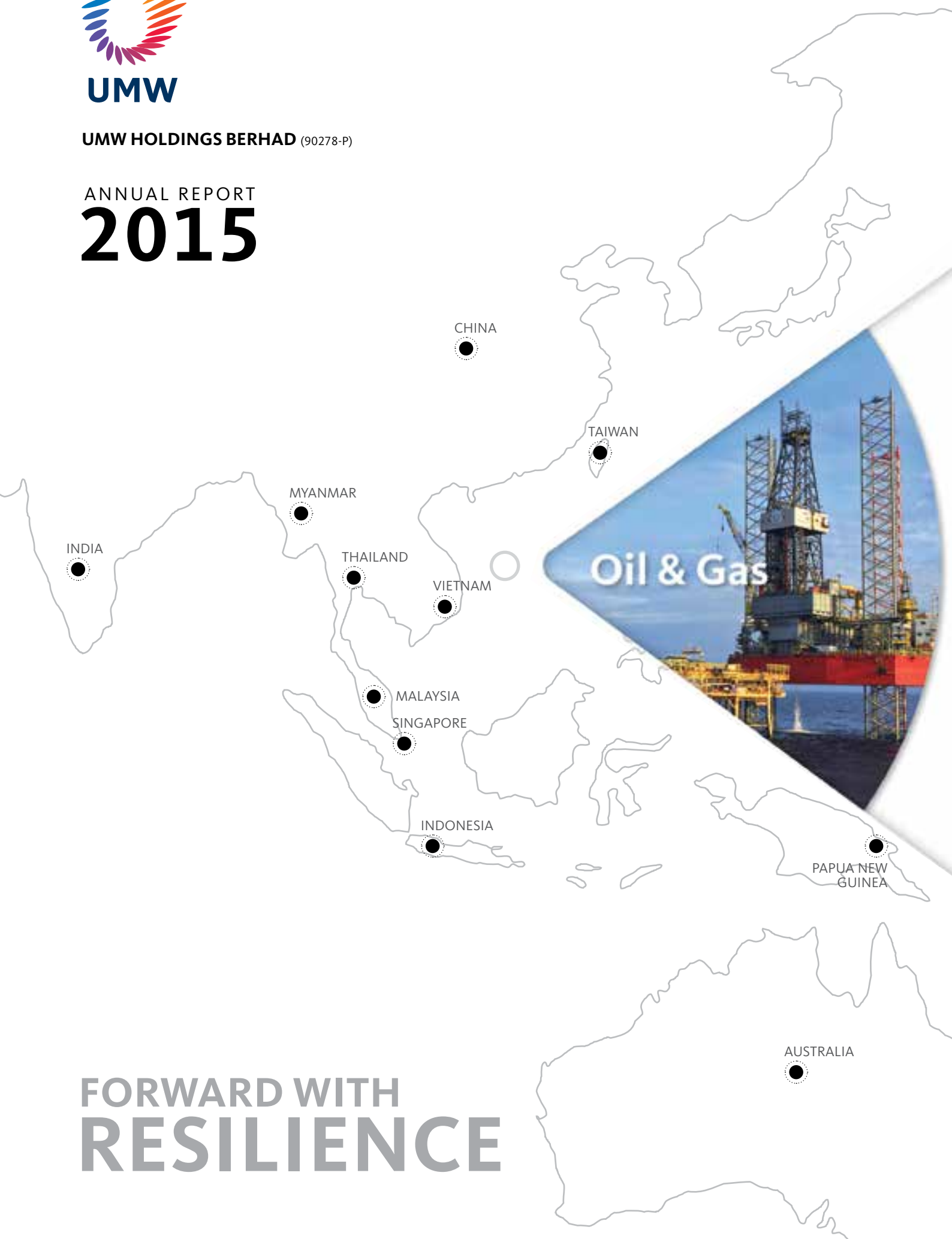


UMW

UMW HOLDINGS BERHAD (90278-P)

ANNUAL REPORT

2015



Oil & Gas

**FORWARD WITH
RESILIENCE**

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34TH ANNUAL GENERAL MEETING

THURSDAY, 19 MAY 2016
10.00 a.m.

UMW Auditorium
UMW Holdings Berhad
No. 3, Jalan Utas (15/7),
Batu Tiga Industrial Estate,
40200 Shah Alam, Selangor Darul Ehsan,
Malaysia.

**BEYOND
BOUNDARIES®**

In tandem with UMW's growing presence in the global arena, its workforce has embraced the rallying call - Beyond Boundaries®.

Beyond Boundaries® is not just about transcending geographical barriers, it is also about removing the boundaries of our minds and overcoming all obstacles that stand in our way – whilst upholding our core values of being **HONOURABLE, VIBRANT, UNSHAKEABLE** and **PIONEERING**.

OUR PROMISE

Together, we play a leading role in shaping the future of our industries globally. We do this by inspiring vibrant ideas, nurturing potential, pioneering partnerships and delivering excellence in everything we do, the rewards of which contribute to the progress and well-being of all our stakeholders.

HONOURABLE

Our enduring commitment to integrity and trust.

VIBRANT

Our contagious energy and appreciation of fresh thinking.

UNSHAKEABLE

Our unwavering resolve and commitment in everything we do.

PIONEERING

Our visionary approach to developing and shaping our industries.



COVER RATIONALE

The images displayed on the spinning wheel on the cover of the 2015 UMW Annual Report depict the UMW Group's diverse businesses. UMW is committed to leveraging on sustainability in its business practices worldwide. Even in tough economic conditions, it remains focused on building resilience for its operations across the globe.

NOTICE OF 34TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 34th Annual General Meeting of the Company will be held at the UMW Auditorium, **UMW Holdings Berhad**, No. 3, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, on Thursday, 19 May 2016 at 10.00 a.m. to transact the following businesses -

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Badrul Feisal bin Abdul Rahim who retires pursuant to Article 109 of the Company's Articles of Association, and who being eligible, offers himself for re-election. **Resolution 1**
3. To re-elect the following Directors who retire by rotation pursuant to Article 123 of the Company's Articles of Association, and who being eligible, offer themselves for re-election -
 - (a) Rohaya binti Mohammad Yusof **Resolution 2**
 - (b) Tan Sri Hasmah binti Abdullah **Resolution 3**
4. To approve Directors' fees of RM1,350,000 (excluding GST) to the Non-Executive Directors for the financial year ended 31 December 2015. **Resolution 4**
5. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions -

6. Re-appointment of Tan Sri Asmat bin Kamaludin as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 **Resolution 6**

"THAT Tan Sri Asmat bin Kamaludin, a Non-Independent Non-Executive Director, who retires pursuant to Section 129(2) of the Companies Act, 1965 ("the Act"), be re-appointed as Director of the Company pursuant to Section 129(6) of the Act, and to hold office until the conclusion of the next Annual General Meeting."
7. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature ("Shareholders' Mandate") **Resolution 7**

"THAT the mandate granted by shareholders on 28 May 2015 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries ("the UMW Group") to enter into the recurrent transactions of a revenue or trading nature as now set out in Section 2.3(b)(i) of the Circular to Shareholders dated 25 April 2016 ("the Circular"), with the related parties mentioned therein, which are necessary for the day-to-day operations of the UMW Group, be renewed, AND THAT approval be given for a new mandate for the UMW Group to enter into an additional recurrent transaction of a revenue or trading nature as set out in Section 2.3(b)(ii) of the Circular with the related party mentioned therein, PROVIDED THAT such transactions are entered into in the ordinary course of business and on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

NOTICE OF 34TH ANNUAL GENERAL MEETING

THAT the Shareholders' 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 the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (b) the expiration of the period within which the Company's next AGM is required to be held, pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to any extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest;

AND THAT the Board of Directors of the Company be empowered and 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 Shareholders' Mandate."

8. To transact any other business for which due notice has been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. pursuant to Article 75(a) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors ("ROD") as at 12 May 2016. Only a depositor whose name appears on the ROD and/or Register of Members as at 12 May 2016 shall be entitled to attend the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

By Order of the Board

FADZILAH BINTI SAMION (MACS 01262)
Group Secretary

Shah Alam, Selangor Darul Ehsan.
25 April 2016

NOTICE OF 34TH ANNUAL GENERAL MEETING

NOTES

Proxy and/or Authorised Representatives

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. A member may appoint any person to be his/her proxy without restriction to the proxy's qualification and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The Form of Proxy must be signed by the appointer or his/her attorney or in the case of a corporation, executed under its common seal or under the hand of the attorney duly authorised in writing.
5. All Forms of Proxy must be deposited at the Registered Office of the Company at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
6. Only members whose names appear in the ROD and/or Register of Members as at 12 May 2016 will be entitled to attend and vote at the meeting.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the Financial Year Ended 31 December 2015

The audited financial statements are for discussion only and do not require formal approval of shareholders pursuant to Section 169(1) and (3) of the Act. Hence, the matter will not be put for voting.

2. Resolution 1 - Re-Election of Director pursuant to Article 109 of the Company's Articles of Association

Article 109 provides that new Directors appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

Badrul Feisal bin Abdul Rahim, who was appointed Director and President & Group Chief Executive Officer ("President & Group CEO") during the year is to retire, and being eligible, has offered himself for re-election at this AGM.

As Badrul Feisal was appointed Director and President & Group CEO only on 1 October 2015, the Board concurred with the Nomination Committee's view that his tenure as Director is too short for an effective evaluation of his performance for the financial year ended 31 December 2015. Badrul Feisal's performance will be evaluated in the financial year 2016.

The profile of Badrul Feisal is set out on page 25 of this annual report.

3. Resolutions 2 and 3 - Re-Election of Directors pursuant to Articles 123 and 125 of the Company's Articles of Association

Articles 123 and 125 provide that at every AGM, at least one-third (1/3) of the Directors for the time being, shall retire from office and shall be eligible for re-election.

Rohaya binti Mohammad Yusof and Tan Sri Hasmah binti Abdullah who retire by rotation are standing for re-election as Directors of the Company, and being eligible, have offered themselves for re-election at this AGM.

Except for Badrul Feisal, the other Directors had undergone a comprehensive annual performance evaluation carried out by the Nomination Committee and the Board to assess the performance and contribution of each individual Director, taking into consideration among others, character, integrity, professionalism and competency. The Board is satisfied that Rohaya and Tan Sri Hasmah have discharged their functions, duties and responsibilities well, and agreed that Rohaya and Tan Sri Hasmah are eligible to stand for re-election at this AGM.

NOTICE OF 34TH ANNUAL GENERAL MEETING

In addition, the Nomination Committee had also conducted an assessment on the independence and effectiveness of Tan Sri Hasmah as an Independent Director as recommended under Principle 3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). The Board is satisfied that Tan Sri Hasmah has complied with the independence criteria applied by the Company. Tan Sri Hasmah is expected to continue to bring independent and objective judgement to board deliberations.

The profiles of Rohaya and Tan Sri Hasmah are set out on pages 31 and 32 of this annual report.

4. Resolution 4 - Directors' Fees for Non-Executive Directors for the Financial Year Ended 31 December 2015

Article 108 of the Company's Articles of Association provides that fees payable to Directors shall from time to time be determined by ordinary resolution of the Company in general meeting. Such fees cannot be increased except pursuant to an ordinary resolution passed at the Company's general meeting.

Shareholders at the 33rd AGM of the Company held on 28 May 2015, had approved the increase in Directors' fees for Non-Executive Directors ("NEDs") to RM1,350,000 for the financial year ended 31 December 2015. Although there is no revision to the fees payable, the resolution is tabled to shareholders as good practice.

Fees paid to the NEDs for the financial year ended 31 December 2015 are set out on page 54 of the Statement on Corporate Governance.

5. Resolution 5 - Re-Appointment of Auditors

Sections 172(2) and 172(16) of the Act provide that the Company shall at each AGM appoint the Auditors of the Company who shall hold office until the conclusion of the next AGM and may authorise the Board of Directors to determine their remuneration thereof.

The Audit Committee had carried out an annual assessment of the external auditors to evaluate their suitability, effectiveness and independence as recommended under Principle 5 of the MCCG 2012. The annual evaluation of external auditors provides the Audit Committee with a disciplined approach for maintaining effective oversight of the external auditors' performance, covering amongst others, the adequacy of the audit team, degree of independence, performance level and audit scope. Based on the evaluation conducted, the Audit Committee is satisfied with the external auditors' performance, technical competency and audit independence.

The external auditors, Messrs. Ernst & Young, have provided written assurance to the Audit Committee that they have been independent throughout the audit engagement for 2015. The external auditors have also expressed their willingness to be re-appointed at this AGM.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 6 - Re-Appointment of Director pursuant to Section 129(6) of the Companies Act, 1965

Section 129(6) of the Act provides that a Director who has attained the age of 70 years or over the age of 70 years may be appointed or re-appointed as a Director of the Company by a resolution duly passed by a majority of not less than three-fourths (3/4) of such members of the Company as being entitled to vote in person or by proxy. Such Director will hold office until the conclusion of the next AGM.

Tan Sri Asmat bin Kamaludin, who has attained the age of 72 years, is standing for re-appointment as Director of the Company and being eligible, has offered himself for re-appointment at this AGM.

Similarly, Tan Sri Asmat had undergone the annual performance evaluation carried out by the Nomination Committee and the Board. The Board is satisfied that Tan Sri Asmat has discharged his functions, duties and responsibilities as Director and Group Chairman well, and agreed that he is eligible to stand for re-appointment at this AGM.

The profile of Tan Sri Asmat is set out on page 24 of this annual report.

2. Resolution 7 - Proposed Shareholders' Mandate

The Board proposes to renew the mandate granted by shareholders at the AGM held on 28 May 2015 and to approve a new mandate for an additional recurrent related party transaction. The Proposed Shareholders' Mandate, if passed, will enable the UMW Group to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the Group's day-to-day operations, and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public. Details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 25 April 2016. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

NOTICE OF 34TH ANNUAL GENERAL MEETING

ABSTENTION OF VOTING

1. All NEDs, who are shareholders of the Company (direct or indirect), will abstain from voting on Resolution 4 in respect of the approval of Directors' fees to NEDs for the year ended 31 December 2015 at this AGM.
2. All Directors standing for re-election or re-appointment, who are also shareholders of the Company (direct or indirect), will abstain from voting on Resolutions 1, 2, 3 and 6 in respect of their re-election or re-appointment at this AGM.

STATEMENT ACCOMPANYING THE NOTICE OF THE 34TH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The following Directors are standing for re-election or re-appointment at the 34th AGM of the Company -

1. Badrul Feisal bin Abdul Rahim pursuant to Article 109 of the Company's Articles of Association (**Resolution 1**);
2. Rohaya binti Mohammad Yusof pursuant to Articles 123 and 125 of the Company's Articles of Association (**Resolution 2**);
3. Tan Sri Hasmah binti Abdullah pursuant to Articles 123 and 125 of the Company's Articles of Association (**Resolution 3**); and
4. Tan Sri Asmat bin Kamaludin pursuant to Section 129(6) of the Act (**Resolution 6**).

The profiles of the above Directors and their interest in shares in the Company and its related corporations are set out in the Directors' Profile on pages 25, 31, 32 and 24, respectively, of this annual report.

CORPORATE INFORMATION

As at 31 March 2016

BOARD OF DIRECTORS

TAN SRI ASMAT BIN KAMALUDIN

Group Chairman
Non-Independent Non-Executive Director

BADRUL FEISAL BIN ABDUL RAHIM

President & Group CEO
Executive Director

DR. LEONG CHIK WENG

Non-Independent Non-Executive Director

DATUK DR. NIK NORZRUL THANI BIN N.HASSAN THANI

Non-Independent Non-Executive Director

DATO' SIOW KIM LUN @ SIOW KIM LIN

Senior Independent Non-Executive Director

DATO' MOHD. NIZAM BIN ZAINORDIN

Non-Independent Non-Executive Director

KHALID BIN SUFAT

Independent Non-Executive Director

ROHAYA BINTI MOHAMMAD YUSOF

Non-Independent Non-Executive Director

TAN SRI HASMAH BINTI ABDULLAH

Independent Non-Executive Director

BOARD COMMITTEES

AUDIT COMMITTEE

Dato' Siow Kim Lun (*Chairman*)
Dato' Mohd. Nizam bin Zainordin
Khalid bin Sufat
Tan Sri Hasmah binti Abdullah

NOMINATION COMMITTEE

Dato' Siow Kim Lun (*Chairman*)
Dr. Leong Chik Weng
Khalid bin Sufat

REMUNERATION COMMITTEE

Khalid bin Sufat (*Chairman*)
Dr. Leong Chik Weng
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Dr. Leong Chik Weng (*Chairman*)
Dato' Mohd. Nizam bin Zainordin
Dato' Siow Kim Lun
Tan Sri Hasmah binti Abdullah
Badrul Feisal bin Abdul Rahim

WHISTLE-BLOWING COMMITTEE

Tan Sri Hasmah binti Abdullah
(*Chairperson*)
Dato' Siow Kim Lun
Dato' Mohd. Nizam bin Zainordin
Khalid bin Sufat

GROUP SECRETARY

Fadzilah binti Samion (MACS 01262)

REGISTERED OFFICE

UMW Holdings Berhad (90278-P)
3rd Floor, The Corporate,
No. 10, Jalan Utas (15/7),
Batu Tiga Industrial Estate,
40200 Shah Alam,
Selangor Darul Ehsan,
Malaysia.
Telephone : (603) 5163 5000
Facsimile : (603) 5519 3890

REGISTRARS

Securities Services (Holdings)
Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia.
Telephone : (603) 2084 9000
Facsimile : (603) 2094 9940

AUDITORS

Ernst & Young (AF 0039)
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia.
Telephone : (603) 7495 8000
Facsimile : (603) 2095 5332

PRINCIPAL BANKERS

Malayan Banking Berhad Group
Affin Bank Berhad
CIMB Bank Berhad
Deutsche Bank Group

STOCK EXCHANGE

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : UMW
Stock Code : 4588

WEBSITE

www.umw.com.my

FINANCIAL CALENDAR

Financial Year Ended	31 December 2015
Announcement Of Financial Results	
First Quarter	26 May 2015
Second Quarter	26 August 2015
Third Quarter	26 November 2015
Fourth Quarter	25 February 2016
Notice Of Annual General Meeting	25 April 2016
Annual General Meeting	19 May 2016
Dividends	
Interim	
- Declaration	26 August 2015
- Payment	8 October 2015
Second Interim	
- Declaration	25 February 2016
- Payment	23 March 2016

SUMMARY OF GROUP RESULTS

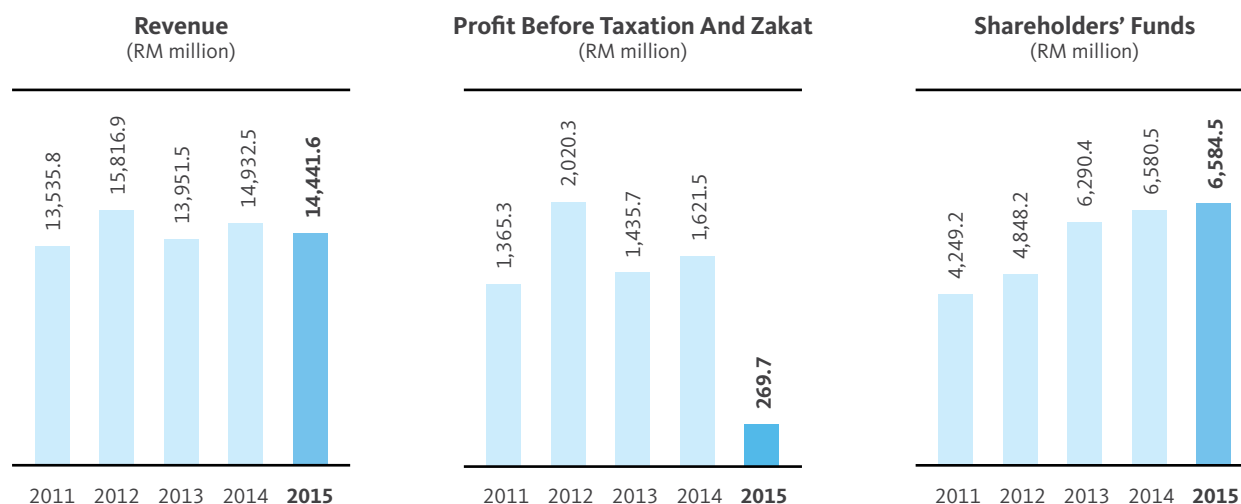
Year Ended 31 December		2015	2014
Revenue	RM million	14,441.6	14,932.5
Profit Before Taxation And Zakat	RM million	269.7	1,621.5
Profit For The Year	RM million	2.2	1,213.0
Share Capital	RM million	584.2	584.2
Reserves	RM million	6,000.3	5,996.3
Basic (Loss)/Earnings Per Share	Sen	(3.2)	55.8
Dividend Per Share			
- Gross	Sen	20	41
- Net	Sen	20	41
Net Assets Per Share	RM	5.64	5.63

SUMMARY OF GROUP FIVE-YEAR RESULTS

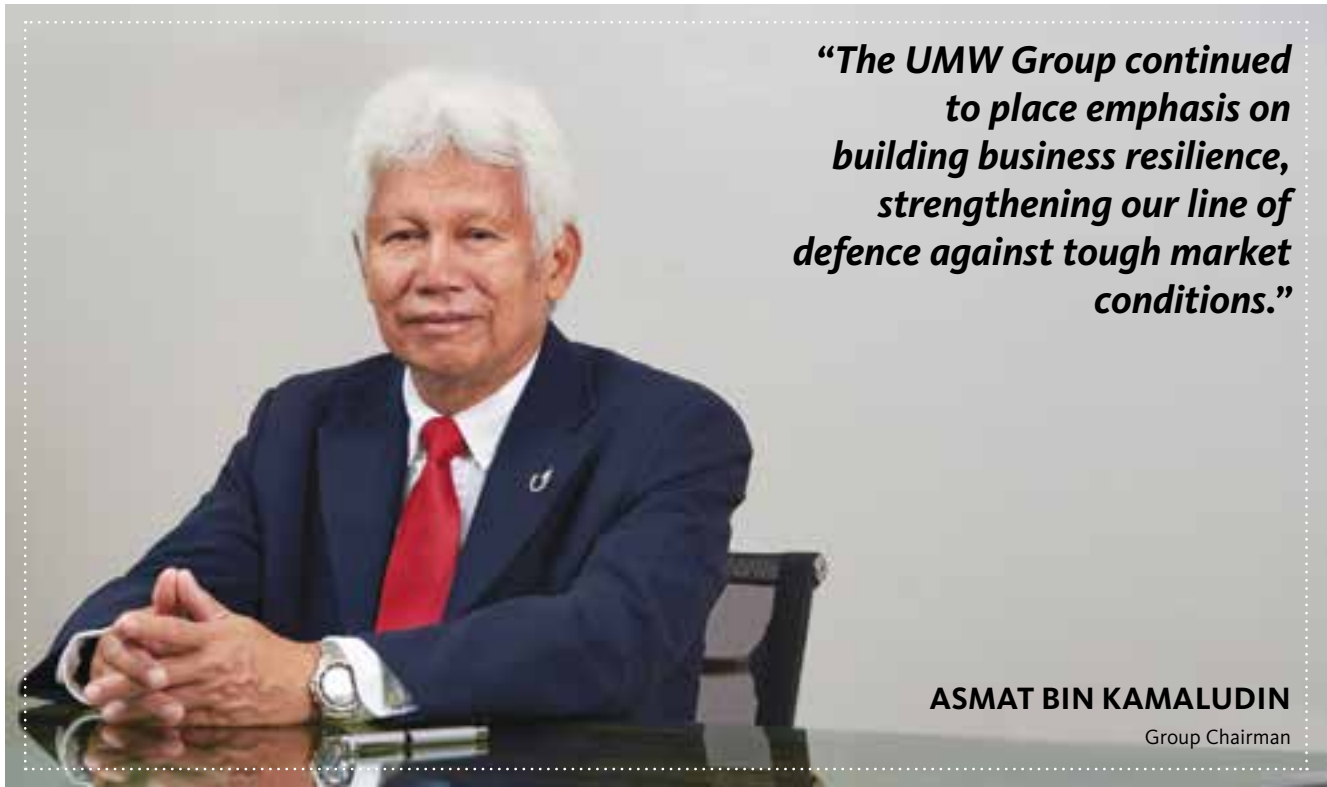
Year Ended 31 December		2011 [#]	2012 [*]	2013	2014	2015
OPERATING RESULTS						
Revenue	RM million	13,535.8	15,816.9	13,951.5	14,932.5	14,441.6
Profit Before Taxation And Zakat	RM million	1,365.3	2,020.3	1,435.7	1,621.5	269.7
Profit For The Year	RM million	953.3	1,588.8	1,084.2	1,213.0	2.2
Profit/(Loss) Attributable To Equity Holders Of The Company	RM million	485.8	994.3	652.9	652.0	(37.2)
OTHER KEY FINANCIAL POSITION						
Shareholders' Funds	RM million	4,249.2	4,848.2	6,290.4	6,580.5	6,584.5
Total Assets	RM million	10,541.0	11,491.1	14,595.2	16,519.7	18,225.3
Total Liabilities	RM million	4,962.9	5,192.7	5,662.6	7,086.6	8,841.4
SHARE INFORMATION						
Per Share						
- Basic Earnings/(Loss)	Sen	41.6	85.1	55.9	55.8	(3.2)
- Gross Dividend	Sen	31.0	50.0	44.0	41.0	20.0
- Net Assets	RM	3.64	4.15	5.39	5.63	5.64
Share Price Information						
- Share Price At Year End	RM	7.00	11.94	12.06	10.96	7.87
- Market Capitalisation As At Year End	RM million	8,178.1	13,949.5	14,089.7	12,804.5	9,194.5
FINANCIAL RATIOS						
Return On Shareholders' Funds	%	11.7	21.9	11.7	10.1	(0.6)
Return On Total Assets	%	13.0	17.6	9.8	9.8	1.5
Debt To Equity Ratio	%	42.6	43.0	33.5	44.4	64.1
Dividend Rate - Gross	%	62.0	100.0	88.0	82.0	40.0
Dividend Yield	%	4.37	5.79	3.35	3.60	2.07
Dividend Payout Ratio	%	75.2	58.8	78.7	76.1	>100

[#] The Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income have been adjusted in accordance with MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards.

^{*} The Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income have been adjusted in accordance with MFRS 11 : Joint Arrangements.



CHAIRMAN'S STATEMENT



Dear Shareholders,

The year 2015 was marked by ongoing inflationary pressures, fluctuations in oil and commodity prices, as well as weakening of the Ringgit against other major currencies. This created a climate of uncertainty and apprehension in the markets in which we operate. There was moderation in both business and consumer spending, resulting in a lower demand for some of our products and services. However, the UMW Group continued to place emphasis on building business resilience, strengthening our line of defence against tough market conditions.

Whilst circumstances in the past year demanded the adoption of stringent cost-containment measures, it was also essential for us to proceed with our long-term plan for sustainable profit growth. The agreement signed with Rolls-Royce Plc ("Rolls-Royce") in 2015 represents UMW's first venture into the field of high-value manufacturing in the aerospace industry. It will also create a strong platform for delivering future value creation for the UMW Group.

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, the Group registered a profit before taxation ("PBT") of RM269.7 million on the back of the RM14.4 billion revenue. Group performance was adversely affected by the sluggish oil and gas market, depreciation of the Ringgit against the United States Dollar ("USD"), continuous low commodity prices and softening consumer sentiments.

The Automotive Division continued to be the Group's revenue stronghold in the year under review. The division remained profitable, although margins were adversely impacted by the depreciation of the Ringgit against USD. The Oil & Gas Division on the other hand saw a setback in performance due to the unprecedented decline in oil prices, which impacted the whole industry. However, we are pleased to report that the Equipment Division and the Manufacturing & Engineering Division, both registered an increase in PBT from the previous year.

DIVISION HIGHLIGHTS

Automotive

Overall, automotive sales largely held up against soft consumer sentiments in 2015, as consumers accelerated their purchases in the fourth quarter in anticipation of higher vehicle prices in 2016. The automotive industry recorded a total industry volume ("TIV") of 666,674 units in 2015 compared to 666,487 units in 2014. TIV growth for the year, while marginal, nevertheless represents an all-time high.

UMW's combined automotive market share (Toyota and Perodua) for 2015 was 46.4%. UMW Toyota Motor Sdn. Bhd. ("UMW Toyota") sold a total of 95,861 units of Toyota and Lexus vehicles. Perodua set a new sales record for 2015, with cumulative sales increasing by 9.1% year-on-year, reflecting the success of the Axia. Perodua maintained its No. 1 overall position in the automotive industry for the tenth consecutive year.



Perodua maintains its title as the most preferred automotive brand for 10 consecutive years

Equipment

Despite the continuous low commodity prices and lower domestic demand in 2015, the Equipment Division surpassed its 2014 performance in both revenue and PBT. The increase was primarily because of the higher demand for equipment, parts and services by our operations in Myanmar and Papua New Guinea. The Industrial Equipment segment continued to maintain its market leadership position in Malaysia's material handling equipment business.

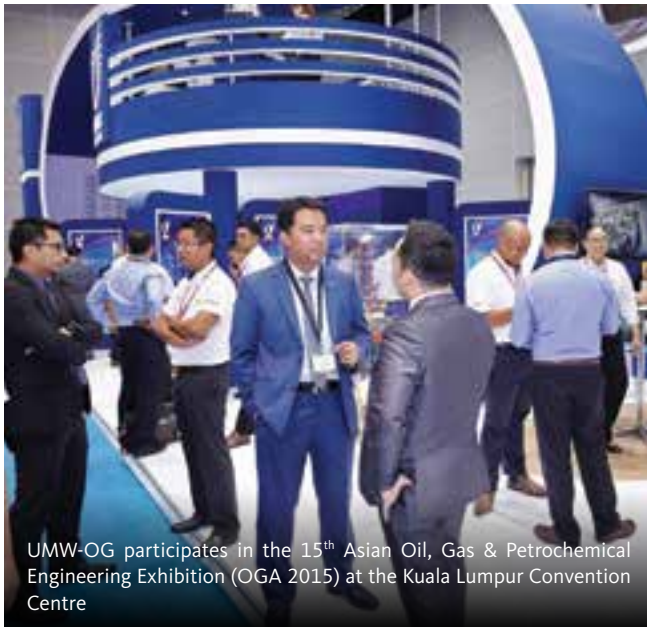


UMW Equipment handing over the mock key of the latest high-tech Rosenbauer Panther Fire Truck to Malaysia Airports

Oil & Gas

The oil and gas industry emerged from a period of high growth into an era of oversupply, with crude oil prices plummeting more than 50% since mid-2014. The current state of the industry had an inevitable negative effect on the price and volume of our drilling and oilfield services, resulting in a loss before taxation of RM348.4 million for the division in the financial year under review.

CHAIRMAN'S STATEMENT



UMW-OG participates in the 15th Asian Oil, Gas & Petrochemical Engineering Exhibition (OGA 2015) at the Kuala Lumpur Convention Centre

Manufacturing & Engineering

The Manufacturing & Engineering Division recorded a 13.7% increase in PBT compared to the previous year. The higher profit was attributable to better performance by the lubricant segment, as well as enhanced cost-cutting measures undertaken during the year. The loss-incurring automotive component manufacturing companies in India were fully divested on 20 November 2015.

On 12 August 2015, UMW signed a 25+5 year agreement with Rolls-Royce to manufacture and assemble fan cases for the latter's Trent 1000 and Trent 7000 aero engines. This expansion into the aviation industry is a significant step for the UMW Group and we are the first company in Malaysia to become a Tier 1 supplier to Rolls-Royce. The fan cases project also allows UMW to migrate from labour intensive manufacturing into the field of high-value manufacturing.



Grantt is the official lubricant partner for the Borneo Safari International Off-Road Challenge

CORPORATE GOVERNANCE

The Board is directly responsible for protecting shareholders' and relevant stakeholders' interests, and for managing the Company's assets effectively. The Board takes a serious view of this responsibility and regularly reviews the Group's governance framework and practices to ensure its effectiveness, relevance and ability to meet current and future challenges.

We remain committed in ensuring that all strategic and operational activities conducted by UMW not only comply with laws, regulations and guidelines, but are further supported by the right culture, values and behaviours throughout the entire organisation.

CORPORATE SOCIAL RESPONSIBILITY

UMW's corporate social responsibility ("CSR") partnership with MERCY Malaysia entered its seventh year in 2015. We continue to provide the humanitarian organisation funding for mobile clinics, alcohol misuse intervention groups, fire risk reduction activities and disaster relief efforts for remote or vulnerable communities in Malaysia.

Our CSR efforts are not limited to provision of financial assistance alone, but include time and effort rendered by our dedicated employees. UMW's Community Champions, comprising employee volunteers, have so far captured 29,092 hours in service for the community between June 2009 and December 2015.

DIVIDEND

The Board declared an interim single-tier dividend of 20% or 10.0 sen per share of par value RM0.50 each for the year ended 31 December 2015 which was paid on 8 October 2015. A second interim single-tier dividend at the same rate was declared by the Board and paid on 23 March 2016.

The total single-tier dividend paid for the financial year ended 31 December 2015 was 40% or 20.0 sen per share of par value RM0.50 each, amounting to a net dividend payout of approximately RM233.7 million (2014 - 82% or 41.0 sen per share of par value RM0.50 each, amounting to a net dividend payout of RM479.0 million).

CHAIRMAN'S STATEMENT

PROSPECTS AND FUTURE DIRECTION

Our current core businesses will continue to play a key role in the Group's future business direction. With strong fundamentals, prudent cash flow management, adequate provisions, together with various cost-containment measures, we are confident that we will be able to weather the challenges facing our industries.

Concurrently, we are actively exploring other areas of high growth potential, most notably, the aerospace industry. UMW is currently on course to deliver its first unit of Trent 1000 fan case to Rolls-Royce's assembly facility in Seletar Aerospace Park, Singapore, in October 2017. The venture coincides perfectly with Malaysia's plan to become the top aerospace manufacturing centre in South-East Asia by 2025, with the Government projecting the industry to generate a total revenue of RM55.2 billion to the economy by 2030.



Fan cases for Rolls-Royce's Trent 1000 aero engines

Photo is copyright to Rolls-Royce Plc

In the automotive segment, UMW Toyota will be launching several all-new models in 2016. The arrival of the new Toyota Hilux, the best-selling pick-up truck, is set to be joined by the marque's other IMV models, the Fortuner and Innova. Serving a very different segment, UMW Toyota will also bring in the latest MPVs, Alphard and Vellfire, as official CBU imports from Japan.

Business performance in Myanmar and Papua New Guinea is expected to contribute positively to the Heavy Equipment segment in 2016, whilst the outlook for the Industrial Equipment segment is expected to be challenging should low commodity prices and the weak Ringgit persist in the year ahead. Our focus will be on expanding the equipment rental business, and after-market repairs and maintenance, which are expected to remain stable.

The bearish outlook for the oil and gas industry is likely to continue in 2016. To address challenges and prepare for

market expansion, we are broadening our presence in the Middle East, aggressively marketing our rigs, and maintaining and improving our rig utilisation. Proactive measures are also undertaken via a corporate transformation programme, primarily geared towards cost-optimisation and efficiency-improvement. Our focus is to continue our commitment in serving our clients with high quality services at competitive prices.

ACKNOWLEDGEMENT

I must thank our employees for their resilience in adapting to the challenging conditions in 2015. I urge them to remain vigilant to the constant changes in the market environment and to be mindful not to let their guard down.

I must also thank my fellow Board members, for their sound advice, time commitment and continuous support throughout the year under review.

I would like to place on record our appreciation for the services of Datuk Syed Hisham bin Syed Wazir, who was President & Group CEO from October 2010 to September 2015. The Board and I look forward to the contributions of the new President & Group CEO, Badrul Feisal bin Abdul Rahim, who assumed the position on 1 October 2015.



The inaugural Governance, Risk and Control Day

Finally, to our principals, customers, shareholders, suppliers, bankers and business associates, I thank you for your endless support and cooperation given over the years.

ASMAT BIN KAMALUDIN
Group Chairman
25 April 2016

REVIEW OF OPERATIONS



While 2015 has indeed been a highly challenging year, amid external pressures such as weak oil prices and depreciation of the Ringgit, the UMW Group has continued to demonstrate resilience in maintaining commercial and operational excellence and best-in-class customer focus.

These are the hallmarks of our corporate culture, embedded in our long, rich history and living our core values which were evident in the strategies and measures undertaken by our operating units across all divisions to navigate the bumpy operating conditions last year. The UMW Group continued to garner accolades for our products and services, demonstrating high customer confidence and satisfaction with the Company.

The UMW Group also achieved traction in securing new, sustainable growth opportunities for the future. The maiden foray into the aerospace industry with the 25-year fan case supply agreement with Rolls-Royce holds the exciting prospect of spurring further innovation and value-creation by the Company as we establish a strong presence in the high-value manufacturing space. Meanwhile, the newly-formed subsidiaries focused on technology and property development, are also envisioned to be new engines of growth for the Company.

At the same time, we continued to fortify the UMW Group’s core businesses, rooted on strong foundation so as to maintain the leading positions we have established in the Automotive and Equipment Divisions. We also remained well-positioned to leverage on growth prospects in the Manufacturing & Engineering Division such as the lubricant business where the UMW Group has presence in not only the Malaysian market but also in China. In our oil and gas business, we have acted early and aggressively to optimise and streamline operations and costs amid an industry-wide slowdown due to persistent low oil prices.

These measures have served the UMW Group in good stead in 2015 and we will accelerate and intensify such efforts in 2016 in order to steer the Company in what is expected to be another challenging year on the back of the projected moderation of Malaysia’s Gross Domestic Product growth and sluggish external environment.

The following provides the review of the business and operational performance of the subsidiaries and associate companies of the UMW Group in 2015.

REVIEW OF OPERATIONS

AUTOMOTIVE

UMW Toyota Motor Sdn. Bhd. (“UMW Toyota”)

UMW Toyota achieved sales of 95,861 units of Toyota and Lexus vehicles in 2015, a commendable performance despite challenging market environment and weak consumer sentiment.

For the Toyota brand, the Toyota Vios was the most popular model with close to 34,000 units sold, followed by the Hilux double cab and Corolla Altis. In addition, the Camry Hybrid, UMW Toyota’s first locally-assembled hybrid vehicle, also received encouraging response from customers.

Lexus Malaysia posted record sales in 2015. The best ever sales performance was underpinned by the newly-launched Lexus models, Lexus NX, Lexus ES and the all-new Lexus RX, which also boosted Lexus Malaysia to the No. 3 position in the luxury vehicle segment.

UMW Toyota ranked highest in the J.D. Power 2015 Malaysia Sales Satisfaction Index for the third consecutive year with a score of 791 points, well above the industry average of 752 points.



The official launch of the All-New Lexus NX

Assembly Services Sdn. Bhd. (“ASSB”)

ASSB is involved in the assembly of Toyota vehicles, manufacturing of engines and fitting of accessories. In 2015, it began the local assembly of Toyota Camry Hybrid and Hilux TRD vehicles.

As part of its continuous improvement efforts, ASSB upgraded its hydraulic paint pump system to an electrical pump system to achieve more consistent paint quality. Improvements were also made to the plant’s paint shop and welding processes to decrease volatile organic compound (“VOC”) emission and water usage to reduce the environmental impact of its operations.

ASSB also began medium-scale solar power energy generation in May 2015 by installing a photovoltaic module (“PV”) system which requires minimal maintenance and has a life span of 25 years. The system features 630 solar panels that can generate up

to 204,324 kWh of electricity per annum. By utilising renewable solar energy, ASSB is expected to reduce its carbon foot print by up to 644,532.5 kg of carbon-dioxide over a period of 25 years.

Automotive Industries Sendirian Berhad (“AISB”)

AISB is a leading automotive parts manufacturer specialising in three core products - exhaust systems, catalytic converters and reinforced instrument panels. Its market share for all three products was higher in 2015 than the previous year as AISB reaped the benefits from more carmakers increasing local content in their manufacturing processes towards enhancing competitiveness. Higher sales volume combined with effective cost-reduction measures have contributed to AISB achieving a 14.8% increase in profit before taxation (“PBT”) from the previous year.

AISB’s new plant (“AISB Plant 2”) which was completed in 2015, has increased the company’s capacity, allowing it to further diversify its product range. New products such as automotive door sash, impact beams and sports bars were introduced during the year.



AISB’s new plant enables it to further diversify its product range

Toyota Boshoku UMW Sdn. Bhd. (“TBU”)

TBU manufactures and assembles car seats, door trims, headlinings and other interior parts for all Toyota cars assembled by ASSB, as well as Hino commercial vehicles. 2015 saw a decrease in production volume in preparation for the new Innovative International Multi-purpose Vehicle (“IMV”) models, and plant upgrade in the form of new seat assembly conveyor, foam in place conveyor and installation of numerical control cutting machines. Despite lower production volume in 2015, TBU also began production of the new Hino N764 in the year under review.

Perusahaan Otomobil Kedua Sdn. Bhd. Group (“Perodua”)

Despite stiff competition and difficult market conditions, Perodua retained its No. 1 ranking in the Malaysian automotive sector for the 10th consecutive year, with not only higher sales volume but also an increase in market share. The positive growth was mainly contributed by the Perodua Axia, which overtook the Myvi as the company’s overall best-selling car. Perodua also registered an 11% increase in vehicle exports, contributed by higher sales in Indonesia.

REVIEW OF OPERATIONS

Among the key development in 2015, a facelift version of the Perodua Myvi was launched in January 2015, featuring the tagline ‘A Malaysian Icon Made Better’. This was followed by the roll out of a new line of accessories called GearUp. In April, the first wave of GearUp accessories was designed for the Axia and later extended to the Myvi in May, in conjunction with Myvi’s 10th anniversary celebrations. As at 31 December 2015, Perodua had sold over RM1.17 million worth of GearUp accessories.

Perodua also launched its UFirst Website, a customer loyalty programme and UFirst Perodua Passport Mobile App (Google Play/Apple Appstore) on 17 August and 26 August 2015, respectively. The UFirst Perodua Passport App is the first automotive mobile app in Malaysia that offers entertainment, privileges, deals, discounts and other great benefits.

Amongst the awards and accolades received by Perodua in 2015 include -

- Cleo CoolWheels 2015 - Axia : Best First Car Award;
- Frost & Sullivan Malaysia Excellence Awards 2015 - Value for Money Car of the Year for Myvi 1.3L;
- Putra Brand Awards 2015 - Silver (The People’s Choice Automotive Category); and
- New Straits Times-Maybank & MAI Entry Level Compact Car of the Year Awards 2015 - Myvi 1.5L Facelift.



The new Under Body Carriage hanger at ASSB plant is designed to pick up both the cabin and deck of the Hilux simultaneously

EQUIPMENT

HEAVY EQUIPMENT

UMW Equipment Sdn. Bhd./UMW (East Malaysia) Sdn. Bhd./UMW Niugini Limited, Papua New Guinea/UMW Engineering Services Limited, Myanmar (collectively known as the “Heavy Equipment Group”)

The Heavy Equipment Group imports, distributes, repairs, maintains and services heavy equipment and related spares in Malaysia, Singapore, Brunei, Papua New Guinea and Myanmar.

In 2015, sales revenue and PBT increased from the previous year, largely due to strong contributions from the Papua New Guinea (“PNG”) and Myanmar operations. The overall favourable business environment, government spending on infrastructure projects for the Pacific Games as well as improved sales of spare parts to the gold mine industry contributed to PNG’s favourable performance. In Myanmar, the commendable performance was due to strong demand in the jade mining and construction sectors.

However, the Malaysian operations saw a lower revenue for the year under review as a result of lower commodity prices and demand from the wood-based sector. In addition, reduced infrastructure and construction projects saw lower sales recorded for both the Malaysian and Singapore operations in these served segments.

INDUSTRIAL EQUIPMENT

UMW Industries (1985) Sdn. Bhd. (“UMW Industries”)

UMW Industries distributes some of the world’s most recognised names in material handling and industrial floor cleaning equipment. The company has maintained its dominant market share of about 50% in Malaysia’s material handling equipment industry with the Toyota, BT and Raymond product range.

The partnership between UMW and Toyota Industries Corporation (“TIC”) entered its 50th year in 2015. To coincide with



UMW Industries’ new office building in Shah Alam

REVIEW OF OPERATIONS

the anniversary celebrations, UMW Industries officially opened its new premises in Shah Alam on 4 August 2015. The four-storey building is equipped with a 500-square metre showroom and a 750-square metre Material Handling and Technical Training Centre. The state-of-the-art training centre is one of its kind in the ASEAN region and is able to accommodate live demonstrations of various equipment and warehouse racking systems.

In terms of product launches, the new Tennant T300 walk-behind scrubber was introduced in September 2015. It features the latest in cleaning technology and innovation and is ideal for malls, hotels, office buildings, warehouses, etc.

UMW Industries received the 2014 Diamond Premier Club Recognition Award and the 2014 Toyota President's Award (Silver) under the Toyota Material Handling International Award Programme held in Japan in April 2015. It also won the Tennant SEAT Distributor of the Year 2014 Award.

UMW Equipment & Engineering Pte. Ltd., Singapore ("UEEPL")

UEEPL is the exclusive distributor of Toyota, BT and Raymond material handling equipment and Komatsu construction equipment, and its after-market related products in Singapore.

In 2015, the company achieved better results than the previous year, with an increase in sales of new and used trucks.

In addition, UEEPL's efforts in promoting workplace health was given recognition by the Singapore Health Promotion Board with a Singapore Health Platinum Award in 2015.

UMW Equipment Systems (Vietnam) Company Limited, Vietnam ("UESV")



The new Tennant T300 walk-behind scrubber

UESV distributes Toyota and BT material handling equipment in Vietnam. 2015 saw an increase in the number of units sold, contributing to improved results than the previous year.

UESV continued to expand its sales and service coverage with the appointment of local agents, as well as investing in a new central region branch in Quang Ngai, Central Vietnam, which is expected to be ready at the end of 2016. This will be the third full-fledged 3S facility in Vietnam. Furthermore, the company is working closely with TIC to secure key user accounts from Japanese companies operating in Vietnam.

UMW Industrial Trading (Shanghai) Co. Ltd., China/ UMW Industrial Equipment Co. Ltd., China/Vision Fleet Equipment Leasing (Shanghai) Co. Ltd., China (collectively known as "UMW Shanghai")

UMW Shanghai is a dealer for Toyota, BT and Raymond material handling equipment in Shanghai and Zhejiang provinces, China. It also distributes the UMW in-house brand of GEP lubricants in Eastern China. In 2015, with the slowdown in the manufacturing sector, the business conditions in China remained challenging for UMW Shanghai.



Launch of Toyota forklift series



REVIEW OF OPERATIONS

MARINE & POWER EQUIPMENT

UMW Industrial Power Sdn. Bhd. (“UMWIP”)

UMWIP is involved in the sales and service of industrial power products. During the year under review, the company improved its market share for diesel engine generators, although the domestic market for oil and gas compressors and marine engines remained soft due to the slump in oil prices. Nonetheless, UMWIP’s stable of proven brands and strong customer relationships have helped the company maintain its good market share.

UMWIP also continued to develop new growth opportunities in 2015, during which it secured a new agency for gas turbine parts to serve the power and industrial sector.



Gas Turbine Fuel Nozzles by Aviation, Power and Marine (APM)

MANUFACTURING & ENGINEERING

UMW Advantech Sdn. Bhd. (“UASB”)

UASB manufactures and distributes filters, plastic engineering products and spare parts for various automotive and industrial applications. In 2015, the company’s PBT surged more than 100% compared to the PBT in 2014. The significant improvement in performance was due to higher sales in the replacement market, especially following the launch of the GEP battery in the third quarter. In addition, sales of other GEP products, as well as Kayaba products also rose higher in 2015. Apart from improved sales, the company also achieved cost savings of RM5.4 million through various cost improvement initiatives which have helped UASB to navigate the tough operating environment, marked by lower car production volume and depreciation of the Ringgit.

Lubetech Sdn. Bhd. (“Lubetech”)/UMW Pennzoil Distributors Sdn. Bhd. (“UPD”)/Lubricant International Sdn. Bhd. (“ULI”)/UMW Grantt International Sdn. Bhd. (“UGI”) (collectively known as the “Lube Group”)

The Lube Group manufactures, sells, markets and distributes lubricant products, primarily Pennzoil, Repsol, Grantt and Toyota

Genuine Motor Oils. Higher sales, favorable raw material prices and significant foreign exchange gains in 2015 have contributed to the increase in PBT from the previous year.

23 January 2015 marked a milestone as the full range of Grantt lubricants, developed by UMW’s own team of lubricant specialists, was launched on that date. Grantt was the official lubricant partner for the 2015 Borneo Safari International Off-Road Challenge, one of South-East Asia’s biggest extreme off-roading event, attracting more than 300 participants.

Lubritech International Holdings Limited/Lubritech Limited, China (collectively known as “Lubritech”)

Lubritech is involved in the manufacture and distribution of premium lubricants in Greater China. It is currently the sole supplier of premium lubricants for First Automobile Works (“FAW”) which assembles cars under the Mazda, Red Flag and Besturn marques. Lubritech is also the largest distributor of Repsol lubricants outside of Spain.

Lubritech achieved profitability in 2015 on the back of an increased revenue compared to the previous year. The company has also secured a key account with BYD Auto, the largest selling domestic automotive brand in China.

KYB-UMW Malaysia Sdn. Bhd./KYB-UMW Steering Malaysia Sdn. Bhd. (“collectively known as the “KYB-UMW Group”)

The KYB-UMW Group manufactures and assembles automotive shock absorbers, motorcycle suspension units and power steering pumps for the Malaysian and overseas markets. To date, KYB has exported shock absorbers to 37 countries for the replacement market. The company ended 2015 with a PBT comparable to the previous year, despite a drop in the domestic original equipment market sales due to a slowdown in the automotive industry.

The KYB-UMW Group continued to garner awards and accolades for its products which include the following -

- Top Vendor Award 2015 - Hong Leong Yamaha Motor Sdn. Bhd.
- Product Excellence - Compliance with the Quality Standards of MMPC & Consistent Delivery of High Quality Products - Mitsubishi Motors Philippines Corporation (“MMPC”)
- KYB Group Global Kaizen Programme - Silver award



KYB shock absorber

REVIEW OF OPERATIONS

UMW Aerospace Sdn. Bhd. (“UMW Aerospace”)

Incorporated in July 2015, UMW Aerospace has signed a 25 + 5 year agreement with Rolls-Royce Plc. to manufacture and assemble fan cases for Rolls-Royce’s Trent 1000 and Trent 7000 aero engines, which powers the Boeing 787 Dreamliner and Airbus A330neo aircrafts, respectively. With the agreement, UMW Aerospace has now become the first Malaysian company to be a Tier 1 aerospace engine component manufacturer.

The manufacturing plant is being set up in Malaysia with its first production expected to begin in October 2017. The plant is designed for a production capacity of up to 250 units fan cases per year, tailor-made to support the Rolls-Royce engine assembly plant in Seletar, Singapore, which is in-line with Rolls-Royce strategic intent to build a supply chain in the Asia-Pacific region. Once fully operational, the company will be providing high skilled employment, consisting of engineers, skilled workers and management personnel, in the area of high value hard metal machining.

The fan case manufacturing project was recently recognised as one of the quality investment projects in Malaysia.



The Prime Minister witnessing the exchange of documents between representatives of UMW and Rolls-Royce Plc



DRILLING & OILFIELD SERVICES

UMW Oil & Gas Corporation Berhad (“UMW-OG”)

UMW-OG is a Malaysian-based multinational provider of drilling and oilfield services for the upstream sector of the oil and gas industry.

The company took delivery of two new premium jack-up drilling rigs, UMW NAGA 7 and UMW NAGA 8 in January 2015 and August 2015, respectively. UMW NAGA 7 commenced operations with PETRONAS Carigali in November 2015 while

UMW NAGA 8 began servicing its contract with Sapura Kencana Energy in September of the same year.

UMW NAGA 5 completed its drilling contract with PTTEP International Ltd., in Myanmar in March 2015. From June to October 2015, the rig was operating under PetroVietnam Drilling & Well Services Corporation for the end client Korea National Oil Corporation, in Vietnam.

UMW NAGA 2 and UMW NAGA 3 both completed contracts with PetroVietnam Drilling & Well Services Corporation for end-client, Hoang Long Joint Operating Company in the second quarter of 2015.

ONSHORE DRILLING

UMW Sher (L) Ltd., (“UMW Sher”)/Jaybee Drilling Private Limited India (“Jaybee Drilling”)

UMW Sher is the asset owner of Jaybee Drilling’s onshore rigs, Sher 1, 2 and 3, operating in the State of Assam, Northeast India. Higher rates and operating days for both Sher 2 and 3 onshore rigs contributed to the 47.7% increase in PBT in 2015 compared to the previous year.

Arabian Drilling Services L.L.C., Oman (“ADS”)

ADS provides onshore drilling services in Oman and currently own 7 rigs. In 2015, the company continued with its turnaround plan, including cost-control initiatives to minimise the adverse effects of the challenging environment due to weak crude oil prices. ADS is well positioned to improve its overall efficiency, credibility and performance so as to gain market confidence when pursuing contract securing opportunities in 2016.

MANUFACTURE OF OCTG & LINE PIPES

Zhongyou BSS (Qinghuangdao) Petropipe Co., Ltd., China (“Zhongyou BSS”)

Zhongyou BSS manufactures and sells Longitudinal Submerged Arc Welded (“LSAW”) and Spiral Submerged Arc Welded (“SSAW”) pipes, coating and heat induction bends.

The slowdown in China’s economy has led to a drop in domestic demand and stiffer competition amongst the local steel pipe mills. In light of this, Zhongyou BSS has been actively exploring opportunities in other markets and diversifying its product range. In 2015, Zhongyou BSS had successfully developed the production capability for bi-metallurgical clad pipes. It further initiated research and development into thermal insulation coating for heat transmission pipeline projects and concrete-weight coating for offshore pipeline projects.

REVIEW OF OPERATIONS



UMW Naga 7 was delivered in January 2015

Shanghai BSW Petro-Pipe Co., Ltd., China (“Shanghai BSW”)

Shanghai BSW’s principal activities are manufacturing of SSAW pipes and provision of internal and external coating for pipelines. The company’s lower earnings in 2015 were mainly due to the delay in implementation of major pipeline projects in China. However, these major pipeline projects are expected to resume towards the end of 2016 and Shanghai BSW is expected to compete with existing players in the market.

United Seamless Tubular Private Limited, India (“USTPL”)

USTPL manufactures seamless steel pipes. However, low oil prices and slowdown in oil and gas exploration activities have resulted in lower demand for its product in 2015. Nonetheless the company remain committed to face the challenging market environment and will continue to explore opportunities available, both locally and abroad. For the domestic market, the marketing team has made efforts to visit potential domestic customers, and has participated in tenders by the Public Sector Units.

SUPPLY OF OILFIELD PRODUCTS

UMW Oilfield International (M) Sdn. Bhd./UMW Oilfield International (L) Ltd., (collectively known as the “UOI Group”)

The UOI Group is involved in the trading of oil country tubular goods (“OCTG”) and pipes for the oil and gas sector. Global economic turmoil and volatility in oil prices have adversely affected its sales in 2015, especially to the Malaysian, United States and Middle East markets. However, the company expects demand for large diameter pipeline infrastructure to improve in the Gulf States, Malaysia and India in 2016.

PFP Holdings Pty. Ltd., Australia (“PFP”)

PFP supplies a complete range of piping and pressure vessel components, including pipes, flanges and fittings to the oil and gas, and mining sectors. Its main operations are in Australia and Taiwan. PFP currently holds about 25% of the carbon, stainless steel and duplex stainless steel market in Australia.

With many oil and gas projects delayed or deferred indefinitely due to the low oil prices, PFP has shifted its focus towards targeting maintenance and outage planning opportunities. The oil and gas and mining industries, together with the power industry throughout South-East Asia, constitutes a large part of PFP’s short to medium term selling strategy.

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd., China (“STPPC”)

In 2015, STPPC managed to secure sufficient orders to achieve revenue comparable with the previous year. However, due to stiff competition, the average sales price in 2015 was lower than in 2014. STPPC is currently exploring the small diameter pipeline market and is working closely with its parent company and major drill pipe providers to secure projects.

Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China (“JTSC”)

The principal activities of JTSC are drill pipe coating and tubing coating, mainly for China’s domestic market. JTSC’s performance in 2015 was adversely affected by low oil prices and the slowdown in China’s economy. Moving forward, JTSC is planning to expand its market reach to Anhui Province and other provinces in China to secure additional orders.

Sichuan Haihua Petroleum Steelpipe Co., Ltd., China (“Sichuan Haihua”)

Sichuan Haihua is an Electric Resistance Welded (“ERW”) pipe manufacturing plant. In 2015, UMW Petropipe (L) Ltd. increased its shareholding in Sichuan Haihua to 75.6%. The Company is expected to commence its API pipeline production in the second half of 2016 following rectification works carried out on its ERW machinery.

OILFIELD SERVICES

UMW Synergistic Generation Sdn. Bhd. (“USG”)

USG is a total power solutions provider, in particular EPCIC (engineering, procurement, construction, installation and commissioning) of generator packages for industrial and oil and gas applications. USG’s performance was affected by unfavourable market conditions and deferment of projects/reduction of capital expenditure by its clients.

REVIEW OF OPERATIONS

Nevertheless in 2015, USG was appointed as System Integrator for MTU onsite energy products, specifically the diesel G-drive engines and generator sets for land/industrial applications in Malaysia, for a contract period of two (2) years. The year also saw USG forming strategic alliances and acquiring distribution licence for Niigata Power Systems Co. Ltd., GB Power (Shanghai) Co., Ltd., Forest City Export Services Ltd. and OPRA Turbines B.V.



Rohaizad Darus, President, UMW Oil & Gas Corporation Berhad briefs Tan Sri Mohd Sidek Hassan, Chairman of PETRONAS at OGA 2015

OTHERS

Toyota Capital Malaysia Sdn. Bhd. (“TCAP”)

TCAP provides vehicle financing services for Toyota, Lexus and Perodua customers. Over the years, TCAP has been achieving a steady growth in assets. As at 31 December 2015, TCAP’s managed assets has reached RM5.2 billion with an increased customer base of 121,000 accounts.

In August 2015, TCAP established a RM2.5 billion Islamic and Conventional Commercial Papers and Medium Term Notes Programme that will support its mid-term expansion in Islamic and conventional automotive financing for Toyota, Lexus and Perodua customers. RAM Rating Services has reaffirmed TCAP’s corporate credit ratings of AAA/Stable in November 2015.

During the year, TCAP upgraded its Credit Scorecard with One Language Credit Grading fully integrated into its iPad-based loan approval system - TCAPMobile for better risk management, and risk adjusted pricing opportunities. This upgrade will also shorten approval turnaround time and expand the company’s reach to all UMW Toyota outlets. The company also developed Roambi iPad application that enables interactive sales reporting for management dashboard to facilitate better informed decision-making.

U-TravelWide Sdn. Bhd. (“U-TravelWide”)

U-TravelWide’s main focus is to serve the travel requirements of the UMW Group. The company recorded lower revenue and PBT in 2015 than the previous year due to cost-cutting on travelling expenses by clients.



TCAP establishes a RM2.5 billion Islamic and Conventional Commercial Papers and Medium Term Notes Programme

UMW Development Sdn. Bhd. (“UMW Development”)

UMW Development is a joint venture between UMW Corporation Sdn. Bhd., Permodalan Nasional Berhad and Permodalan Negeri Selangor Berhad. In 2015, UMW Development continued to explore various options with interested parties to unlock the value of its remaining land in Serendah, Selangor.

UMW Technology Sdn. Bhd. (“UMW Tech”)

UMW Tech was established in 2015 as an investment holding company to venture into the global technology industry. It focuses on the Group’s investment interests in companies that develop technologies for the “Internet of Things” and in companies that offer services from established technologies in markets around the world. Complementing the investment arm is UMW IT Services Sdn. Bhd., a wholly-owned subsidiary of UMW Tech, which was established in 2016 to provide IT services to highly targeted customers locally.

UMW Land Sdn. Bhd. (“UMW Land”)

The formation of UMW Land provides the opportunity for the UMW Group to unlock and realise the value of our landbank. This includes the strategic development of the landbank in Serendah, spurred by the fan case assembly plant to be built for the Rolls-Royce supply contract. This could underpin the transformation of the Serendah land as a hub of high-value manufacturing and also support capacity expansion of existing and future UMW businesses.



An aerial view of UMW’s land parcel in Serendah

BOARD OF DIRECTORS

1. TAN SRI ASMAT BIN KAMALUDIN
2. BADRUL FEISAL BIN ABDUL RAHIM
3. DR. LEONG CHIK WENG
4. DATUK DR. NIK NORZRUL THANI BIN N.HASSAN THANI
5. DATO' SIOW KIM LUN



BOARD OF DIRECTORS



- 6. **DATO' MOHD. NIZAM BIN ZAINORDIN**
- 7. **KHALID BIN SUFAT**
- 8. **ROHAYA BINTI MOHAMMAD YUSOF**
- 9. **TAN SRI HASMAH BINTI ABDULLAH**
- 10. **FADZILAH BINTI SAMION
(GROUP SECRETARY)**



DIRECTORS' PROFILE

TAN SRI ASMAT BIN KAMALUDIN

Age 72, Malaysian

Group Chairman

Non-Independent Non-Executive Director



QUALIFICATIONS

- Bachelor of Arts (Hons.) in Economics, University of Malaya
- Diploma in European Economic Integration, University of Amsterdam, Netherlands

MEMBERSHIP OF ASSOCIATIONS

- Malaysia-Japan Economic Association ("MAJECA")

DATE APPOINTED TO THE BOARD

- 20 February 2001
(Group Chairman)

DATE OF LAST RE-ELECTION

- 28 May 2015

WORKING EXPERIENCE AND OCCUPATION

- Tan Sri Asmat bin Kamaludin had a distinguished career with the Ministry of International Trade and Industry, Malaysia ("MITI") spanning over 35 years, culminating with his retirement as Secretary-General in January 2001. Between 1973 and 1976, he had served as Senior Economic Counsellor for Malaysia in Brussels and worked with several international bodies such as the Association of South-East Asian Nations, World Trade Organisation and Asia-Pacific Economic Cooperation, representing

Malaysia in relevant negotiations and agreements. He was also actively involved in several national organisations such as Johor Corporation, Small and Medium Scale Industries Development Corporation and Malaysia External Trade Development Corporation. In 2008, Tan Sri Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for ASEAN and East Asia.

Tan Sri Asmat also serves on the board of the Japanese Chamber of Trade & Industry Malaysia Foundation and was appointed Vice Chairman in November 2015. He was also elected as Executive Committee member of MAJECA at the MAJECA annual general meeting on 27 May 2015. Tan Sri Asmat's services in the area of trade relations between Japan and Malaysia won him the honour of the Japanese Prime Minister's award for contributions to Japan-Malaysia ties, in 1995. On 11 November 2014, he was conferred the prestigious "Order of the Rising Sun, Gold and Silver Star" award by His Majesty, the Emperor of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- AirAsia X Berhad
- Compugates Holdings Berhad
- Panasonic Manufacturing Malaysia Berhad
- UMW Oil & Gas Corporation Berhad

Non-Listed

- Permodalan Nasional Berhad
- The Royal Bank of Scotland Berhad
- YTL Cement Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- 18,000 shares (indirect holding) in UMW Holdings Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DIRECTORS' PROFILE

BADRUL FEISAL BIN ABDUL RAHIM

Age 46, Malaysian
President & Group CEO
Executive Director
Member of Investment & Risk Management Committee



QUALIFICATIONS

- Bachelor of Science in Accountancy, University of Missouri, Columbia, USA
- American Associate Degree (AAD) in Accountancy, MARA Science College

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 1 October 2015
(President & Group CEO)

DATE OF LAST RE-ELECTION

- None

WORKING EXPERIENCE AND OCCUPATION

- Badrul Feisal bin Abdul Rahim began his career with Arthur Andersen & Co. and since then had been involved in the senior management of established organisations such as Khazanah Nasional Berhad ("Khazanah"), PROTON, LOTUS and the DRB-Hicom Group. He acquired vast corporate and operational experience not only through his directorships in these companies but also through manning responsibility over Khazanah's key subsidiaries such as Tenaga Nasional Berhad, Malaysian Technology Development Corporation, BBMB Securities Sdn. Bhd., Northern Utility Resources Sdn. Bhd., Commerce Asset-Holdings Berhad (now CIMB Group) and UEM Group.

Badrul Feisal was the Managing Director of Insight Value Sdn. Bhd. in 2010 prior to joining the UMW Group as Senior General Manager at the President & Group CEO's office in December 2010. He was appointed as the Acting Executive Director for the UMW Oil & Gas Division from April 2011 to December 2011. He was also the Executive Director of Group Corporate Development Division before being appointed Group Chief Operating Officer of UMW in January 2013. On 1 October 2015, he was promoted to the position of President & Group CEO following the retirement of Datuk Syed Hisham bin Syed Wazir.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- UMW Oil & Gas Corporation Berhad

Non-Listed

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 4 out of 4 Board meetings held after his appointment

DIRECTORS' PROFILE

DR. LEONG CHIK WENG

Age 53, Malaysian

Non-Independent Non-Executive Director

Chairman of Investment & Risk Management Committee

Member of Nomination Committee

Member of Remuneration Committee



QUALIFICATIONS

- Ph.D in Chemical Engineering, University of Massachusetts, USA
- Bachelor of Science in Chemical Engineering, West Virginia University, USA
- Executive Training in Product Development & Manufacturing Strategy, Stanford University, School of Business, USA

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 29 November 2007

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- After graduation, Dr. Leong Chik Weng joined Raychem Corporation in Menlo Park, California, USA, from 1989 to 1996, where he was subsequently promoted as Technical Director. In 1997, he was appointed Consultant to Guidant Corporation, Santa Clara, California, USA, one of the world's largest cardiovascular product companies, where he developed an

advanced chaotic mixing screw technology to produce micro-tubing using polymer alloys. Dr. Leong later joined Universal Search Machine Sdn. Bhd. as Managing Director from 1998 to 2000. He is also the founder and currently the Chief Executive Officer of e-Lock Corporation Sdn. Bhd., a company involved in the provision of information technology services.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- A-Rank Berhad
- Chemical Company of Malaysia Berhad
- UMW Oil & Gas Corporation Berhad

Non-Listed

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DIRECTORS' PROFILE

DATUK DR. NIK NORZRUL THANI BIN N.HASSAN THANI

Age 55, Malaysian
Non-Independent Non-Executive Director
Member of Remuneration Committee



QUALIFICATIONS

- Ph.D in Law, School of Oriental and African Studies, University of London, UK
- Masters in Law, Queen Mary College, University of London, UK
- LL.B (Hons.), University of Buckingham, UK
- Post-Graduate Diploma in Syariah Law and Practice (with Distinction), International Islamic University, Malaysia

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of the Financial Services Institute of Australasia

DATE APPOINTED TO THE BOARD

- 13 August 2008

DATE OF LAST RE-ELECTION

- 28 May 2015

WORKING EXPERIENCE AND OCCUPATION

- Currently, Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani is the Chairman and Senior Partner of Zaid Ibrahim & Co., the largest law firm in Malaysia. Prior to joining Zaid Ibrahim & Co., he was with Baker & McKenzie (International Lawyers), Singapore. Datuk Dr. Nik Norzrul is a Barrister-at-Law, Lincoln's Inn, and an Advocate & Solicitor of the High Court of Malaya. He was called to the Bar of

England and Wales in 1985 and to the Malaysian Bar in 1986. He was a Visiting Fulbright Scholar, Harvard Law School and Chevening Visiting Fellow at the Oxford Centre of Islamic Studies, Oxford University. He was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- Chin Hin Group Berhad
- Fraser & Neave Holdings Bhd
- Tanjung Offshore Berhad

Non-Listed

- Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
- MSIG Insurance (Malaysia) Bhd
- Pelaburan MARA Berhad
- Ranhill Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DIRECTORS' PROFILE

DATO' SIOW KIM LUN

Age 65, Malaysian
Senior Independent Non-Executive Director
Chairman of Audit Committee
Chairman of Nomination Committee
Member of Investment & Risk Management Committee
Member of Whistle-Blowing Committee



QUALIFICATIONS

- Masters in Business Administration, Catholic University of Leuven, Belgium
- Bachelor of Economics (Hons.), Universiti Kebangsaan Malaysia
- Advanced Management Program, Harvard Business School, USA

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 10 July 2009

DATE OF LAST RE-ELECTION

- 28 May 2015

WORKING EXPERIENCE AND OCCUPATION

- Dato' Siow Kim Lun has considerable experience in investment banking and securities market regulation. He started his career in investment banking with Malaysian International Merchant Bankers in 1981 and had served as a Manager in its Corporate Finance Division. In 1985, he joined Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) as Manager of Corporate Finance and subsequently became the Divisional Head of its Corporate Finance Division. From

1993 to 2006, Dato' Siow was with the Securities Commission and had served as Director of its Issues & Investment Division (now known as Corporate Finance & Investment Division) and Director of its Market Supervision Division. Currently, Dato' Siow is also a Director of Kumpulan Wang Persaraan (Diperbadankan) and a member of the Land and Public Transport Commission.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- Eita Resources Berhad
- Sunway Construction Group Berhad

Non-Listed

- Citibank Berhad
- Eco World International Berhad
- Hong Leong Assurance Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- 100,000 shares in UMW Oil & Gas Corporation Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 12 out of 13 Board meetings held

DIRECTORS' PROFILE

DATO' MOHD. NIZAM BIN ZAINORDIN

Age 52, Malaysian
Non-Independent Non-Executive Director
Member of Audit Committee
Member of Investment & Risk Management Committee
Member of Whistle-Blowing Committee



QUALIFICATIONS

- Executive Masters in Business Administration, Asian Institute of Management
- Association of Chartered Certified Accountants, UK

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of the Association of Chartered Certified Accountants, UK
- Member of the Malaysian Institute of Accountants
- Certified Financial Planner

DATE APPOINTED TO THE BOARD

- 13 August 2008

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Dato' Mohd. Nizam bin Zainordin has an extensive career in Finance spanning over 20 years. He was attached to several companies in the field of finance before joining Permodalan Nasional Berhad ("PNB") in 1994 as Assistant Manager, Finance Department and had since then held various positions in PNB before assuming his present position as Chief Financial Officer.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- None

Non-Listed

- Lanjut Golf Berhad
- Pengurusan Pelaburan ASN Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

DIRECTORS' PROFILE

KHALID BIN SUFAT

Age 60, Malaysian

Independent Non-Executive Director

Chairman of Remuneration Committee

Member of Audit Committee

Member of Nomination Committee

Member of Whistle-Blowing Committee



QUALIFICATIONS

- Association of Chartered Certified Accountants, UK
- Malaysian Institute of Certified Public Accountants

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of Association of Chartered Certified Accountants, UK
- Member of Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

DATE APPOINTED TO THE BOARD

- 1 September 2010

DATE OF LAST RE-ELECTION

- 28 May 2015

WORKING EXPERIENCE AND OCCUPATION

- Khalid bin Sufat, an accountant by profession, has considerable experience in the banking industry having held several senior positions, namely General Manager, Consumer Banking of Malayan Banking Berhad in 1994, Executive Director of United Merchant Finance Berhad from 1995 to 1998 and Managing Director of

Bank Kerjasama Rakyat Malaysia Berhad from 1998 to 2000. This experience has led him to become involved in the managing and restructuring of a number of public-listed companies. He became the Executive Director of Tronoh Mines Malaysia Berhad in 2002 and the Deputy Executive Chairman of Furqan Business Organisation Berhad in 2003 before being appointed as Group Managing Director of Seacera Tiles Berhad in mid-2006, a position he held until late 2007.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- Chemical Company of Malaysia Berhad

Non-Listed

- Kuwait Finance House (Malaysia) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 12 out of 13 Board meetings held

DIRECTORS' PROFILE

ROHAYA BINTI MOHAMMAD YUSOF

Age 50, Malaysian

Non-Independent Non-Executive Director



QUALIFICATIONS

- Bachelor of Commerce (Accountancy), Australian National University, Australia
- Associate Member of CPA Australia
- INSEAD Advanced Management Programme, France

MEMBERSHIP OF ASSOCIATIONS

- Certified Public Accountants, Australia

DATE APPOINTED TO THE BOARD

- 1 July 2013

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Rohaya binti Mohammad Yusof began her career with Arthur Andersen & Co. as Senior Financial Consultant for the Audit Division. In 1990, she joined Maybank Investment Bank Berhad ("Maybank Investment") (previously known as Aseambankers Malaysia Berhad) and was appointed Executive Vice President for Corporate Investment Banking in 2005. After acquiring 18 years' experience in Maybank Investment in areas of fixed

income, equity and corporate finance, Rohaya joined the Employees Provident Fund in 2008 as Head of Corporate Finance. Subsequently, Rohaya was appointed Head of the Capital Market Department in 2010 where she oversees domestic and global investment in loans and bonds. Her portfolio also includes monitoring external fund managers for domestic and global fixed income.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- Malaysian Resources Corporation Berhad

Non-Listed

- PLUS Malaysia Bhd
- Projek Lebuhraya Usahasama Bhd
- Kuwasa Global (Jersey) Limited

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 12 out of 13 Board meetings held

DIRECTORS' PROFILE

TAN SRI HASMAM BINTI ABDULLAH

Age 65, Malaysian

Independent Non-Executive Director

Chairman of Whistle-Blowing Committee

Member of Audit Committee

Member of Investment & Risk Management Committee



QUALIFICATIONS

- Bachelor of Arts (Hons.), University of Malaya
- Senior Management Development Programme, Harvard Business School

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of the Chartered Tax Institute of Malaysia

DATE APPOINTED TO THE BOARD

- 2 September 2013

DATE OF LAST RE-ELECTION

- 19 June 2014

WORKING EXPERIENCE AND OCCUPATION

- Tan Sri Hasmah binti Abdullah had a distinguished career with the Inland Revenue Board ("IRB") spanning over 37 years. She was the former IRB Chief Executive Officer and Director-General from

19 October 2006 to 7 January 2011. Tan Sri Hasmah has led the Malaysian delegation to several international conferences and also represented Malaysia on the Management Committee of the Commonwealth Association of Tax Administrators in London, UK, for three (3) years from 2007 to 2009. Under her leadership at IRB, vast improvements and policy changes to the service delivery system were introduced, in particular refunds, which were made faster with the use of electronic filing. For the improvements and innovations that had impacted positively on the tax-paying public, the IRB was awarded the inaugural Prime Minister's Innovation Award in 2009.

Tan Sri Hasmah was also a Tax Advisor to PricewaterhouseCoopers Taxation Services Sdn. Bhd. from 1 July 2011 to 30 September 2013. Currently, Tan Sri Hasmah is a Commission Member of the Securities Commission of Malaysia, and a member of the Board of Trustees of

the Malaysian Tax Research Foundation and of Dana Amal Jariah. She is also an Executive Council member of the Selangor and Federal Territory Association for the Mentally Handicapped since 6 December 2014.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

Listed

- Panasonic Manufacturing Malaysia Berhad

Non-Listed

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2016)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 13 out of 13 Board meetings held

Additional Notes

1. Save as disclosed below, none of the other Directors has any family relationship with any Director and/or major shareholder of the Company -
 - Tan Sri Asmat bin Kamaludin, Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani and Dato' Mohd. Nizam bin Zainordin are nominee directors of Permodalan Nasional Berhad, a major shareholder of the Company.
 - Rohaya binti Mohammad Yusof is a nominee director of the Employees Provident Fund Board, a major shareholder of the Company.
2. None of the Directors has any conflict of interest with the Company nor any conviction for offences within the past ten years other than traffic offences.
3. None of the Directors has transacted in the Company's securities in the year under review.
4. All Directors have attended various training programmes in 2015 as disclosed in the Statement on Corporate Governance on pages 58 to 62 of this annual report.



AUTOMOTIVE

UMW Toyota sold a total of 95,861 units Toyota and Lexus vehicles in 2015 despite the challenging market environment.



EQUIPMENT

The Equipment Division's increased revenue and PBT for 2015 was mainly attributed to better performance from its overseas operations.



Photo is copyright to Rolls-Royce Plc



MANUFACTURING & ENGINEERING

The collaboration with Rolls-Royce Plc for the manufacturing of fan cases marked UMW's foray into high-value manufacturing.



OIL & GAS

The Oil & Gas Division is aggressively broadening its presence to other markets to address current challenges in the industry and for future expansion.

MANAGEMENT COMMITTEE



BADRUL FEISAL BIN ABDUL RAHIM
President & Group CEO



AZMIN BIN CHE YUSOFF
Group Chief Operating Officer/
Group Chief Financial Officer



NIK JULIAH BINTI NIK JAAFAR
Executive Director,
Group Human Resource



ROZA SHAHNAZ BINTI OMAR
Director,
Group Strategy



MUZAFAR BIN MUNZIR
Senior Group General Counsel/
Head, Group Management Services

MANAGEMENT COMMITTEE



DATUK ISMET BIN SUKI
President,
UMW Toyota Motor Sdn. Bhd.



ROHAIZAD BIN DARUS
President,
UMW Oil & Gas Corporation Berhad



LEE CHIN MIN
President,
Equipment Division



MEGAT SHAHRUL AZMIR BIN NORDIN
President,
Manufacturing & Engineering Division



DR. WAFI NAZRIN BIN ABDUL HAMID
President,
UMW Land Sdn. Bhd.



FA' IZZAH BINTI MOHAMED AMIN
President,
Technology Division

AWARDS & ACCOLADES



1. Diamond Award (2014 Toyota Premier Club Recognition)
2. Platinum Award (2014 Toyota Premier Club Recognition)
3. Gold Award (2014 Toyota President's Award)
4. Putra Brand Awards 2015 – Gold Award (The People's Choice Automotive Category)
5. Putra Brand Awards 2015 – Silver Award (The People's Choice Automotive Category)
6. HR Excellence Awards 2015 – Gold Award (Excellence in HR Strategic Plan)
7. HR Excellence Awards 2015 – Silver Award (Excellence in Compensation & Benefits Strategy)
8. HR Excellence Awards 2015 – Bronze Award (Excellence in Graduate Development)
9. HR Asia – Best Companies to Work For in Asia 2015
10. Tennant Company – Tennant SEAT Distributor of the Year 2014 Award
11. Gold Award (2014 Customer Support & Trust)

AWARDS & ACCOLADES

COMPANY NAME	AWARD RECEIVED
UMW Holdings Berhad	HR Asia – Best Companies to Work For in Asia 2015
UMW Corporation Sdn. Bhd.	<p>HR Excellence Awards 2015</p> <ul style="list-style-type: none"> • HR Team of the Year • Gold Award (Excellence in HR Strategic Plan) (Excellence in Leadership Development) • Silver Award (Excellence in Compensation & Benefits Strategy) (Excellence in Training, Learning & Development Programmes) (Excellence in Talent Management & Technology) • Bronze Award (Excellence in Graduate Development) <p>Malaysian Association of Risk and Insurance Management</p> <ul style="list-style-type: none"> • Risk Manager of the Year Award 2015
UMW Toyota Motor Sdn. Bhd.	<p>HR Excellence Awards 2015</p> <ul style="list-style-type: none"> • Silver Award (Excellence in Corporate Social Responsibility Practices) <p>Putra Brand Awards 2015 – Gold Award (The People’s Choice Automotive Category)</p> <p>Frost & Sullivan Malaysia Excellence Awards – Car of the Year: Toyota Vios</p> <p>Autoworld Car of the Year Awards 2014 – Best Compact Passenger Car: Toyota Altis</p>
UMW Industries (1985) Sdn. Bhd.	<p>Toyota Industries Corporation</p> <ul style="list-style-type: none"> • Diamond Award (2014 Toyota Premier Club Recognition) • Silver Award (2014 Toyota President’s Award) <p>Tennant Company – Tennant SEAT Distributor of the Year 2014 Award</p>
Automotive Industries Sendirian Berhad	<p>Industri Otomotif Komersial (M) Sdn. Bhd.</p> <ul style="list-style-type: none"> • Best Performing Vendor Award (2014)
UMW Equipment & Engineering Pte. Ltd.	<p>Toyota Industries Corporation</p> <ul style="list-style-type: none"> • Gold Awards (2014 Toyota President’s Award) (2014 Customer Support & Trust) • Platinum Award (2014 Toyota Premier Club Recognition) <p>Singapore Health Promotion Board – Singapore Health Platinum Award 2014</p>
UMW Advantech Sdn. Bhd.	Honda Malaysia Sdn. Bhd. – Most Improved Quality Award 2014
Perusahaan Otomobil Kedua Sdn. Bhd. (PERODUA)	<p>Cleo Cool Wheels 2015 – Best First Car Award: Perodua Axia</p> <p>Frost & Sullivan Malaysia Excellence Awards 2015</p> <ul style="list-style-type: none"> • Malaysia Value-For-Money Car of the Year (1.3L and above) <p>Putra Brand Awards 2015 – Silver Award (The People’s Choice Automotive Category)</p> <p>Autoworld Car of the Year Awards 2014 – Best Super Mini/Kei-Car Award: Perodua Axia</p> <p>Autocar ASEAN – Car of the Year Awards: Perodua Alza Advanced</p> <p>New Straits Times, Maybank & MAI – Entry Level Compact Car of the Year: Perodua Myvi</p>
UMW Equipment Sdn. Bhd.	<p>Rosenbauer International</p> <ul style="list-style-type: none"> • Most Successful Partner in South-East Asia for Sales and Support of Rosenbauer Fire Truck
KYB - UMW Group	<ul style="list-style-type: none"> • Hong Leong Yamaha Motor Sdn. Bhd. – Top Vendor Award 2015 • Mitsubishi Motors Philippines Corporation (MMPC) – Product Excellence – In Compliance with the Quality Standard of MMPC and Consistent Delivery of High Quality Products • KYB Group Global Kaizen Programme – Silver Award

UMW GROUP STRUCTURE

As at 31 March 2016

UMW CORPORATION SDN. BHD. (100%)

(9825-V)

AUTOMOTIVE

UMW Toyota Motor Sdn. Bhd.

- Assembly Services Sdn. Bhd.
- Automotive Industries Sendirian Berhad
- Toyota Boshoku UMW Sdn. Bhd.

Otomobil Sejahtera Sdn. Bhd.

UMW Toyotsu Motors Sdn. Bhd.

Perusahaan Otomobil Kedua Sdn. Bhd.

- Perodua Sales Sdn. Bhd.
- Daihatsu Perodua Engine Manufacturing Sdn. Bhd. (formerly known as Daihatsu Engine Manufacturing Malaysia Sdn. Bhd.)
- Perodua Auto Corporation Sdn. Bhd.
- Perodua Manufacturing Sdn. Bhd.
- Perodua Engine Manufacturing Sdn. Bhd.
- Perodua Global Manufacturing Sdn. Bhd.

EQUIPMENT

UMW Equipment Sdn. Bhd.

UMW (East Malaysia) Sdn. Bhd.

UMW Niugini Limited, Papua New Guinea

UMW Engineering Services Limited, Myanmar

UMW Machinery Limited, Myanmar

UMW Industries (1985) Sdn. Bhd.

UMW Industrial Power Sdn. Bhd.

UMW Equipment & Engineering Pte. Ltd., Singapore

UMW Equipment Systems Pte. Ltd., Singapore

- UMW Equipment Systems (Vietnam) Company Limited, Vietnam

UMW Industrial Trading (Shanghai) Co., Ltd., China

UMW Industrial Equipment

(Shanghai) Co., Ltd., China

Vision Fleet Equipment Leasing (Shanghai) Co., Ltd., China

MANUFACTURING & ENGINEERING

UMW M&E Sdn. Bhd.

- UMW Aerospace Sdn. Bhd.
- Lubetech Sdn. Bhd.
- UMW Pennzoil Distributors Sdn. Bhd.
- UMW Grantt International Sdn. Bhd.
- PT UMW International
- PT Pusaka Bersatu

UMW Aero Assets Sdn. Bhd.

UMW Advantech Sdn. Bhd.

KYB-UMW Malaysia Sdn. Bhd.

- KYB-UMW Steering Malaysia Sdn. Bhd.

UMW Lubricant International Sdn. Bhd.

Lubritech International Holdings

Limited, Hong Kong

- Lubritech Limited, China

UMW M&E Limited

OIL & GAS

UMW Fabritech Sdn. Bhd.

UMW Oilfield International (M) Sdn. Bhd.

UMW Synergistic Generation Sdn. Bhd.

- UMW SG Power Systems Sdn. Bhd.
- UMW SG Engineering & Services Sdn. Bhd.

TECHNOLOGY

UMW Technology Sdn. Bhd.

- UMW IT Services Sdn. Bhd.

PROPERTY

UMW Land Sdn. Bhd.

OTHERS

UMW Training Centre Sdn. Bhd.

U-TravelWide Sdn. Bhd.

UMW Development Sdn. Bhd.

Toyota Capital Malaysia Sdn. Bhd.

- Seabanc Kredit Sdn. Bhd.
- Toyota Capital Acceptance Malaysia Sdn. Bhd.
- Toyota Lease Malaysia Sdn. Bhd.



UMW HOLDINGS BERHAD (90278-P)

UMW OIL & GAS BERHAD (100%) (798108-A)

OIL & GAS

UMW Australia Ventures Sdn. Bhd.

UMW Middle East Ventures Holding

W.L.L., Bahrain

- Arabian Drilling Services L.L.C., Oman

UMW GROUP STRUCTURE

As at 31 March 2016

UMW OIL & GAS CORPORATION BERHAD (55.73%)

(878786-H)

OIL & GAS

UMW JDC Drilling Sdn. Bhd.

UMW Rig Asset (L) Ltd.

- UMW Drilling Co. Ltd.
- UMW Drilling 2 (L) Ltd.
- UMW Standard 1 Pte. Ltd., Singapore
- UMW Drilling 3 (L) Ltd.
- UMW Standard 3 Pte. Ltd., Singapore
- UMW Drilling 4 (L) Ltd.
- Offshore Driller B324 Ltd., Cayman Islands
- Offshore Driller 4 Ltd., Cayman Islands
- UMW Drilling 5 (L) Ltd.
- UMW Drilling 6 (L) Ltd.
- UMW Drilling 7 (L) Ltd.
- UMW Drilling 8 (L) Ltd.

UMW Malaysian Ventures Sdn. Bhd.

- UMW Offshore Drilling Sdn. Bhd.
- UMW Drilling Academy Sdn. Bhd.
- UMW Offshore Drilling Ltd., Cayman Islands
- UMW Workover Sdn. Bhd.
- UMW Oilpipe Services Sdn. Bhd.
- *Oil-Tex (Thailand) Company Limited, Thailand*
- UOT (Thailand) Limited, Thailand
- UMW Oilpipe Services (Turkmenistan) Ltd., Turkmenistan

UMW Singapore Ventures Pte. Ltd., Singapore

- UMW Oilfield Services (Tianjin) Co., Limited, China

UMW PETROPIPE (L) LTD. (100%)

(LL03753)

OIL & GAS

UMW Linepipe (L) Ltd.

- *Shanghai BSW Petro-Pipe Co., Ltd., China*

UMW ACE (BVI) Ltd., British Virgin Islands

- *Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd., China*

UMW China Ventures (L) Ltd.

- *WSP Holdings Limited, Cayman Islands*
- *First Space Holdings Limited, British Virgin Islands*

- *Wuxi Seamless Oil Pipe Co., Ltd., China*

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd., China

- *Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China*
- *Xi'an Changqing Tube-Cote Petroleum Pipe Coating Co., Ltd., China*
- *Tianjin Tube-Cote Petroleum Pipe Coating Co., Ltd., China*
- *Tangrong Tube-Cote (Sanxi) Pipe Coating Co., Ltd., China*

UMW Coating Technologies (Tianjin) Co., Ltd., China

Sichuan Haihua Petroleum Steelpipe Co., Ltd., China

UMW Offshore Investment (L) Ltd.

UMW Oilfield International (L) Ltd.

- *Tubulars International Pte. Ltd., Singapore*

- *TPCO Pan Asia Pte. Ltd., Singapore*

Vina Offshore Holdings Pte. Ltd., Singapore

UMW Marine And Offshore Pte. Ltd., Singapore

UMW India Ventures (L) Ltd.

- UMW Sher (L) Ltd.
- Jaybee Drilling Private Limited, India
- *United Seamless Tubular Private Limited, India*

UMW AUSTRALIA VENTURES (L) LTD.

(100%)

(LL06487)

OIL & GAS

PFP Holdings Pty. Ltd., Australia

- PFP (Aust) Holdings Pty. Ltd., Australia
- PFP (Aust) Pty. Ltd., Australia
- PFP Singapore Pte. Ltd., Singapore
- PFP (Shenzhen) Piping Materials Co., Ltd., China
- PFP Taiwan Co., Ltd., Taiwan
- *PFP (Malaysia) Sdn. Bhd.*
- Australasia Piping Products Pty. Ltd., Australia

Note: Companies in italics are associated companies of the Group.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of UMW Holdings Berhad (“UMW”) acknowledges the importance of good governance and believes that an effective corporate governance (“CG”) structure and culture lies at the core of the UMW Group’s pursuit to achieve its vision and objectives. This includes among others, ethical conduct, business integrity, commitment to values, delivering sustainable values and managing shareholders’ and stakeholders’ expectations.



Bursa Malaysia Securities Berhad holds a customised advocacy session for UMW

The Group remains fully committed to the highest standards of CG whilst pursuing its corporate objectives to enhance shareholder value and its overall competitive positioning. The Board plays an active role in advising, administering and reviewing the Group’s governance framework and practices for implementation group-wide.

In developing the governance framework, the UMW Group has adopted the CG Framework and practices based on the following requirements and guidelines -

- Companies Act, 1965 (“CA 1965”);
- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”);
- Malaysian Code on Corporate Governance 2012 (“MCCG 2012”);
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance (“Green Book”);
- Corporate Governance Guide: Towards Boardroom Excellence 2nd Edition issued by Bursa Malaysia Berhad (“CG Guide”); and
- Minority Shareholder Watchdog Group’s (“MSWG”) Malaysia-ASEAN Corporate Governance Scorecard.

CORPORATE GOVERNANCE FRAMEWORK

The Group’s CG Framework is a reflection of the way strategic and operational activities are managed. The roles of stakeholders, the Board, the Committees of the Board (“Board Committees”), and management are distinctly different but complementary in attaining the Group’s core objectives.

The holding company formulates strategies to optimise the Group’s performance and oversees activities at the consolidated level, while the core businesses retain the necessary authority and responsibility for conducting their own operations. This allows the Board to take broader perspective on issues affecting the Group, such as overall strategy, risk management and governance level.

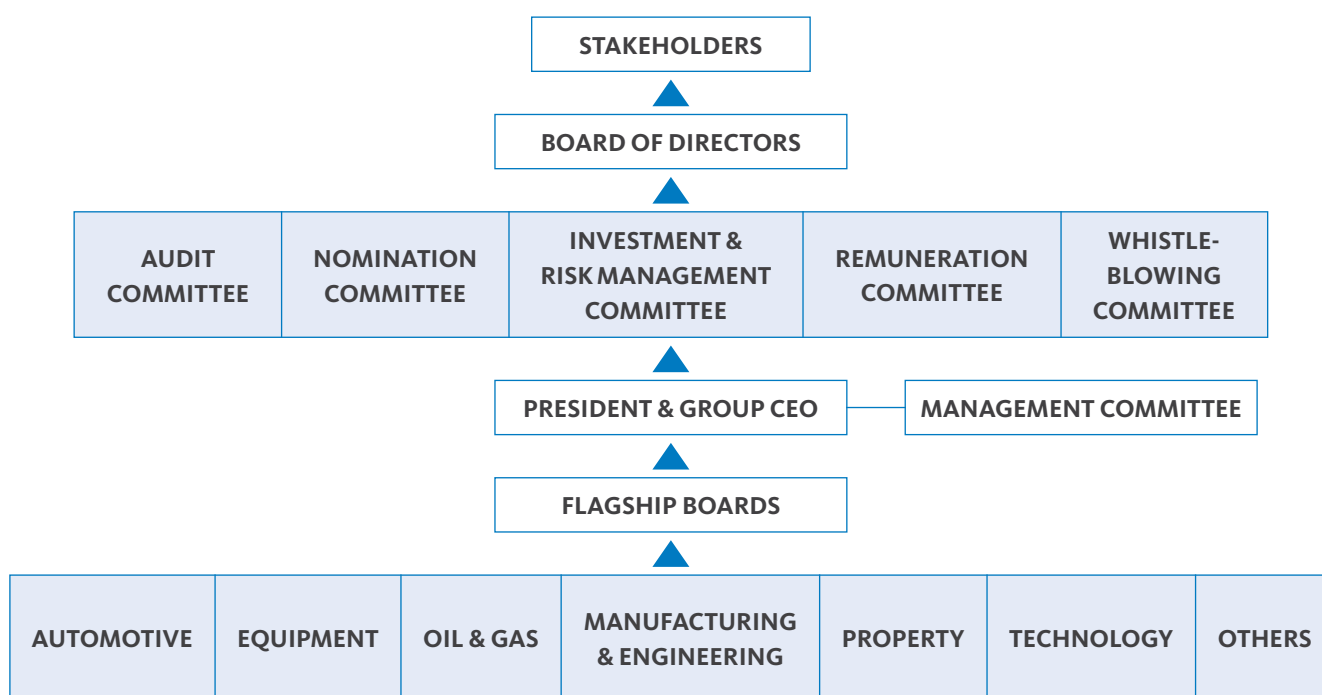
In view of the diversity of the Group’s business, Flagship Boards (“FB”) were established to provide the appropriate level of dedicated oversight and focus on the core businesses of the respective divisions. Each FB has representatives from the Board and senior management to ensure clear, unambiguous oversight and to exercise a reasonable degree of supervision and control over the divisions.

Subject always to the direction and counsel of the Board and compliance with any policies and delegated authority limits set by the Board, the roles of the FB are, among others, the following -

STATEMENT ON CORPORATE GOVERNANCE

1. To oversee the operations of the respective divisions, which include, but are not limited to, overseeing their business strategy and performance, human capital management, CG and risk management practices;
2. To fulfil its statutory and fiduciary responsibilities of monitoring the management and financial risk processes, and accounting and financial reporting practices of the divisions;
3. To review the business efficiency and quality of the accounting function, financial reporting and system of internal controls of each division;
4. To enhance the independence of both the external and internal audit functions by providing direction to and oversight of these functions; and
5. To ensure that an effective ethics programme is implemented across the divisions, and to monitor compliance with established policies and procedures.

The chart below illustrates the structure of the Group's CG Framework -



The Group's CG Framework is reviewed from time to time to ensure an optimum structure for efficient and effective decision-making within the Group. The CG Framework structure is modular and divisional FB can be added and removed according to the future needs of the Group.

APPLICATION OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

This Statement on Corporate Governance ("CG Statement") strives to provide practical insights on how CG practices have helped the UMW Group to achieve its strategic objectives and build sustainable value in its businesses under the leadership of the Board.

The Board is pleased to demonstrate how the Group has applied the principles and recommendations set out in MCCG 2012 and the extent of its compliance with the principles throughout the financial year ended 31 December 2015.

STATEMENT ON CORPORATE GOVERNANCE

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (PRINCIPLE 1)

Clear Functions for Board and Management (Recommendation 1.1)

The Board recognises its responsibilities in governing, guiding and monitoring the performance of the entire Group. There is a clear division of responsibilities between the Board and management. The Board is led by a Non-Independent Non-Executive Chairman, whose principal responsibility is to ensure the effective running of the Board. Except for matters reserved for shareholders, the Board is the ultimate decision-making body of the Group.

Board Committees are also established with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board as mandated in their respective Terms of Reference ("TOR"). Although specific powers are delegated to these Board Committees, the responsibility for governing, guiding and monitoring the performance of the Group rests entirely on the Board. The Board keeps itself abreast with the key issues and decisions made by each Board Committee through reports by the Chairman of each Board Committee and via minutes of Board Committee meetings tabled at Board meetings.

As part of UMW's continuous commitment towards ensuring consistent good business practices and governance, the Board is also guided by among others, the Board Charter and the Group's Financial Limits of Authority Guidelines ("FLAG"). These clearly define the relevant matters and applicable authority limits, including those reserved for the Board, and those of the FB, the President & Group CEO and management. Enhancements to the FLAG are regularly made to reflect changing risks and/or to address operational deficiencies.

The Company's Board Charter is available online at www.umw.com.my

At management level, several committees namely Management Audit Committee ("MAC"), Risk Management Committee ("RMC"), Tender Committee and Whistle-Blowing Committee ("WBC") have been established to ensure CG practices and ethical behaviour are upheld at all times in the Group's business dealings. In addition, relevant corporate divisions have been set up to ensure that policies and procedures such as the UMW Code of Business Conduct and Ethics ("BCE Code"), Whistle-Blowing Policy, Procurement Policy, FLAG, Risk Management Policy and Information Technology Policy are effectively implemented and enforced.

Clear Roles and Responsibilities (Recommendation 1.2)

The responsibility of steering the UMW Group towards a sustainable future rests on the Board. In addition to adopting a sound ethical and governance framework, and financial management policies, the Board also ensures there are adequate resources to meet the Group's objectives. The Board assumes the following specific duties which are discharged in the best interests of the Company, in pursuance of integrated regulatory and commercial objectives -

1. Establishing and Reviewing the Strategic Direction of the Company

The Board oversees the formulation of the Group's long-term strategic objectives and direction, reviews and approves the Group's annual budget, the business and strategic plans and monitors the achievement of the Group's corporate objectives. The Board focuses on business strategy to understand the key drivers of the Group's performance in ensuring that the Group is responsive to changes in the business and economic environments.

The Board also oversees the Group's business affairs and conducts periodic reviews of the Group's financial performance and implements policies relating to financial matters, which include risk management and internal control and compliance in ensuring alignment to the Group's strategy, operations and the external environment.

The Group's annual strategic planning process for 2015 began with the 2015 Business Plan Conference ("2015 BPC") held in September 2014 with a theme "Towards a Resilient Organisation". The 2015 BPC provided an avenue for senior management in the Group to participate in knowledge sharing sessions. It also provides a platform for the President & Group CEO to deliver his keynote speech addressing his expectations and business targets as well as strategies moving forward, to all business divisions in the UMW Group.

The Management Budget Committee ("MBC") is made up of relevant heads of corporate divisions and chaired by the President & Group CEO. The proposed 2015 Business Plan, Budget and Organisation Chart ("2015 Budget") were prepared by the respective operating units and corporate divisions and presented to the MBC. The MBC thoroughly reviewed and deliberated the proposed strategies for the financial year 2015 and projections for ensuing years, and challenged the views and assumptions made to ensure the best results.

STATEMENT ON CORPORATE GOVERNANCE

The finalised 2015 Budget was presented to the Board in December 2014 for deliberation and approval. At this meeting, management presented its recommended strategy as well as the primary challenges facing the Group and the proposed action plans to address such issues.

Where necessary, mid-year review of the approved budget will be carried out, where the targets set by the Board are compared against the actual performance year-to-date. Necessary adjustments and recalibrations to targets and strategies are then made taking into account the prevailing current external factors and economic climate.

2. *Overseeing and Evaluating the Conduct of the Group's Businesses*

The Group's former President & Group CEO, Datuk Syed Hisham bin Syed Wazir had been heading the Management Committee, the highest management body in the Group, until his retirement on 30 September 2015. Datuk Syed Hisham had served as Director and President & Group CEO since 1 October 2010.

Beginning 1 October 2015, Badrul Feisal bin Abdul Rahim was appointed as Director and the new President & Group CEO of the Group. He held various senior positions since he joined the UMW Group in 2010 and was appointed the Group Chief Operating Officer ("Group COO") in January 2013. His tenure with the Group has given him vast experience in corporate and operational matters affecting the UMW Group. Badrul Feisal has also established good business rapport with UMW's business partners, locally and abroad, which is crucial to the Group's continued success.

As President & Group CEO, Badrul Feisal is the conduit between the Board and management in ensuring that the financial management practice is performed at the highest level of integrity and transparency. He is responsible for ensuring high management competency as well as the emplacement of an effective management succession plan to sustain continuity of operations. He is also tasked to ensure that the businesses and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations, and to develop and maintain strong communication programmes and dialogues with the shareholders and stakeholders of the Company. He is primarily responsible for implementing policies of the Board, overseeing the Group's operations and developing the Group's business strategies, which include performance targets and long-term goals established by the Board.

The President & Group CEO is directly accountable to the Board and is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills attained from senior managerial positions held prior to his appointment to the Group, contribute significantly towards the attainment of the Group's goals and objectives.

Board members are also appointed to FBs to maintain oversight and ensure the operations of key subsidiaries are aligned with the Group's strategies and objectives. The President & Group CEO and key senior management were also appointed as board members to FB and key subsidiaries to further ensure that the Group's governance remains linked with strategic and operational focus in line with the Group's objectives.

3. *Identifying Principal Risks and Ensuring Implementation of Appropriate Systems for Managing Risks*

The Board oversees the Enterprise Risk Management ("ERM") Framework of the Group via the Investment & Risk Management Committee ("IRMC"). The oversight of this critical area is carried out by the IRMC, comprising Board members. The IRMC also reviews and endorses the risk parameters, risk appetite, risk profiles as well as risk action plans presented by the RMC. These systems cover not only financial controls but also strategic, organisational, operational, regulatory and compliance controls.

The Board through the IRMC plays a crucial role in risk oversight and sets the strategic direction for risk roles, responsibilities and risk reporting structures. The periodic reporting to both the IRMC and the Board on risk management activities by management via RMC, keeps the IRMC and Board apprised and advised of all aspects of ERM and significant individual risks and risk trends.

In addition to the reporting requirements to the IRMC and the Board, the RMC has specific responsibilities which include, but are not limited to, formulating and implementing ERM mechanism to accomplish the requirements of the ERM policy and to articulate and challenge risk ratings.

Details of the RMC and the Group's ERM Framework are set out in the Statement on Risk Management and Internal Control on pages 72 to 81 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE

4. *Establishing Succession Planning*

Through the Nomination Committee (“NC”), the Board oversees a clear and orderly succession plan for the President & Group CEO, the Group’s key senior management and the Group Secretary. The NC is responsible for formulating nomination, selection and succession policies for the Group. The Board acknowledges that in a competitive global environment, where securing talents is a challenge, more attention is needed in managing human capital development. Sudden loss of key personnel without an immediate suitable replacement may disrupt the operations of the Group and hinder its future growth.

In discharging its responsibility on succession planning, the NC receives succession management updates from the Group Human Resource Division (“GHRD”) in accordance with the succession management framework. The NC reviews the successors’ assessment results, monitors the progress of action taken, including the development programme for the readiness and potential of identified candidates to assume critical positions within the Group.

In 2015, the NC considered several new appointments and renewal of contracts for key management positions, including the new President & Group CEO. For the appointment of the new President & Group CEO to replace Datuk Syed Hisham, the NC had taken the position that it was timely for the Board to consider candidacy from within the Group’s qualified pool of talents. This is also in line with GHRD’s long-term initiatives in developing leaders from internal talents to ensure continuity in human capital development and to retain key talents within the UMW Group.

In assessing the potential candidates as the new President & Group CEO, the NC had taken into consideration the following key criteria -

- Strategic vision - ability to develop long-term entity/functional strategy and to articulate the vision/strategy to set the direction for key initiatives;
- Building capability - possesses leadership qualities through consistent practice of behaviours, values and ideals;
- Business acumen - understands the drivers leading to business success and identify new opportunities to achieve better business results as well as skills in communicating effectively with stakeholders/business partners;
- Living through UMW values - walks the talk and acts as role model of the UMW core values;

- Champion improvement - leads improvements to processes and practices, and encourages others to embrace change for continuous improvement; and
- Cultural awareness and inclusiveness - leads by exemplary behaviours and appreciates value of diversity.

In coming out with the decision, the NC had taken into consideration the essential competencies of a President & Group CEO, in the areas of strong business acumen, international exposures and leadership qualities. His in-depth understanding of the business, values and culture at UMW were also taken as added strengths for the Group in achieving its strategic plans.

In ensuring that all candidates appointed to other senior management positions are of sufficient calibre, the NC considers at length the suitability of shortlisted candidates based on their profiles, professional achievements and personality assessments. For the renewal of service contracts for key management personnel, the NC considers their performance, contributions, achievements and deliverables for the past years. At the same time, the Remuneration Committee (“RC”) considers their remuneration packages when finalising the terms and conditions of their service contracts.

Details on the scope and activities of the NC are set out in the CG Statement on pages 49 to 51 of this annual report.

5. *Overseeing the Development and Implementation of a Communication Policy for the Company*

The Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors, existing and potential, about the Group’s operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community. All communications with the media/public and disclosures made are in accordance with the UMW Corporate Communications Policy.

The policy regulates the review and release of information to shareholders, stakeholders and the public at large, facilitating timely and accurate disclosure of the Group’s affairs, which includes internal and external corporate communications and Investor Relations (“IR”) activities.

Further information on the Group’s IR updates/reports are available on the Company’s website at www.umw.com.my

STATEMENT ON CORPORATE GOVERNANCE

6. *Reviewing the Adequacy and Integrity of Management Information and of the Internal Control System*

The Board is ultimately responsible for the adequacy, effectiveness and integrity of the Group's risk management and internal control system.

Further information on the internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control on pages 72 to 81 of this annual report.

The Board also takes full responsibility and accountability for the smooth functioning of core processes involving Board governance, financial reporting, risk management, business values and ethical oversight.

The Board also reserves full decision-making powers on the following matters -

- Material acquisitions and disposals of assets;
- Investments in capital projects;
- Authority levels;
- Treasury policies;
- Risk management policies;
- Key human resource issues; and
- Conflict of interest issues relating to a substantial shareholder or a Director.

To facilitate the discharging of the Board's responsibility and oversight role, the Board is assisted by a number of Board Committees namely the Audit Committee ("AC"), NC, RC, IRMC and WBC. The delegation of certain responsibilities of the Board to its committees is necessary as there is now greater reliance on Board Committees to respond to complex challenges of the business. However, the responsibility for governing, guiding and monitoring of the performance of the Group rests with the Board.

Board Committees operate within clearly-defined TOR, operating procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board receives regular reports on the Board Committees' proceedings and deliberations. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in

their respective reports for the Board's deliberation and endorsement. Decisions of the Board Committees are incorporated into the minutes of meetings of the Board. Independent Directors and Non-Executive Directors ("NED") play a leading role in the Board Committees, whilst management and third parties are co-opted into the Board Committees as and when required.

All Directors of FB and operating subsidiaries within the Group constantly adhere to the UMW Directors' Code of Ethics ("the Code"), BCE Code, Board Charter, FLAG and UMW Group Policies and Guidelines, which provide guidance to recognise and deal with ethical issues, provide mechanisms to report unethical conducts, and help foster a culture of honesty and accountability.

Procedures are in place to ensure that the organisation remains structured for appropriate segregation of duties. These procedures which are developed by management based on the UMW Group Policies and Guidelines are used in governing the day-to-day business operations of the Group.

The TOR of each Board Committee is available online at www.umw.com.my

Formalise Ethical Standards through Code of Conduct/Ethics (Recommendation 1.3)

1. Directors' Code of Ethics

The Board is fully aware that no aspect of internal ethics management receives more attention than that of ethical leadership as it is the cornerstone for ethical corporate culture. The Board recognises that as the business environment becomes more challenging and regulations become more complex, there is greater demand for reasonable competency among Directors not only at the holding company level but also throughout the UMW Group of Companies.

The Code was adopted by the UMW Board on 21 August 2009. It has been adapted from the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM") and the CA 1965. The principles on which the Code relies are those that concern transparency, integrity, accountability and corporate social responsibility.

STATEMENT ON CORPORATE GOVERNANCE

The Code is formulated to enhance the standard of CG and corporate behaviour within the Group with a view to establishing a standard ethical conduct for Directors based on acceptable beliefs and values, and to uphold the spirit of social responsibility and accountability in line with legislation, regulations and guidelines governing a company.

Being a Government-Linked Company (“GLC”), the Code complements the main policy thrusts of the GLC Transformation Manual launched on 29 July 2005 by the Putrajaya Committee of GLC High Performance.

Directors are expected to observe, amongst others, the following salient points in the Code -

- Comply with applicable laws, rules and regulations in their service to the UMW Group, including without limitation, the applicable provisions of the CA 1965, MMLR and other rules and regulations;
- Have a clear understanding of the vision and mission of the Company, its capabilities and capacity;
- Devote time and effort to attend meetings and to know what is required of the Board and each of its Directors and to discharge those functions effectively; and
- Ensure at all times that the Company is properly managed and effectively controlled.

The Code will be reviewed from time to time to incorporate new developments in corporate governance framework and practices. The Code is currently under review and will be available at www.umw.com.my upon approval of the Board.

2. *UMW Code of Business Conduct and Ethics*

The BCE Code incorporates the Group’s stance with regard to integrity in conducting business. One of the objectives of the BCE Code is to clearly state how UMW employees should conduct themselves in managing business affairs which include, among others, confidentiality of information and dealings in securities. The BCE Code also details and warns against undesired conduct such as conflict of interest, offering or receiving bribes, dishonest conduct, anti-competitive practices and sexual harassment. Employees are to be driven by the UMW value, i.e., “Honour” where they are to continuously display integrity and trust when managing stakeholders, customers, suppliers, vendors and contractors.

The UMW Group values and protects all its proprietary and confidential information. In the performance of their duties, Directors and employees may obtain information not generally available or known to the public or the market. Such information must not be communicated or disclosed in any manner to competitors, customers, persons engaged in any aspect of the securities industry, members of trade associations or other third parties unless such communication or disclosure is authorised by the Group.

Unethical practices, not limited to bribery and corruption, are not tolerated and the Group is committed to behaving professionally, fairly and with integrity in all business dealings and relationships including under relevant laws of each jurisdiction where the Group operates, locally and abroad.

All levels of personnel throughout the Group have the responsibility of dealing with fraud risk. The Board and management are collectively responsible for the prevention and detection of fraud. It is the duty of every employee in the Group to speak up about genuine concerns in relation to breach of a legal obligation, including negligence, breach of contract and breach of law. It is also the duty of the Board to ensure that employees are not penalised for whistle-blowing.

3. *Group Integrity Unit*

The Board recognises that integrity is a manifestation of ethical leadership. The Board commits to instilling the highest ethical standards to every aspect of the Group’s business, even in challenging market conditions. The Group takes a more proactive approach towards ensuring that its activities promote responsible behaviour, fairness, sustainability and cultural sensitivity.

All Directors, employees and contractors of the Group are required to understand and comply with local and international laws, internal rules, guidelines and regulations of the Company in advocating integrity in all their operations.

In support of the National Integrity Initiatives, the Group Integrity Unit (“GIU”) was established in 2014 to further enhance the Group’s CG practices and business ethics. The GIU is headed by Husaini bin Sulaiman and reports functionally to the WBC Chairperson, Tan Sri Hasmah binti Abdullah, and administratively to the President & Group CEO.

STATEMENT ON CORPORATE GOVERNANCE

The objectives of the GIU are -

- To develop a robust Integrity Framework and facilitate the formulation of the UMW Integrity Plan;
- To enhance integrity awareness in the Group and to advise management on the high risk areas such as fraud and corruption, and the importance of managing such risks;
- To increase transparency in management by embedding integrity elements in all policies and procedures; and
- To report to the Chairperson of the WBC on integrity-related issues arising from cases referred to the Disciplinary Committee.

In 2015, GIU formulated the UMW Integrity Framework and UMW Integrity Plan to enhance integrity culture within the UMW Group through the implementation of strategies and programmes in tandem with the National Integrity Plan. Included in the framework are the programmes and procedures to strengthen integrity and good governance, to deter practices of corruption, fraud, abuse of power and other malpractices and misconducts, and to establish a “zero tolerance” culture for white-collar crimes.

GIU also conducted integrity roadshows in the year under review to create integrity awareness within the Group.

4. *Internal Controls*

The Group continues to maintain and review its internal control procedures to ensure a sound system of internal controls to safeguard shareholders’ investment and the Group’s assets. The internal control system is designed to meet the Group’s particular needs and to manage the risks that may impede the achievement of the Group’s business objectives. The system, by its nature, cannot eliminate risks but can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors and management acknowledge their responsibility and remain committed towards maintaining strong internal controls for the Group covering financial, operational and compliance controls as well as risk management, and for reviewing the adequacy and integrity of the system.

The MAC was set up primarily to assist management in addressing issues highlighted in the Internal Audit Reports. The objectives of the MAC include among others, to access the adequacy and effectiveness of the internal

controls based on the Internal Audit Reports, and to agree on the corrective measures to be undertaken and its implementation. The MAC report is thereafter presented to the AC meeting by the Chairman of MAC.

An affirmation ceremony to affirm management’s responsibility and commitment towards maintaining strong internal controls of the Group’s business operations was held in the year under review.

The Management Control Policy introduced in 2008 reflects that control is a function of the management and plays an integral part in the overall process of managing the operations of the Group. The policy provides the Board with reasonable assurance that the following are adhered to -

- Data and information published either for internal or external consumption is accurate, reliable and timely;
- The actions of Directors, officers and employees are in compliance with established policies, standards, plans and procedures, and all relevant laws and regulations;
- The organisation’s resources (including its people, systems, data/information bases and customer goodwill) are adequately protected;
- Resources are acquired economically and employed profitably and quality business processes and continuous improvement are emphasised; and
- The organisation’s plans, programmes, goals and objectives are achieved.

5. *Group Compliance Department*

The Group Compliance Department (“GCOMP”) was established by management to enhance the internal control process across the Group. The setting up of the department was endorsed by the AC.

The primary objectives of GCOMP are to provide better understanding of the relationship between business objectives, control environment and operational risks to achieve the aforementioned business objectives and to educate employees to analyse, evaluate and report on the effectiveness of the control mechanism. GCOMP also advises and monitors compliance of entities in the Group, to established procedures.

Further information on GCOMP is available in the Statement on Risk Management & Internal Control in this annual report.

STATEMENT ON CORPORATE GOVERNANCE

6. Whistle-Blowing Policy and General Guidelines

In line with the Board's commitment to maintain the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities, a Whistle-Blowing Policy and General Guidelines was adopted on 20 May 2009. This policy welcomes disclosures of suspected wrongdoings that include mismanagement, malpractices, corrupt practices, fraud and abuse of power or breach of any laws and regulations by any member of the Board, management or employees. This policy provides employees with an accessible avenue to report wrongdoings in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of reprisal.

Strategies Promoting Sustainability (Recommendation 1.4)

UMW also promotes good CG in the application of sustainability practices within the Group. Sustainability strategies are inculcated in the UMW Group's Sustainability Programmes, taking into consideration various short/medium to long-term programmes to protect the environment, economic and social interests. A more comprehensive Sustainability Framework is being developed in line with Bursa Securities' Sustainability Reporting Guide.

As part of the Company's call to promote a sustainability programme, the UMW Bumiputera Agenda Committee ("the BA Committee") was established in 2014 for the purpose of Bumiputera Economic Empowerment and fixing of GLC Bumiputera Agenda key performance indicators ("KPIs"). The BA Committee is headed by Shamshul bin Abdul Jabar, Head of Group Procurement. He reports functionally to the BA Committee Chairman, Khalid bin Sufat, and administratively to the President & Group CEO.

The BA Committee is tasked to look into the bumiputera agenda cohesively from the UMW Group's perspective and drive any necessary initiatives to achieve these objectives. The BA Committee also oversees the bumiputera agenda holistically, encompassing areas of procurement, human capital, dealerships/distributorships, ownership of non-financial assets, disposals/carve-outs, etc.

For 2015, five (5) BA Committee meetings were held to provide updates and sought guidance on issues affecting, among others, Bumiputera Vendor Development Programme, human capital initiatives and procurements undertaken by the UMW Group.

Access to Information and Advice (Recommendation 1.5)

The Board has direct access to management for complete and unrestricted information pertaining to the Group's business and affairs necessary for the effective discharge of its responsibilities.

Management is responsible for providing the Board with timely, accurate and quality information and in a form and manner appropriate for the Board to discharge its duties effectively. The Directors may request for additional information or clarification from management, particularly in respect of complex and technical issues to be tabled to the Board.

All Directors are provided with comprehensive Board papers containing management reports and proposal papers at least five (5) working days before Board meetings to enable them to review and consider the agenda items to be discussed. In addition, there is a schedule of matters reserved specifically for the Board's decision.

Members of the Group's senior management and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the agenda. Where necessary, management briefs Board members individually before certain matters are discussed at Board meetings.

Minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meetings. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes as correct records of the Board's proceedings. The Board keeps itself abreast with the key issues and decisions made by each Board Committee through reports by the Chairman of each committee and via minutes of Board Committee meetings presented to the Board.

The Board has access to obtain independent professional advice, where necessary, for proper discharge of its duties and at the Group's expense. Heads of operations are required to make presentations on proposal papers and brief/update Board members on operational issues from time to time to enable Directors to discharge their duties more effectively.

Qualified and Competent Company Secretary (Recommendation 1.6)

Directors have individual and unrestricted access to the advice and services of the Group Secretary to facilitate the discharge of their duties.

STATEMENT ON CORPORATE GOVERNANCE

The Group Secretary is qualified to act as Company Secretary under Section 139A of the CA 1965. She is responsible for ensuring that the secretarial function provides adequate support to the Board, Board Committees and FB for all Board-related functions. The seniority, experience and group-wide knowledge of the Group Secretary are instrumental in serving the Group's governance needs. The Group Secretary plays an advisory role to the Board in relation to compliance with relevant laws, rules, regulations and governance best practices, boardroom effectiveness and Directors' duties and responsibilities. She also ensures that deliberations at meetings of the Board, Board Committees and FBs are properly captured, minuted and communicated to management for necessary action.

The Group Secretary is adequately supported by a team of qualified governance staff from the Group Secretarial & Corporate Governance Division ("GSD") to ensure effective implementation and monitoring of CG best practices throughout the Group. The Group Secretary together with the GSD staff constantly keep themselves abreast of regulatory changes and developments in CG through continuous training.

Board Charter (Recommendation 1.7)

The Company's Board Charter is aimed at ensuring that all Directors acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct. It also ensures that the principles and practices of good CG are applied in all Directors' dealings in respect of and on behalf of the Company.

The Directors of all operating subsidiaries in the Group constantly adhere to the Code and Board Charter which provide guidance to Directors to recognise and manage ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

The Board Charter was reviewed in 2015 to incorporate relevant amendments made to the MMLR.

A copy of the Board Charter is published on the Company's website at www.umw.com.my

STRENGTHEN COMPOSITION (PRINCIPLE 2)

Establishment of Nomination Committee (Recommendation 2.1)

The NC, which comprises exclusively of NEDs, the majority being independent, is empowered to identify and recommend to the

Board, nominees qualified to serve on the Board (including the President & Group CEO) and Board Committees, and the Group's key management personnel, including the Group Secretary. The NC also oversees the evaluation of the Board and Board Committees and of individual Directors. The establishment of KPIs of senior executives is also under the purview of the NC.

Nominations may come from a wide variety of sources, including Directors' pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others.

The NC is appointed by the Board from amongst its Directors, and comprises three (3) members, all of whom are NEDs and majority of whom are Independent Directors, as recommended by MCCG 2012.

Dato' Siow Kim Lun (Senior Independent NED (Chairman)), Khalid bin Sufat (Independent NED) and Dr. Leong Chik Weng (Non-Independent NED) were all appointed to the NC by the Board. No Alternate Director is to be appointed as a member of the NC.

The Group Secretary is also Secretary of the NC.

The key responsibilities of the NC are as follows -

1. Identify and make recommendations to the Board on new candidates for appointment to the Boards of UMW and its subsidiaries and associated companies;
2. Review and make recommendations to the Board the appointment of Directors to fill seats on Board Committees;
3. Annually review the required mix of skills, experience and other qualities of the Board including gender diversity, ethnicity and age where appropriate, and core competencies, which NEDs should bring to the Board;
4. Annually carry out the processes for evaluating the effectiveness of the Board, the Board Committees and the performance and contribution of each individual NED, including Independent NEDs, identify areas for improvement and develop and recommend to the Board action plans for improvement, where applicable;
5. Make recommendations to the Board for the re-election/re-appointment of Directors retiring by rotation at the Annual General Meeting ("AGM") of the Company;

STATEMENT ON CORPORATE GOVERNANCE

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| <p>6. Establish quantitative and qualitative performance criteria (KPIs) for the President & Group CEO and senior-most executives in the Group (Job Grades 22 and above), for recommendation to the Board;</p> | <p>Other than the NC members, the President & Group CEO, Executive Director (“ED”) of GHRD and other Board members and representatives, if deemed necessary, attend NC meetings, to discuss matters such as extension of service and succession planning of key senior management, and KPI setting and leadership framework.</p> |
| <p>7. Review the performance of the President & Group CEO and senior-most executives in the Group (Job Grades 22 and above) for determining the annual performance-based reward and for approving the renewal of their service contracts, when applicable;</p> | <p>During the financial year ended 31 December 2015, the NC met twelve (12) times, details of which are given on page 57 of this annual report.</p> |
| <p>8. Review management’s proposals for the appointment, dismissal and appeal, transfer and promotion of senior-most executives in the Group (Job Grades 22 and above), for recommendation to the Board;</p> | <p>The approved minutes of all NC meetings are tabled to the Board for notation and kept by the Secretary as evidence that the NC has discharged its functions. The Chairman of the NC reports to the Board on significant issues after each NC meeting.</p> |
| <p>9. Review and approve the performance of the Group Secretary based on recommendations by the President & Group CEO;</p> | <p>The following activities were carried out by the NC during the financial year ended 31 December 2015 -</p> |
| <p>10. Make recommendations to the Board on plans for succession for members of the Board, the President & Group CEO, the Group’s senior-most executives (Job Grades 22 and above) and the Group Secretary;</p> | <p>1. Reviewed and recommended the following for Board approval -</p> <ul style="list-style-type: none"> • Extension of service of retiring employees in key management positions; • Assessment on the readiness of the identified successors; • New contract of service and renewal of contract of service/employment for employees in key management positions and their succession planning; • Directors retiring by rotation and re-election/re-appointment of Directors; • Recruitment/appointment of new/additional Directors on the Boards of companies in the Group; • Assessment of potential internal successors for the positions of the President & Group CEO and ED; • Recruitment mode for senior management in Job Grades 20 and above, and critical talents within the UMW Non-Motor Group of Companies; • Appointment of the new President & Group CEO and Group COO of the Group; • Setting of KPIs and key leadership management framework for the President & Group CEO and other senior management; • Assessment of the performance of the President & Group CEO and other senior management; and • Manpower planning for the UMW Group of Companies. |
| <p>11. Review and approve the human resource strategy and plan, including succession management framework and human resource activities and initiatives, and the annual manpower budget, for recommendation to the Board;</p> | <p>2. Conducted an assessment on the effectiveness of the Board as a whole, Board Committees and the contribution of individual Directors and recommended improvement plans, where applicable.</p> |
| <p>12. Recommend the engagement of external professional advisors to assist/advise the NC on leadership needs of the UMW Group, where necessary; and</p> | |
| <p>13. Carry out any other function defined by the Board.</p> | |

The NC has the authority to make decisions on matters which fall within its responsibilities or to submit to the Board its recommendations on matters which are within its purview, for the Board’s consideration and approval. It may obtain independent professional or other advice and may request the attendance of persons at meetings, if necessary.

The NC meets six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the NC. The quorum for the NC is two (2) members and each member of the NC is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the NC will be entitled to a second or casting vote.

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3. Reviewed with management, the results and action plans of the Employee Engagement initiatives and performance rating distribution analysis for year 2015.

Recruitment Process and Annual Assessment of Directors (Recommendation 2.2)

Recruitment or Appointment of Directors

The Group has in place a formal and transparent procedure for the appointment of Directors to the Board. The policies and procedures for recruitment or appointment (including re-election/re-appointment) of Directors are detailed in the Board Charter. The NC is guided by the Board Charter and its TOR in the nomination, selection and appointment process.

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NC. In making these recommendations, the NC will consider the required criteria such as mix of skills, experience and other qualities of the Board including gender diversity, ethnicity and age, where appropriate, and core competencies which the Directors should bring to the Board. The Group does not practice gender, ethnicity or age discrimination, neither at the Board level nor at the management level. There is already women representation on the Board and the management as well as the boards of subsidiary companies.

In considering candidates as potential Directors, the NC takes into account the following key criteria -

1. Skills, knowledge, expertise and experience;
2. Time commitment, character, professionalism and integrity;
3. Perceived ability to work cohesively with other members of the Board;
4. Specialist knowledge or technical skills in line with the Group's strategy;
5. Diversity in age, gender and ethnicity and experience/background; and
6. Number of directorships in companies outside the Group.

In line with the Government's aspiration to have at least 30% women representation in decision-making positions of Malaysian public companies by 2016, the Company had appointed two women Directors in 2013, which constitutes 22% of women representation on the Board. Whilst the Board recognises gender diversity as one of the key drivers to enhance board

effectiveness, appointments to the Board are ultimately based on merit as the overriding principle with a view of achieving a high-performance board. Other competencies such as individual skills, background, industry knowledge and experience, amongst other factors, will be taken into consideration on appointments to the board.

Notwithstanding, the Board will endeavour to increase women representation towards achieving the minimum 30% advocated by the Government, in 2016. Nominations for women Director may come from a wide variety of sources, including Directors' pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others.

The selection process for Directors to be appointed to the Board applies as follows -

1. Potential candidates are referred to the NC for consideration by the NC and subsequently for recommendation to the Board;
2. The NC will determine appropriate means for seeking additional candidates, including engagement of outside consultants to assist the NC in identifying candidates;
3. Shareholders who wish to suggest candidates should submit their suggestions in writing to the Chairman of the Board, NC, President & Group CEO or Group Secretary providing relevant information about the candidates;
4. The NC shall decide on the appropriate means for the review and approval of individual candidates. In the event of a vacancy, the members of the NC shall initiate efforts to identify appropriate candidates; and
5. In formulating its recommendation, the NC will consider not only the findings and conclusion of its evaluation process, but also the current composition of the Board, the attributes and qualifications that should be represented at the Board and the recommendations of the principles and practices of the MCCG 2012.

All newly-appointed Directors will undergo a comprehensive induction programme with the objective of providing an overview of the Company's vision and mission, its philosophy, corporate culture and nature of business, corporate strategy, current issues and the long-term targets of the Group. Specific briefings on operations and plant visits, including overseas plant visits whenever necessary, are also conducted. A familiarisation programme on the Group's businesses and CG practices is arranged for new Directors upon their appointment to facilitate effective discharge of their duties.

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The responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed rests with the Group Secretary. The Group Secretary ensures that all appointments are properly made, that all necessary information is obtained from the Directors, both for the Company's own records and for purposes of meeting statutory and regulatory requirements.

Re-Election/Re-Appointment of Directors

Article 109 of the Articles of Association of the Company stipulates that Directors appointed to the Board for the first time are subject to mandatory retirement at the next AGM following their appointment. During the year under review, Badrul Feisal was appointed as Director and the new President & Group CEO on 1 October 2015, to succeed Datuk Syed Hisham. Accordingly, Badrul Feisal will be retiring at this AGM and being eligible has offered himself for re-election.

Article 123 of the Articles of Association further provides that at least one-third of the Directors are subject to retirement by rotation at each AGM. In this regard, the NC has recommended the re-election of the following Directors, who are subject to retirement at this AGM under Article 123, and being eligible, have offered themselves for re-election -

1. Rohaya binti Mohammad Yusof; and
2. Tan Sri Hasmah binti Abdullah.

Except for Badrul Feisal, who was appointed only on 1 October 2015, the other Directors standing for re-election had undergone a comprehensive annual performance evaluation carried out by the NC and the Board to assess the contribution of each individual Director, taking into consideration, among others, character, integrity, professionalism, competency, contribution and performance. Accordingly, the Board is satisfied that Rohaya and Tan Sri Hasmah have discharged their functions, duties and responsibilities well and are eligible for re-election at this AGM.

In addition, the NC had also conducted assessment on the independence and effectiveness of Tan Sri Hasmah as Independent Director as recommended under Principle 3 of MCGG 2012. The Board is satisfied that she has complied with the independence criteria applied by the Board. The re-election of Tan Sri Hasmah will ensure a continued balanced and unbiased decision-making process at the board level.

The Board has adopted a retirement age policy for Directors, guided in general by the CA 1965 and the GLC Transformation Manual which stipulate that the age limit for Directors is seventy (70) years. Nevertheless, the Board may use its discretion to extend the services of a Director beyond the term of this policy.

Accordingly, Tan Sri Asmat bin Kamaludin, who has attained the age of seventy-two (72) years, will retire at the 34th AGM and being eligible, has offered himself for re-appointment. The proposed re-appointment of Tan Sri Asmat is also recommended by the NC.

Tan Sri Asmat had also undergone the annual performance evaluation carried out by the NC and the Board to assess his contributions, based on similar criteria. Accordingly, the Board is satisfied that Tan Sri Asmat has discharged his functions, duties and responsibilities well, and is eligible for re-appointment at this AGM.

Board Performance Evaluation

The Board has entrusted the NC with the responsibility of annually reviewing the required mix of skills, attributes and core competencies of its Directors. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the effectiveness of each Director, including the Chairman.

The NC had performed the Board and Board Committee evaluation as well as individual Directors' self and peer evaluation for the financial year ended 31 December 2015. The exercise was carried out internally by GSD based on a detailed questionnaire adopting the latest CG Framework and best practices.

In reviewing the performance of the Board and the contribution of the Chairman and individual Directors, performance was assessed and measured against, among others, the Group's strategic plan, principle duties expected of the Board, the Chairman and Directors, obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution.

The evaluation exercise took into account whether -

1. NEDs have adequate time to spend on matters pertaining to the Company's operations;
2. Full consideration has been given to succession planning, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed in the Board in the future;

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3. Review of the structure, size and composition (including the skills, knowledge and experience) and gender diversity, ethnicity and age of the Board has been undertaken and changes recommended to the Board;
4. Appropriate recommendations have been made to the Board on the re-election/re-appointment of NEDs; and
5. Leadership needs of the organisation, both executive and non-executive, have been reviewed.

In addition, the NC had also performed an assessment on the independence and effectiveness of Independent Directors as recommended under Principle 3 of MCCG 2012, and for determining Independent Directors' eligibility to stand for re-election. The assessment took into account Independent Directors' skills and competencies as well as the independent criteria stipulated in the MMLR, which require Independent Directors to be independent of management and free from any business or other relationships that could impair independent judgement, objectivity and ability to act in the best interests of the Company. Due consideration was also given to whether the Independent Director can continue to bring independent and objective judgement to board deliberations.

The findings of the evaluation were summarised and presented to the NC. The Chairman of the NC subsequently met with the Group Chairman to discuss the findings and results of the overall evaluation of the Board, the Board Committees and individual Directors and to recommend areas of continuous improvement, where applicable. The overall results of the evaluation conducted and improvements recommended were presented at the Board meeting. The evaluation results have shown that the Board has continued to be effective and engaged and has discharged its function well based on the complexity of the Group's business activities and the current challenging economic climate.

As Badrul Feisal was appointed Director and President & Group CEO only on 1 October 2015, the Board concurred with the NC's view that his tenure is too short for an effective evaluation of his performance as a member of the Board, for the financial year ended 31 December 2015. However, his performance will be evaluated in the financial year 2016.

Appointment of Senior Independent NED ("SID")

Dato' Siow Kim Lun was appointed as UMW's SID on 11 October 2013, replacing the then SID, Dr. Leong Chik Weng.

Dato' Siow has the role of supporting the Chairman in ensuring that all Independent Directors have an opportunity to provide their views and comments on the affairs of the Company. He continues to be the conduit between Independent Directors and the Chairman on matters that may be deemed sensitive. Shareholders and other interested parties may also convey their concerns relating to the Group to Dato' Siow via his personal email address at kimlun22@gmail.com

Remuneration Policies and Procedures for Directors (Recommendation 2.3)

In line with MCCG 2012, the Company aims to set remuneration for Directors at levels which are sufficient to attract and retain persons of calibre to guide the Group successfully, taking into consideration factors such as their fiduciary obligations and responsibilities, time commitment, and the Company's performance and market conditions. The RC may appoint external advisers or consultants to advise on specific areas where necessary. The Board as a whole determines the remuneration of Directors.

The RC is responsible for reviewing and recommending to the Board, Directors' remuneration and in the case of NEDs, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. Currently, NEDs are paid Directors' fees and attendance allowance for each Board/Committee meeting they attend. In addition, all NEDs are entitled to certain benefits-in-kind such as company car, medical coverage worldwide, personal accident insurance coverage and bill subsidy. The Chairman of the Board who is a NED, is also entitled to leave passage and club membership.

The RC also assists the Board in developing the Group's remuneration policy framework and determining the remuneration package for ED and members of the senior management of the Group. The remuneration of ED includes salary and emoluments, bonus and benefits-in-kind. The level of remuneration for ED is benchmarked against compensation levels for similar positions among other Malaysian public-listed companies within the same industry.

All Directors, executive and non-executive, abstain from deliberations and voting on decisions in respect of their individual remuneration. A formal review of Directors' remuneration is undertaken once every two (2) years in accordance with the Board Charter. The last review on NEDs' remuneration was carried out in 2015, where shareholders approved the increase in Directors' fees for the financial year ended 31 December 2015. This was due to the additional responsibilities of NEDs in tandem with the expansion and complexity of the Group's business, locally and abroad.

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The Company is also cognisant of the compensation philosophy advocated by the Putrajaya Committee on GLC High Performance, which suggests that GLC Boards should regularly review the compensation of their Chairman and Directors and align them to the 50th percentile of an appropriate peer group.

The Directors' aggregate remuneration for the financial year ended 31 December 2015, distinguishing between ED and NED, is as follows -

(a) Details of Directors' remuneration in respect of 2015

Category of Directors	RM'000
Executive Directors	
• Salaries and other emoluments	1,760
• Defined contribution plan	174
• Benefits-in-kind	206
Total	2,140
Non-Executive Directors	
• Fees	1,611
• Other emoluments	458
• Benefits-in-kind	425
Total	2,494

The EDs' remuneration package comprises salaries and other emoluments such as bonus and other performance-based payment, and benefits-in-kind such as company car and driver, annual leave passage, medical benefits, insurance coverage, bill reimbursement, club memberships, etc.

(b) Details of the number of Directors of the Company whose total remuneration in the year under review falls within the following bands are as follows -

Range of Remuneration	Executive Directors	Non- Executive Directors	Total
RM150,001 - RM200,000		1	1
RM200,001 - RM250,000		5	5
RM350,001 - RM400,000		1	1
RM450,001 - RM500,000	1		1
RM750,001 - RM800,000		1	1
RM1,650,001 - RM1,700,000	1*		1*

*Past ED

The RC also reviews and recommends to the Board the remuneration of senior management employees of the Group based on individual contribution, performance and responsibilities.

The RC comprises three (3) members, all of whom are NEDs, appointed by the Board from amongst its Directors.

Khalid bin Sufat (Independent NED (Chairman)), Dr. Leong Chik Weng (Non-Independent NED) and Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani (Non-Independent NED) were all appointed to the RC by the Board. No Alternate Director is to be appointed as a member of the RC.

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The Group Secretary is also Secretary of the RC.

The RC meets six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the RC. The RC met twelve (12) times in the year under review, details of which are given on page 57 of this annual report.

The quorum for the RC is two (2) members and each member is entitled to one (1) vote on all matters deliberated at the meeting. In the case of an equality of votes, the Chairman of the RC shall be entitled to a second or casting vote.

Other than the RC members, the President & Group CEO, ED of GHRD and other Board members and representatives, if deemed necessary, attend RC meetings to discuss the annual increment and performance-based bonus for senior management in Job Grades 20 and above, the remuneration package of key senior management following extension of contract of service, KPI achievement of EDs of SBUs/Corporate Divisions, etc.

The TOR of the RC is available at www.umw.com.my

In addition to the above, Directors have the benefit of the Directors & Officers Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors and Officers of the UMW Group, provided that such Director or Officer has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust.

REINFORCE INDEPENDENCE (PRINCIPLE 3)

Annual Assessment of Independent Directors (Recommendation 3.1)

The Board has entrusted the NC with the responsibility of assessing the effectiveness of the Board as a whole, which also includes the Independent Directors. The assessment on the independence and effectiveness of Independent Directors, namely, Dato' Siow, Khalid and Tan Sri Hasmah, considered attributes such as whether the respective individuals can perform Director's duties without being subject to the influence of management and possess knowledge of the business arising from familiarity with the industry and the peculiarities of the UMW Group itself. The Independent Directors were also evaluated whether they could devote sufficient time to actively participate and contribute during Board deliberations.

Based on the assessment conducted in 2015, the Board, on the recommendation of the NC, was satisfied with the level of independence of the Independent Directors and their ability to act in the best interests of the Company and they are expected to continue to give independent views, advice and judgement to ensure a balanced and unbiased decision-making process at the Board.

Tenure of Independent Director (Recommendation 3.2)

In line with the recommendation of MCCG 2012, the Board has implemented a nine-year policy for Independent NEDs, which has been incorporated in the Board Charter. At present, none of the Independent NEDs has served more than nine (9) years on the Board.

Shareholders' Approval for Retention of Independent Director after Nine (9) Years (Recommendation 3.3)

The Board has adopted the policy under its Board Charter which stipulates that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. An Independent Director however may continue to serve the Board subject to his re-designation as Non-Independent Director. In the event the Director wishes to continue to serve as an Independent Director, the Board needs to provide justification and obtain shareholders' approval on the matter.

Position of Group Chairman and President & Group CEO (Recommendation 3.4)

The Board has put in place a separation of duties and responsibilities between the Group Chairman and the President & Group CEO to ensure a clear segregation of responsibility and accountability, proper balance of authority and greater capacity for independent decision-making. The clear division of responsibilities allows the Group Chairman, Tan Sri Asmat, to assume the formal role of an independent leader in setting the policy framework of the Group and effective conduct of the Board. Tan Sri Asmat ensures and facilitates the flow of information between management and the Board and that information relating to issues on the agenda is disseminated to all Directors well before deliberation at Board meetings.

The Group Chairman encourages active participation by Board members in discussions and provides reasonable time for discussion of complex issues under review. Decisions reached at meetings reflect the consensus of the whole Board and not the views of any individual or group.

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Composition of Board (Recommendation 3.5)

The Board consists of nine (9) members, comprising eight (8) NEDs, including the Group Chairman, and one (1) ED designated as President & Group CEO.

The Group Chairman, Tan Sri Asmat, has been a Non-Independent NED since his appointment to the Board on 20 February 2001, being a nominee of a major shareholder of the Company.

Whilst the Board takes cognisance of the recommendation advocated by MCCG 2012, the Board maintains that Tan Sri Asmat should continue as Group Chairman in view of his deep understanding of the Group's business, its culture, people and processes, and his ability to create strong teams by building an effective board and establishing a complementary working relationship with the management team.

Notwithstanding the above, UMW will endeavour to increase the number of Independent Directors on the Board if opportunity presents itself and should there be a need for added skills on the Board.

FOSTER COMMITMENT (PRINCIPLE 4)

Time Commitment and Protocol for Accepting New Directorships (Recommendation 4.1)

Time Commitment

To facilitate Directors' planning, meetings of the Board, Board Committees and shareholders are scheduled in advance at the beginning of the fourth quarter of each preceding year. The Board meets at least once every quarter with additional meetings convened as Special Board meetings as and when situations require urgent Board deliberation and decision.

Attendance at Board Meetings

The commitment and dedication of Board members in ensuring effective discharge of their duties and responsibilities are reflected by the number of Board meetings held during the financial year ended 31 December 2015. Directors also devote time to participate in Company events. The Board is satisfied with the commitment given by the Directors in fulfilling their roles and responsibilities during the year under review.

A total of thirteen (13) Board meetings were held during the year under review to deliberate on business performance reports of the Company and its major subsidiaries and associated companies, evaluate the feasibility of business propositions and corporate proposals, prevailing economic issues, risk management, strategies and direction, and standards of conduct and compliance by the Group.

To ensure timeliness and efficiency, dissemination of all minutes, reports and board papers for Board and Board Committee meetings have now been made using cloud technology. This cloud-based information technology reduces the need for traditional e-mail and paper-based communication and allows board papers and other information to be securely uploaded by management and remotely accessed by the Directors through dedicated applications.

From time to time, the Company's Board meetings are held at locations within the Group's business operations to give Directors a better perspective of the Group's businesses and to improve their understanding of the operations.

All Directors attended more than 50% of the total Board meetings held in the year under review as required under Paragraph 15.05(3)(c) of the MMLR.

The attendance record of Directors at Board and Board Committee meetings held in the financial year ended 31 December 2015 is set out below -

Director	No. of Meetings	
	Attended	Percentage
Non-Independent Non-Executive		
Tan Sri Asmat bin Kamaludin	13/13	100
Dr. Leong Chik Weng	13/13	100
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	13/13	100
Dato' Mohd. Nizam bin Zainordin	13/13	100
Rohaya binti Mohammad Yusof	12/13	92

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Director	No. of Meetings	
	Attended	Percentage
Independent Non-Executive		
Dato' Siow Kim Lun	12/13	92
Khalid bin Sufat	12/13	92
Tan Sri Hasmah binti Abdullah	13/13	100
Executive		
Badrul Feisal bin Abdul Rahim ⁺	4/4	100
Past Director		
Non-Independent Executive		
Datuk Syed Hisham bin Syed Wazir [*]	9/9	100

Attendance at Board Committee Meetings

Director	No. of Meetings Attended				
	AC	NC	RC	IRMC	WBC
Non-Independent Non-Executive					
Tan Sri Asmat bin Kamaludin [^]	-	-	-	-	-
Dr. Leong Chik Weng	-	12/12	12/12	10/10	-
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	-	-	12/12	-	-
Dato' Mohd. Nizam bin Zainordin	10/10	-	-	6/10	1/1
Rohaya binti Mohammad Yusof [^]	-	-	-	1/1 [#]	-
Independent Non-Executive					
Dato' Siow Kim Lun	10/10	12/12	-	9/10	1/1
Khalid bin Sufat	10/10	12/12	12/12	1/1 [#]	1/1
Tan Sri Hasmah binti Abdullah	10/10	-	-	10/10	1/1
Executive					
Badrul Feisal bin Abdul Rahim ⁺	2/2	2/2	3/3	2/2	-
Past Director					
Non-Independent Executive					
Datuk Syed Hisham bin Syed Wazir [*]	8/8	6/10	5/9	7/8	-

Notes:

⁺ Badrul Feisal bin Abdul Rahim was appointed as Director and President & Group CEO on 1 October 2015

^{*} Datuk Syed Hisham bin Syed Wazir retired as Director and President & Group CEO on 30 September 2015

[^] Tan Sri Asmat bin Kamaludin and Rohaya binti Mohammad Yusof are not a member of any Board Committee of the Company

[#] Attended as invitee to the meeting

Protocols for Accepting New Directorships

All Directors are required to declare their directorships and/or interests in other public or private companies upon appointment as a Board member in the UMW Group. A similar declaration is also made on an annual basis.

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The Company has adopted a procedure which allows any Director, while holding office, to accept other board appointments outside the Group. The Director must first notify the NC of any new external directorships to obtain its endorsement. Thereafter, the Board is notified of the appointment accordingly. In addition, Directors must also notify the Company of any subsequent change in their directorships and/or interests in such companies.

Members of the Board also comply with Paragraph 15.06 of the MMLR with regard to holding not more than five (5) directorships in public-listed companies during the year under review, to ensure that they have sufficient time to focus on the affairs of the Company.

Continuing Education Programmes for Directors (Recommendation 4.2)

The Board is mindful of the need for Directors to attend continuous education programmes to keep them abreast of new developments pertaining to legislations, regulations, current commercial issues and changing commercial risks that may affect business operations and compliance matters.

During the year under review, all Directors, with the exception of Badrul Feisal who was only appointed as Director and President & Group CEO on 1 October 2015, have attended and successfully completed the Mandatory Accreditation Programme (“MAP”) prescribed by Bursa Securities for Directors of public-listed companies. Badrul Feisal had subsequently attended and successfully completed the MAP in January 2016.

The NC had performed a general assessment of the composition, skills and experience of the Board in light of the UMW Group’s business and strategies, as recommended under Principle 4 of the MCCG 2012 via a Board Skill Matrix exercise. This evaluation has enabled the NC to address the training needs of each Director more objectively so that appropriate training and education programmes can be identified and arranged for Directors’ participation from time to time to further enhance their skills and knowledge. The Company also allocates a dedicated training budget to support the continuous development of Directors.

The Group Secretary facilitates in organising training programmes, briefings, workshops and seminars for Directors. Whenever required, Directors may request for training programmes on specific subjects to facilitate them in discharging their duties effectively.

On 20 October 2015, a customised Advocacy Session with Bursa Securities was organised by GSD in an effort to further enhance understanding and application of the MMLR and to promote a stronger compliance culture at UMW. The half-day session to all Directors and senior management within the Group was held at the UMW Head Office in Shah Alam. The session was a continuation of the advocacy sessions for directors and senior management of listed issuers organised by Bursa Securities since 2011. Participants were enlightened with the presentation paper entitled ‘Current State and Future Direction - Regulatory Perspective’ delivered by Selvarany Rasiah, Chief Regulatory Officer of Bursa Securities and a topic on ‘Corporate Disclosure Framework’ presented by Inderjit Singh, Senior Executive Vice President, Listing Division, Bursa Securities.

The development and training programmes, conferences, seminars, courses/workshops attended by Directors, including their participation as distinguished speakers at local and international conventions in 2015 are as follows -

Name of Director	Programme Attended	Date Held	Co-ordinator	Total
Tan Sri Asmat bin Kamaludin	• Briefing session on Annual Report 2014/ Financial Stability and Payment Systems Report 2014	11/03/2015	Bank Negara Malaysia (“BNM”)	8
	• SC Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries	01/06/2015	Permodalan Nasional Berhad (“PNB”)	
	• The Capital Market Director Programme (“CMDP”) Module 2 - Business Challenges and Regulatory Expectation: What Directors Need to Know (Fund Management)	05/08/2015	PNB	

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Name of Director	Programme Attended	Date Held	Co-ordinator	Total
Tan Sri Asmat bin Kamaludin (cont'd.)	• CMDP Module 1 - Directors as Gatekeepers of Market Participants	10/08/2015	PNB	
	• Customised Advocacy Session with Bursa Securities	20/10/2015	UMW	
	• CMDP Module 3 - Risk Oversight and Compliance: Action Plan for Board of Directors	22/10/2015	PNB	
	• UMW Oil & Gas Training: - Duties of Directors and Corporate Governance in International Joint Ventures; - Falling Oil Prices: General Trends and How to Protect Your Contractual Position; and - Fraud in the Company: Investigation and Management	26/10/2015	UMW Oil & Gas Corporation Berhad	
	• CMDP Module 4 - Current and Emerging Regulatory Issues in the Capital Market	08/12/2015	PNB	
Badrul Feisal bin Abdul Rahim	• Customised Advocacy Session with Bursa Securities	20/10/2015	UMW	1
Dr. Leong Chik Weng	• Tax Information for Directors & Asia Pacific Biologics Market Overview	30/01/2015	Chemical Company of Malaysia Berhad (“CCM”)	3
	• Customised Advocacy Session with Bursa Securities	20/10/2015	UMW	
	• 6 th Annual Emerging Markets Leadership Forum	02/11/2015 to 03/11/2015	Credit Suisse & Qatar Investment Authority	
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	• Consultative Dialogue and Launching of a Strategic Framework for a National Action Plan on Business and Human Rights for Malaysia - Panel Discussion on the Framework Document (Roles and Duties of Stakeholders)	24/03/2015	Malaysian Human Rights Commission and the United Nation of Malaysia	3
	• Seminar on Current Trends in Shareholders' Activism and Predicting Financial Crime - Detection, Prevention and Remediation	31/03/2015	Permodalan Investment Institute Sdn. Berhad (“PNBI”)	
	• Legal, Compliance & Risk Conference 2015	03/06/2015	Manulife Holdings Bhd	
Dato' Siow Kim Lun	• Seminar on Current Trends in Shareholders' Activism and Predicting Financial Crime - Detection, Prevention and Remediation	31/03/2015	PNBI	6
	• Shaking Things Up: Technologies that transforms and how to keep pace	29/05/2015	Hong Leong Group	

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Name of Director	Programme Attended	Date Held	Co-ordinator	Total
Dato' Siow Kim Lun (cont'd.)	• Impact the New Accounting Standards on Banks and Insurance Companies - What Directors Should be Aware of	05/06/2015	ICliff Leadership & Governance Centre ("ICLIF")/ Financial Institutions Directors' Education ("FIDE")	
	• Board Chairman Series Part 2 : Leadership Excellence	28/07/2015	Bursa Securities/ ICLIF	
	• Liquidity Risk Management	19/08/2015	Citibank Berhad	
	• World Capital Markets Symposium 2015	03/09/2015 to 04/09/2015	Securities Commission Malaysia	
Dato' Mohd. Nizam bin Zainordin	• AMLATFPUAA 2001: Complexity and Challenges in the Law and Compliance for Board of Directors of PNB Group	27/02/2015	PNB	10
	• Seminar on Current Trends in Shareholders' Activism and Predicting Financial Crime - Detection, Prevention and Remediation	31/03/2015	PNBi	
	• YTI Public Lecture Series 2015 - Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development	12/05/2015	PNB	
	• AMLATFPUAA 2001: Compliance and the Law (Risk-Based Approach) for Board of Directors and Senior Management of PNB Group	01/06/2015	PNB	
	• CMDP Module 2B - Business Challenges & Regulatory Expectations - What Directors Need to Know (Fund Management)	05/08/2015	PNB	
	• Bursa Malaysia CG Breakfast Series With Directors - "How to Maximise Internal Audit"	09/09/2015	Bursa Malaysia Berhad ("Bursa")	
	• Customised Advocacy Session with Bursa Securities	20/10/2015	UMW	
	• CMDP Module 3 - Risk Oversight and Compliance - Action Plan for Board of Directors	22/10/2015	PNB	
	• MIA International Accountants Conference 2015 - Today's Synergy, Tomorrow's Reality	26/10/2015 to 27/10/2015	Malaysian Institute of Accountants ("MIA")	
	• CMDP Module 4 - Current and Emerging Regulatory Issues in the Capital Market	08/12/2015	PNB	
Khalid bin Sufat	• Audit Committee Conference 2015	24/03/2015	Institute of Internal Auditors Malaysia & MIA	10

STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Programme Attended	Date Held	Co-ordinator	Total
Khalid bin Sufat (cont'd.)	• Seminar on Current Trends in Shareholders' Activism & Predicting Financial Crime - Detection, Prevention and Remediation	31/03/2015	PNBi	
	• YTI Public Lecture Series 2015 - Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development	12/05/2015	PNB	
	• Enterprise Risk Management	14/09/2015	CCM	
	• Financial Freedom - Growing Dreams	06/10/2015	PNBi	
	• Value Creation for Owners & Directors	12/10/2015 to 15/10/2015	Insead, Abu Dhabi	
	• Customised Advocacy Session with Bursa Securities	20/10/2015	UMW	
	• MIA International Accountants Conference 2015 - Today's Synergy, Tomorrow's Reality	26/10/2015 to 27/10/2015	MIA	
	• Global Banking Conference 2015	03/11/2015 to 04/11/2015	Asian Institute of Chartered Bankers	
• Internal Capital Adequacy Assessment Process (ICAAP) - Banks Programme	18/11/2015 to 19/11/2015	ICLIF/FIDE		
Rohaya binti Mohammad Yusof	• EPF Management Conference	25/03/2015 to 27/03/2015	Employees Provident Fund ("EPF")	9
	• Invest Malaysia 2015	23/04/2015 to 24/04/2015	Bursa	
	• International Social Security Conference	19/05/2015 to 20/05/2015	EPF	
	• Khazanah Megatrends Forum 2015: Harnessing Creative Disruption - Unlocking the Power of Inclusive Innovation	05/10/2015 to 06/10/2015	Khazanah Nasional Berhad and Khazanah Research Institute	
	• EPF Investment Seminar	17/10/2015 to 18/10/2015	EPF	
	• Global Transformation Forum 2015 - Operationalising Transformation - Shifting Dialogue to Effective Action	21/10/2015 to 23/10/2015	BFR Institute Sdn Bhd	
	• EPF Global Private Equity Summits 2015	29/10/2015	EPF	
	• 2015 Institutional Client Program (US)	01/11/2015 to 06/11/2015	Franklin Templeton Investments	
• Leadership Energy Summit Asia (LESA) 2015	01/12/2015 to 02/12/2015	BNM		

STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Programme Attended	Date Held	Co-ordinator	Total
Tan Sri Hasmah binti Abdullah	• Competition Law and Corporate Governance: Can They Co-Exist?	24/02/2015	University of Malaya and Federation of Public Listed Companies Bhd	8
	• International Directors Summit 2015: "Inculcating Innovation, Catalysing Growth Through Public-Private Partnerships"	02/03/2015 to 03/03/2015	Malaysian Directors Academy ("MINDA")	
	• Seminar on Current Trends in Shareholders' Activism & Predicting Financial Crime - Detection, Prevention and Remediation	31/03/2015	PNBi	
	• YTI Public Lecture Series 2015 - Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development	12/05/2015	PNB	
	• Risk Management and Internal Control: Workshop for Audit Committee Members	08/06/2015	CG Board Asia Pacific Sdn. Bhd. and Bursa Securities	
	• Bursa Malaysia CG Breakfast Series With Directors - "How to Maximise Internal Audit"	09/09/2015	Bursa	
	• Corporate Directors Advanced Programme (CDAP): "Innovation"	29/09/2015 to 30/09/2015	MINDA	
	• Customised Advocacy Session with Bursa Securities	20/10/2015	UMW	
Past Director				
Datuk Syed Hisham bin Syed Wazir	• YTI Public Lecture Series 2015 - Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development	12/05/2015	PNB	1

UPHOLD INTEGRITY IN FINANCIAL REPORTING (PRINCIPLE 5)

Compliance with Applicable Financial Reporting Standards (Recommendation 5.1)

In presenting the annual financial statements and quarterly announcements to Bursa Securities and all disclosures to shareholders, the Board is fully committed to providing a clear, balanced and comprehensible assessment of the Group's financial performance and its future prospects.

The AC assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements. The AC also assists the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Board is fully accountable for ensuring that the financial statements of each financial year are prepared in accordance with applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the CA 1965. It is also the responsibility of the Board to ensure that the financial statements represent a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements the Directors have -

1. Adopted appropriate accounting policies and applied them consistently;
2. Made judgements and estimates that are reasonable and prudent;

STATEMENT ON CORPORATE GOVERNANCE

3. Ensured that all applicable financial accounting standards have been followed; and
4. Prepared financial statements on a going concern basis, having made due enquiries that the Group and the Company have adequate resources to continue operations in the foreseeable future.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Assessment on Suitability and Independence of External Auditors (Recommendation 5.2)

The Group maintains an active and transparent relationship with its auditors, both external and internal, through the AC.

For the period under review, the AC had performed an assessment to evaluate the suitability, effectiveness and independence of the Company's external auditors as recommended under Principle 5 of MCCG 2012. The annual evaluation of the external auditors provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' performance, covering among others, adequacy of the audit team, degree of independence, performance level and audit scope.

Based on the evaluation conducted, the AC is satisfied with the external auditors' performance, technical competency and audit independence. Having satisfied itself with the external auditors' performance and effectiveness, the AC recommended to the Board the external auditors' re-appointment upon which shareholders' approval will be sought at this AGM.

For 2015, the AC also received written confirmation from the external auditors that they are throughout the conduct of the audit engagement, independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the MIA. Services provided by the external auditors include statutory audit and other services. The terms of engagement for services of external auditors are reviewed and approved by the AC.

The breakdown of annual audit and other fees paid to the external auditors for the financial year ended 31 December 2015 is as follows -

	Company (RM'000)	Group (RM'000)
Fees paid to principal auditors		
• Statutory Audit	182	2,921
• Other Services*	35	1,203
Fees paid to other auditors		
• Statutory Audit	-	508
Total	217	4,632

Note: *Tax fee and consultancy/advisory services

During the financial year under review, the AC had two (2) private sessions with the external auditors without the presence of management to give opportunity to the external auditors to raise any matter that they consider was important to their areas of responsibilities for the AC's attention. These private sessions helped to reinforce the independence of the external auditors from the management of the Company.

The external auditors' Lead Audit Engagement Partner also attends the AC meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the AC members on significant audit and accounting areas which they noted in the course of their audit. Apart from this, the external auditors are also invited to attend the AGM of the Company.

The role of the AC in relation to both external and internal auditors is set out on pages 66 to 71 of this annual report.

RECOGNISE AND MANAGE RISKS (PRINCIPLE 6)

Framework to Manage Risks (Recommendation 6.1)

The Board affirms its commitment and responsibility for the Group's risk management and internal control systems as well as reviewing the adequacy, effectiveness and integrity of the systems. These systems cover not only financial controls but also strategic, organisational, operational, regulatory and compliance controls.

The Group has in place Risk Management & Internal Control Systems for managing risks and internal controls affecting its business and operations. The realisation of Risk Management & Internal Control Systems are taken by management who regularly reports on risks identified and actions taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the AC and the IRMC.

UMW has adopted a risk management framework in line with the Principles and Guidelines of ISO 31000: Risk Management. The framework incorporates a well-structured systematic process to identify, analyse and manage risks to an acceptable level for the achievement of UMW's strategic objectives. There is a clear categorisation used by individual operating companies and corporate divisions for risk appetite and individual risks are measured against set tolerance levels.

The IRMC monitors the consistent enforcement of the ERM policy. It also reviews and endorses the risk parameters, risk appetite, risk profiles as well as risk action plans.

The Statement on Risk Management and Internal Control, which provides an overview of the state of the risk management and internal control system of the Group is set out on pages 72 to 81 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE

Internal Audit Function (Recommendation 6.2)

The internal audit function is performed in-house by the Group Internal Audit Division (“GIAD”). For the current period under review, the internal audit function was headed by Ahmad Al Juhari bin Darman, who reports functionally to the AC and administratively to the President & Group CEO. Effective 1 March 2016, Norchahya binti Ahmad had been appointed the new Head of GIAD, following a restructuring exercise involving several changes in the portfolios of senior management within the UMW Group.

The appointment and removal of Head of the GIAD is within the mandate of the AC, as covered in the Internal Audit Charter.

The GIAD audits internal control practices and reports significant findings to the AC together with recommended corrective actions. Management is responsible for ensuring that the corrective actions are undertaken within an appropriate time frame.

Details of the internal audit function are set out in the AC Report on page 70 of this annual report.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (PRINCIPLE 7)

Corporate Disclosure Policies and Procedures (Recommendation 7.1)

The Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors, existing and potential, about the Group’s operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community. This is achieved through a comprehensive annual report, accurate and timely disclosures and announcements to Bursa Securities, distribution of circulars and press releases and also conducting dialogues and briefings with/for analysts, fund managers, potential investors, locally and abroad, and shareholders from time to time. The Company has participated in various roadshows to update institutional investors based in Malaysia and abroad during the year under review.

All communications with the media/public and disclosures made to Bursa Securities are in accordance with the UMW Corporate Communications Policy and the disclosure requirements of the MMLR. Confidential information is restricted to top management only. The Group Chairman, President & Group CEO and Group COO and selected members of top management are responsible for making disclosures and responding to market rumours and queries.

Contacts for Investor Relations Matters

No.	Name & Designation	Contact Details
1.	Badrul Feisal bin Abdul Rahim President & Group CEO	(603) 51635362 bfeisal@umw.com.my
2.	Roza Shahnaz binti Omar Director, Group Strategy	(603) 51635069 roza@umw.com.my
3.	S. Vikneshwaran a/l Sathasivan Head, Investor Relations	(603) 51635044 vikneshwaran.s@umw.com.my

Leverage on Information Technology for Effective Dissemination of Information (Recommendation 7.2)

The Company’s website at www.umw.com.my provides easy access to corporate information pertaining to the Group and its activities. Quarterly IR updates and information on financial results and material events are uploaded on the UMW website immediately after announcements on the same are made to Bursa Securities. The IR updates provide detailed analysis of the Group’s quarterly operations, variances and general prospects.

In addition to announcements on quarterly financial reports, the Company communicates with its shareholders and investors through its annual report which contains comprehensive information about the Group. The contents of the annual report are continuously enhanced to better reflect transparency and accountability. The Company disseminates its annual report to its shareholders in CD ROM media but shareholders may also request for a hard copy of the annual report if they wish to. The annual report is also available on the UMW website.

The notice and minutes of general meetings together with slide presentations made at such meetings are made available on the Company’s website for the benefit of shareholders who are not able to attend meetings.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (PRINCIPLE 8)

Encourage Shareholder Participation at General Meetings (Recommendation 8.1)

In accordance with the MMLR and the Articles of Association of the Company, the notice of AGM together with the annual report are sent out to shareholders at least twenty-one (21) days before the date of the meeting. An Administrative Guide is also despatched to shareholders for their ease of reference on the AGM day. The Company’s AGM each year is the primary platform for shareholder engagement and for the Company to explain its progress and to answer any questions from shareholders, proxies and corporate representatives.

STATEMENT ON CORPORATE GOVERNANCE

All Directors normally attend the AGM, unless unforeseen circumstances or pressing commitment prevent them. The proceedings of the AGM will commence with a presentation by the President & Group CEO on the Company's operations and financial performance for the preceding financial year, followed by the Company's responses to questions raised by shareholders in advance of the AGM.

The Group Chairman, Tan Sri Asmat plays a pivotal role in accommodating constructive dialogue between the shareholders, the Board and management. Shareholders, corporate representatives and proxies are briefed on their rights to speak and vote at the AGM by the Chairman before the commencement of the meeting.

Scrutineers will be available for counting of votes on a show of hands at the AGM. The voting results for each agenda item will be disclosed in the announcement to Bursa Securities on the results of the AGM.

During the proceedings, shareholders are at liberty to raise questions pertaining to the business of the meeting and the Board and management are at hand to clarify issues raised. Any significant questions that cannot be readily answered at the meeting will be addressed subsequently in writing by management.

Encourage Poll Voting (Recommendation 8.2)

The Chairman, prior to the commencement of the AGM, highlights administrative matters, which include shareholders' right to poll voting in line with the provisions in the Company's Articles of Association. Pursuant to the MMLR, poll voting is provided on related party transactions ("RPT"). However, there is no RPT for approval in the year under review. The Company has ensured that satisfactory procedures and poll voting processes are in place in the event shareholders request for poll voting on any resolution tabled at the AGM.

The Board acknowledges MCCG's recommendation on electronic voting to facilitate greater shareholder participation. However, due consideration would have to be given to system applicability and cost of implementation.

Effective Communication and Proactive Engagements with Shareholders (Recommendation 8.3)

The Company regards its general meetings, particularly its AGMs, as the principal forum for direct interaction and dialogue among shareholders, the Board and management. The AGMs provide an important avenue for effective communication with shareholders and for receiving constructive feedback particularly on matters concerning shareholders' interests. A comprehensive report on the Group's operations and financial performance is made at every AGM.

All nine (9) Directors were present in person to engage directly with shareholders at the 33rd AGM held on 28 May 2015.

External auditors and advisers of corporate exercises, where applicable, attend general meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter tabled.

A press conference is held after each AGM where the Chairman and President & Group CEO as well as relevant corporate EDs advise the media of the resolutions passed by shareholders, brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the media to keep shareholders and the public updated on the progress of the Group's core business.

Shareholders can also submit any additional questions they might have via an enquiry box placed at the venue of the AGM so that these can be responded to in writing after the meeting.

COMPLIANCE STATEMENT

The Board is satisfied that the Group's CG Framework complies with the principles and recommendations of the MCCG 2012 and the MMLR. The Board endeavours to continuously raise the standards of governance in the Group and strives to surpass international best practices and uphold its pledge, commitment and effort to enhance and promote the best practices of CG throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity.

The Board ensures that there is no compromise in the Group's focus on enhancing shareholder value, increasing investor confidence, establishing customer trust and building a competitive organisation that upholds UMW's core values of Honourable, Vibrant, Unshakeable and Pioneering.

This Statement on Corporate Governance is made in accordance with a resolution of the Board dated 8 April 2016.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of the Board was established in 1992 with the primary objective of assisting the Board of UMW Holdings Berhad (“the Board”) in fulfilling its fiduciary responsibilities relating to corporate accounting, risk management and system of internal controls as well as financial reporting practices of the Group. The Board is pleased to present the report on the AC for the financial year ended 31 December 2015.

COMPOSITION AND MEMBERSHIP

During the financial year ended 31 December 2015, the AC comprised four (4) members, the majority of whom are Independent Directors. The AC is made up of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. No alternate director is appointed as a member of the AC. The composition of the AC is as follows -

Dato’ Siow Kim Lun

Chairman/Senior Independent Non-Executive Director

Dato’ Mohd. Nizam bin Zainordin

Member/Non-Independent Non-Executive Director

Khalid bin Sufat

Member/Independent Non-Executive Director

Tan Sri Hasmah binti Abdullah

Member/Independent Non-Executive Director

The AC is chaired by Dato’ Siow, who has considerable experience in investment banking and securities market regulation. He was with the Securities Commission (“SC”) from 1993 to 2006 and had served as a Director of the Issues & Investment Division and a Director of the Market Supervision Division of the SC.

Both Dato’ Mohd. Nizam and Khalid are Fellow Members of the Association of Chartered Certified Accountants, United Kingdom, and members of the Malaysian Institute of Accountants. Dato’ Mohd. Nizam is also a Certified Financial Planner, while Khalid is a member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Hasmah had a distinguished career with the Inland Revenue Board (“IRB”), spanning over 37 years. She was the former Chief Executive Officer and Director-General of IRB from 19 October 2006 to 7 January 2011.

The detailed profiles of the AC members are set out on pages 28, 29, 30 and 32 of this annual report.

The composition of the AC and the qualifications of its members comply with Paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and are reflected in the Board Charter which is available on the Company’s website at www.umw.com.my

The 2015 review of the AC in relation to membership composition, performance and effectiveness as well as members’ accountability and responsibilities, was conducted by the Nomination Committee via the annual Board and Board Committee evaluation, as required under the MMLR and recommended under Principle 2 of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”). The Nomination Committee Chairman discussed the findings of the evaluation with the Group Chairman, and the results of the evaluation and findings, together with areas of improvement, were presented to the Board for discussion.

Additionally, the AC is also subjected to an evaluation conducted by the Board once in every three (3) years to assess the performance of the AC as a whole, the Chairman and individual AC members, to determine whether the AC and its members have carried out their duties in accordance with their terms of reference (“TOR”). The most recent AC evaluation was carried out in February 2016 for the financial years 2013 to 2015 and the results of the evaluation and the findings, together with areas of improvement were presented to the AC and Board for discussion accordingly.

Based on the results of the evaluation, the Board is of the view that the AC has continued to show commendable performance over the years with all four (4) members having demonstrated a high degree of independency, professionalism and integrity, and with balanced diversity, skills and experience. The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities well.

AUDIT COMMITTEE REPORT

MEETINGS AND ATTENDANCE

The AC held ten (10) meetings during the financial year ended 31 December 2015. The attendance record of the AC members is as follows -

No.	Name	Attendance
1.	Dato' Siow Kim Lun	10/10
2.	Dato' Mohd. Nizam bin Zainordin	10/10
3.	Khalid bin Sufat	10/10
4.	Tan Sri Hasmah binti Abdullah	10/10

During the financial year, majority of the members who attended the AC meetings were Independent Directors as per the requisite quorum stipulated in the TOR of the AC.

The President & Group CEO attended all AC meetings held in 2015 to facilitate direct communication and to provide clarification on audit issues and the operations of the Group. The Executive Director, Group Financial Services Division/Chief Financial Officer who is also the Chairman of the Management Audit Committee ("MAC"), Head of Group Internal Audit Division ("GIAD"), or in his absence his representative, also attended all AC meetings in the year to brief the AC on pertinent issues relating to financial results, audit and other related matters. The Head of Group Compliance Department and relevant senior management also attended the AC meetings at the invitation of the AC, to provide information and clarification required on specific issues arising from the relevant audit reports.

During the financial year, the external auditors attended one (1) AC meeting in February 2015 to provide a summary of the findings and the status of audit of the financial statements of the UMW Group for the year ended 31 December 2014. In addition, the AC had two (2) private sessions with the external auditors without the presence of management, in April and November 2015, to give opportunity to the external auditors to raise any matter that they considered was important to their areas of responsibility for the AC's attention. These private sessions helped to reinforce the independence of the external auditors from the management of the Company. The external auditors' Lead Audit Engagement Partner also attended the AC meetings to present the audit scope and plan, audit report and findings together with management's response thereto, and to brief the AC members on significant audit and accounting areas which they noted in the course of their audit.

The Chairman of the AC apprised the Board of the relevant and significant issues raised by the internal and external auditors. Significant matters reserved for the Board's approval were tabled at Board meetings.

The Group Secretary is the Secretary of the AC and she played an important role in organising and providing assistance at AC meetings held in the year under review, with the following key responsibilities -

1. Ensure meetings are arranged and held accordingly;
2. Draw up meeting agendas in consultation with the AC Chairman and preparation of the schedule of AC meetings;
3. Ensure proceedings of meetings are recorded and the minutes are circulated to, and confirmed by, the AC before disseminating them to the Board for notation; and
4. Ensure AC's recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the recommendations.

The Group Secretary also presented reports on updates concerning corporate governance ("CG") and statutory and regulatory requirements and guidelines. Reports on recurrent related party transactions ("RRPTs") entered into by the UMW Group with related parties in accordance with the shareholders' mandate obtained to ensure that they were at arm's length and within the mandated amount, including RRPTs entered into by the UMW Group with related parties that are outside the shareholders' mandate, were also tabled to the AC on a quarterly basis.

Minutes of each meeting of the AC are kept by the Secretary as evidence that the AC has discharged its functions, and are circulated to the Board at the next practicable Board meeting for notation.

SUMMARY OF THE TERMS OF REFERENCE OF THE AC

The TOR of the AC continue to remain aligned with the MMLR, recommendations of the MCCG 2012 and relevant CG best practices. The TOR, establishing the powers, duties and responsibilities of the AC, have been incorporated in the Board Charter.

AUDIT COMMITTEE REPORT

The key duties and responsibilities of the AC are as follows -

1. To consider and recommend the nomination and appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
2. To discuss with the external auditors before the audit commences, the nature and scope of the audit plan, and ensure co-ordination where more than one audit firm is involved.
3. To review the quarterly, half-yearly and annual financial statements for recommendation to the Board for approval, focusing particularly on -
 - changes in or implementation of major accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary), and to review the external auditors' management letter and management's response.
5. To ensure that GIAD is adequately resourced and has appropriate standing within the Group, and to review and approve the TOR of GIAD.
6. To review GIAD's annual audit plan and all reports generated by GIAD and to issue instructions for further action to be taken by GIAD, and provide general guidance to GIAD.
7. To consider the major findings of internal investigations (by internal and external auditors) and management's response.
8. To review the adequacy and effectiveness of the Group's accounting procedures and policies, the adequacy and effectiveness of its risk management and internal control systems as well as the financial reporting standards of the Group.
9. To consider any related party transactions and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that may raise questions on management integrity.
10. To carry out any function defined by the Board.

SUMMARY OF ACTIVITIES

Throughout 2015, the AC had deliberated various strategies and actions in line with the mandate provided in its TOR. The principal activities performed by the AC during the financial year ended 31 December 2015 were as follows -

1. Financial Reporting

- (a) Reviewed and discussed -
 - Areas of audit emphasis.
 - Impact of significant adjustments arising from the external audit process.
 - Level of adequacy and appropriateness of disclosures.
 - Impact to the Group on changes to the accounting policies and adoption of new accounting standards as well as the accounting treatments used in the financial statements.
 - The Group's financial and foreign currency exposures.
- (b) Reviewed and recommended to the Board -
 - Quarterly financial results and the related announcement to Bursa Securities to ensure that the accounting treatment, financial reporting and disclosures complied with relevant guidelines.
 - Consolidated audited financial statements of the Company and the Group for the financial year ended 31 December 2014.
 - Proposed dividend payments for the financial year.

2. Internal Audit

- (a) Reviewed and discussed -
 - GIAD's annual audit plans focusing on the 2016 audit methodology, i.e., risk-based audit approach, audit resources and timelines and budget for 2016 to ensure that all high risk areas are audited annually with adequate resources and budget to meet planned audit activities across the Group.
 - Audit reports prepared by GIAD which include GIAD's recommendations/suggestions for improvement.
 - Reports by the Chairman of MAC which include management's response to issues highlighted in GIAD's audit reports.
 - Internal audit and investigative reports prepared by GIAD to ensure that appropriate remedial actions/measures were taken.
 - Corrective actions taken by management on outstanding audit issues to ensure that all key risks and control lapses have been addressed.

AUDIT COMMITTEE REPORT

- Effectiveness of the audit process, resource requirements, performance and efficiency of GIAD to address competency gaps and audit methodology of the Internal Audit function.
- Results of the quality assessment performed on GIAD by the Institute of Internal Auditors Malaysia.

(b) Reviewed and recommended to the Board -

- Enhancements to the UMW Group's practices in compliance with all laws, rules and regulations, directives and guidelines imposed by relevant regulatory bodies.

3. External Audit

(a) Reviewed and discussed -

- 2015 External Auditors' Audit Planning Memorandum including the proposed audit fees to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks.
- The suitability and independence of the external auditors including the adequacy of experience and resources of the firm and the level of non-audit services rendered by the external auditors to the Group.
- Status of annual audit reports and management letter on issues raised by the external auditors including management's response to their findings.
- Matters related to audit issues raised in private sessions between the AC members and external auditors.
- High level review on the financial position of the Group.

(b) Reviewed and recommended to the Board -

- Re-appointment of the external auditors for the financial year 2015.

4. Related Party Transactions and Conflict of Interest

(a) Reviewed and discussed -

- RRPTs entered into by the UMW Group with related parties in accordance with the shareholders' mandate obtained to ensure that they are at arm's length and within the mandated amount.
- Other RRPTs entered into by the UMW Group with related parties that are outside the shareholders' mandate.

(b) Reviewed and recommended to the Board -

- Related Party Transaction ("RPT") in relation to settlement of liabilities by UMW Development Sdn. Bhd. to UMW Corporation Sdn. Bhd. ("UMWC"), which was announced to Bursa Securities on 27 November 2015, to ensure that the transaction was in the best interests of the UMW Group, fair and reasonable and was not detrimental to the minority shareholders.
- Circular to Shareholders relating to renewal of shareholders' mandate for existing RRPTs of a revenue or trading nature.

5. Internal Controls

(a) Reviewed and discussed -

- Updates on CG, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.
- Report by the Group Compliance Department on compliance activities of the Group, which include the status of implementation of the Risk Control Self-Assessment Programme undertaken by the UMW Group.

(b) Reviewed and recommended to the Board -

- Major policy updates and revisions to the Internal Audit Charter and UMW Integrity Plan.
- Statement on CG, AC Report and Statement on Risk Management and Internal Control prior to their inclusion in the Company's annual report.

6. Other Activities

(a) Reviewed and discussed -

- Implementation of the Goods and Services Tax Project including key issues affecting the Group, developments in the global tax landscape and action plans to address the issues.
- Action plans in relation to the special audit review on certain companies within the UMW Group.
- Proposals on write-off/write-down by certain companies within the UMW Group.

(b) Reviewed and recommended to the Board -

- Action plans in relation to the special audit review on certain companies within the UMW Group.
- Other ad-hoc and special assignments requested by the Board.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

The AC carried out an annual assessment on the external auditors to evaluate their suitability, effectiveness and independence as recommended under Principle 5 of the MCCG 2012. The annual evaluation of external auditors provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' performance, covering among others, the adequacy of the audit team, degree of independence, performance level and audit scope. The results of the evaluation were tabled to the AC for discussion. Thereafter, the AC Chairman presented the findings, together with areas of improvement, to the Board for discussion. Based on the evaluation conducted, the AC is satisfied with the external auditors' performance, technical competency and audit independence.

In addition, the external auditors have also provided written assurance to the AC that they had been independent throughout the audit engagement for 2015. The UMW Group conforms to the requirements of the Malaysian Institute of Accountants in ensuring that the Lead Audit Partner of the external auditors is subjected to a five-year rotation with a five-year cooling-off period.

INTERNAL AUDIT

The Group has an in-house internal audit function which is carried out by GIAD, which is independent of business operations and has a group-wide mandate set out in its Audit Charter approved by the AC. GIAD provides the Board, through the AC, with reasonable assurance of the adequacy and effectiveness of the risk management and internal control system, and governance processes in the Group. GIAD carries out its functions in accordance with the annual audit plan approved by the AC each year covering the scope of the audit work and resources needed to perform such work. The AC regularly evaluates and monitors the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities. GIAD is a corporate member of the Institute of Internal Auditors Malaysia ("IIAM") and subscribed to the standards issued by the IIAM.

GIAD adopts a risk-based approach in developing its audit plan based on the Group's risks profile and conducts regular audits on all subsidiaries and principal areas of operations within the Group. It ensures that the Group's system of internal control remains effective and efficient, is adequately monitored and enhanced when the need arises. The audit also covers the Group's major information systems and applications.

For the period under review, the internal audit function was headed by Ahmad Al-Juhari bin Darman, who reports functionally to the AC and administratively to the President & Group CEO. However, effective 1 March 2016, Norchahya binti Ahmad had been appointed the new Head of GIAD, following a restructuring exercise involving several changes in the portfolio of senior management within the UMW Group. GIAD is currently manned by 47 internal auditors, equipped with the knowledge, skills and competencies to discharge their duties and responsibilities. All internal auditors have at least relevant tertiary qualification and the required expertise and professionalism. Continuous training and development programmes and workshops have been conducted to equip the internal auditors with relevant multiple technical disciplines to further enhance job performance.

GIAD carried out its functions in accordance with an annual internal audit plan approved each year by the AC. It performed routine audit and reviewed all operating units within the UMW Group with emphasis on principal risk areas, which were audited annually. GIAD also carried out investigative audit as and when required. GIAD reports directly to the AC on major findings and any significant control issues and concerns. The Head of GIAD, or in his absence, his representative, attends all AC meetings.

GIAD also highlights to MAC, audit findings which require follow-up action as well as outstanding audit issues which require corrective action by management. The MAC reviews the reports of GIAD and the external auditors for the purpose of assessing the adequacy and integrity of the system of internal control of the Group. MAC reports are prepared and compiled by the Group Compliance Department based on responses given at meetings and follow-up discussions. MAC reports are presented to the AC by the Chairman of MAC on a quarterly basis.

GIAD works collaboratively with the Group Risk Management Division to review and assess the adequacy and effectiveness of the risk governance framework and risk management processes of the Group.

The activities of the internal audit function during the year under review are as follows -

1. Conducted scheduled and special internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary.

AUDIT COMMITTEE REPORT

2. Reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk-based approach and recommended improvements to the existing system of controls.
3. Presented GIAD's reports, which include audit findings, audit recommendations and management's response and also recommended corrective measures proposed by the internal auditors to the AC.
4. Conducted follow-up reviews to assess if appropriate actions have been taken to address issues highlighted in previous audit reports.
5. Conducted review on RRPTs.
6. Carried out investigative reports/special reviews requested by the AC or MAC.
7. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
8. Enhanced the Internal Audit Charter.
9. Developed the 2016 GIAD's annual audit plans and budget.

During the financial year ended 31 December 2015, the total cost incurred by GIAD in discharging its internal audit function was RM8,658,378 (2014 : RM8,294,477). The internal audit function was carried out solely by GIAD and there were no areas of the internal audit function which were outsourced.

TRAININGS

During the year, AC members attended various conferences, seminars and training programmes to keep them abreast of new developments pertaining to legislation, regulations, current commercial issues and risks in order to effectively discharge their duties as AC members. AC members were also assessed on their skill-sets and experience to enable the Nomination Committee to address their training needs more objectively. Results of the AC members' skill matrix have shown that they are able to maintain a high level of technical competency.

Details of training programmes attended by AC members are set out on pages 58 to 62 of this annual report.

This AC Report is made in accordance with a resolution of the Board of Directors dated 8 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

1. INTRODUCTION

In UMW, the Board of Directors (“Board”) is committed in maintaining a sound system of risk management and internal control whilst continuing to uphold and implementing a strong culture and environment for the proper conduct of the Group’s business operations.

Set out below is the Board’s Statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2015 which outlines the nature and scope of risk management and internal control of the Group and covers all of the Group’s operations except for associated companies and joint ventures.

2. BOARD’S RESPONSIBILITY

The Board affirms its commitment and responsibility for the Group’s risk management and internal control systems covering not only financial controls but also strategic, operational, organisational, and compliance controls, and for reviewing the adequacy, effectiveness and integrity of these systems.

The implementation of these control systems is undertaken by the management which regularly reports on risks identified and actions taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Investment & Risk Management Committee (“IRMC”) and the Audit Committee (“AC”), which comprise Board members.

The Group’s risk management and internal control systems are designed to meet the Group’s particular needs, to efficiently and effectively manage risks that may impede

the achievement of the Group’s business objectives, and to provide information for accurate reporting and ensure compliances with regulatory and statutory requirements.

The process for the identification, evaluation, monitoring and managing significant risks that may materially affect the Group’s business objectives has been in place throughout the year under review and regularly appraised by the Board.

The Board recognises that these systems are designed to manage and mitigate, rather than eliminate the risk of failure to achieve the Group’s business and corporate objectives within the risk appetite established by the Board and management. These systems can therefore provide only reasonable and not absolute assurance against material misstatement, loss or fraud. The Group’s concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

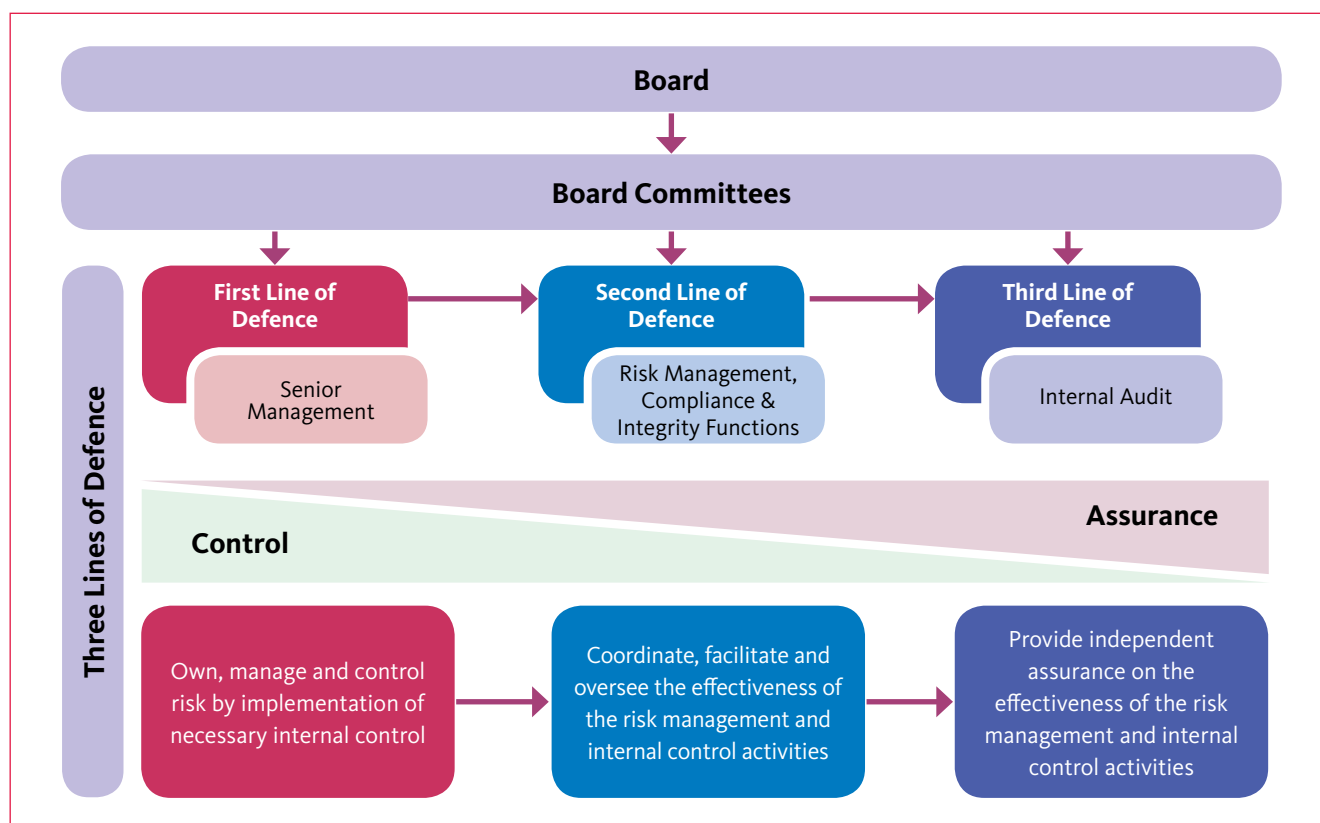
3. RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

The Group has in place Risk Management & Internal Control Systems for managing risks and internal controls affecting its business operations. The realisation of Risk Management & Internal Control Systems is undertaken by management. Regular reports on risks identified and actions taken to mitigate and/or minimise such risks and gaps in the internal control systems, if any, are presented to the IRMC and AC and ultimately to the Board.

The key features of these systems are the three lines of defence with established and clear functional responsibilities and accountabilities for the management of risks and internal controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015



(a) First Line of Defence

The first line of defence is provided by senior management. Management Committee members, Heads of Operating Companies and Heads of Corporate Divisions are accountable for all risks and internal controls assumed under their respective areas of responsibility.

Senior management is also responsible for creating a risk-awareness culture, which will ensure greater understanding of the importance of risk management and internal control whilst ensuring its principles are embedded in key operational processes and in all projects.

(b) Second Line of Defence

The second line of defence is provided by the Risk Management, Compliance and Integrity functions. These functions are responsible for monitoring the risk management and internal control activities in the Group to ensure effective implementation and compliance with the Group's policies and guidelines.

(c) Third Line of Defence

The third line of defence is provided by the Group Internal Audit Division ("GIAD"). GIAD provides independent assurance of the adequacy and reliability of the risk management processes and system of internal control, and ensures compliance with risk-related regulatory requirements.

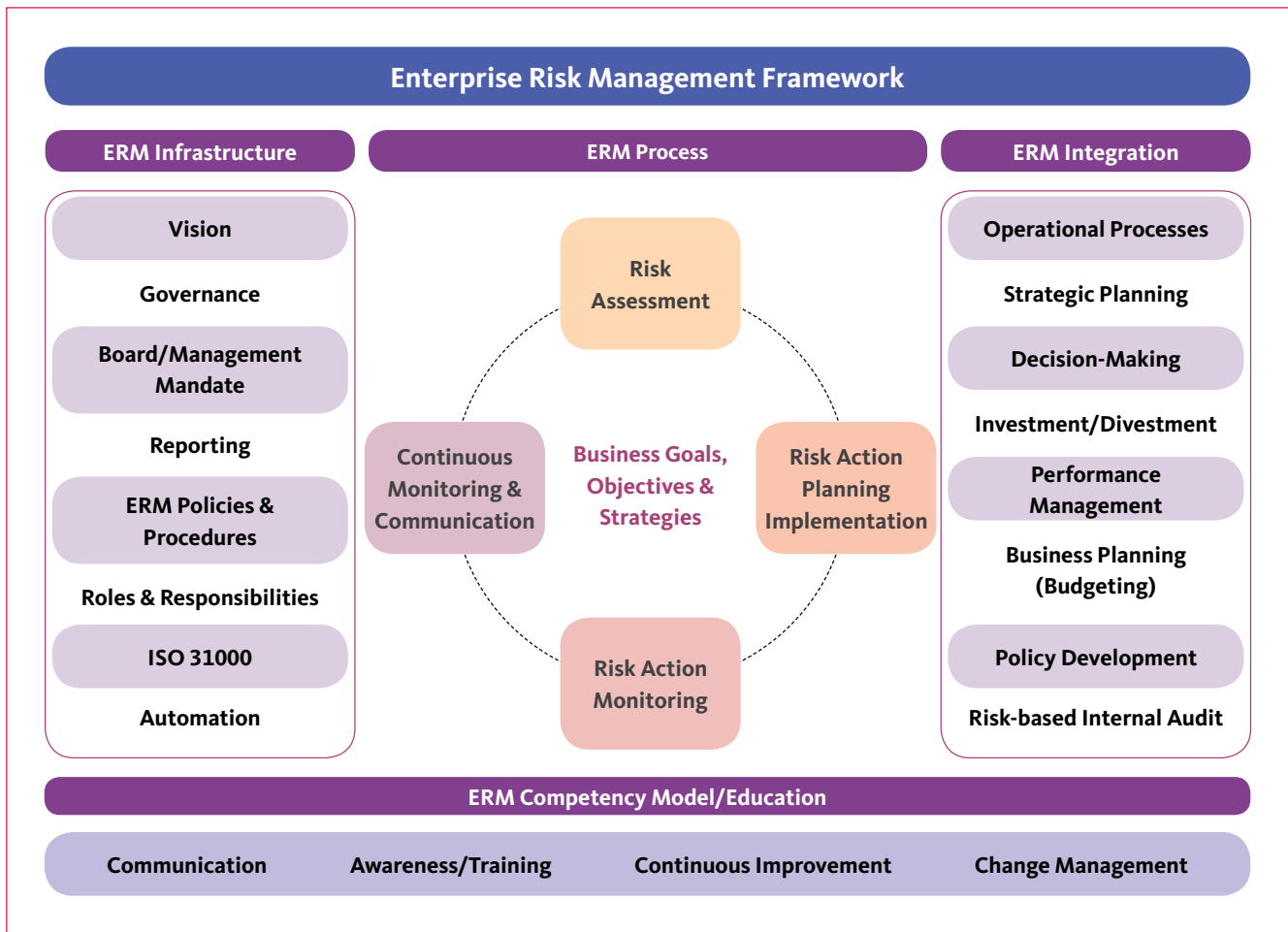
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

4. RISK MANAGEMENT

The Group has established an Enterprise Risk Management (“ERM”) Framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this ERM Framework aims to provide an integrated and organised approach group-wide.

It outlines the ERM methodology which is in line with the Principles and Guidelines of ISO31000 : Risk Management, mainly promoting the risk ownership and continuous monitoring of key risks identified. The Group’s ERM Framework is summarised as follows -



(a) Risk Management Oversight

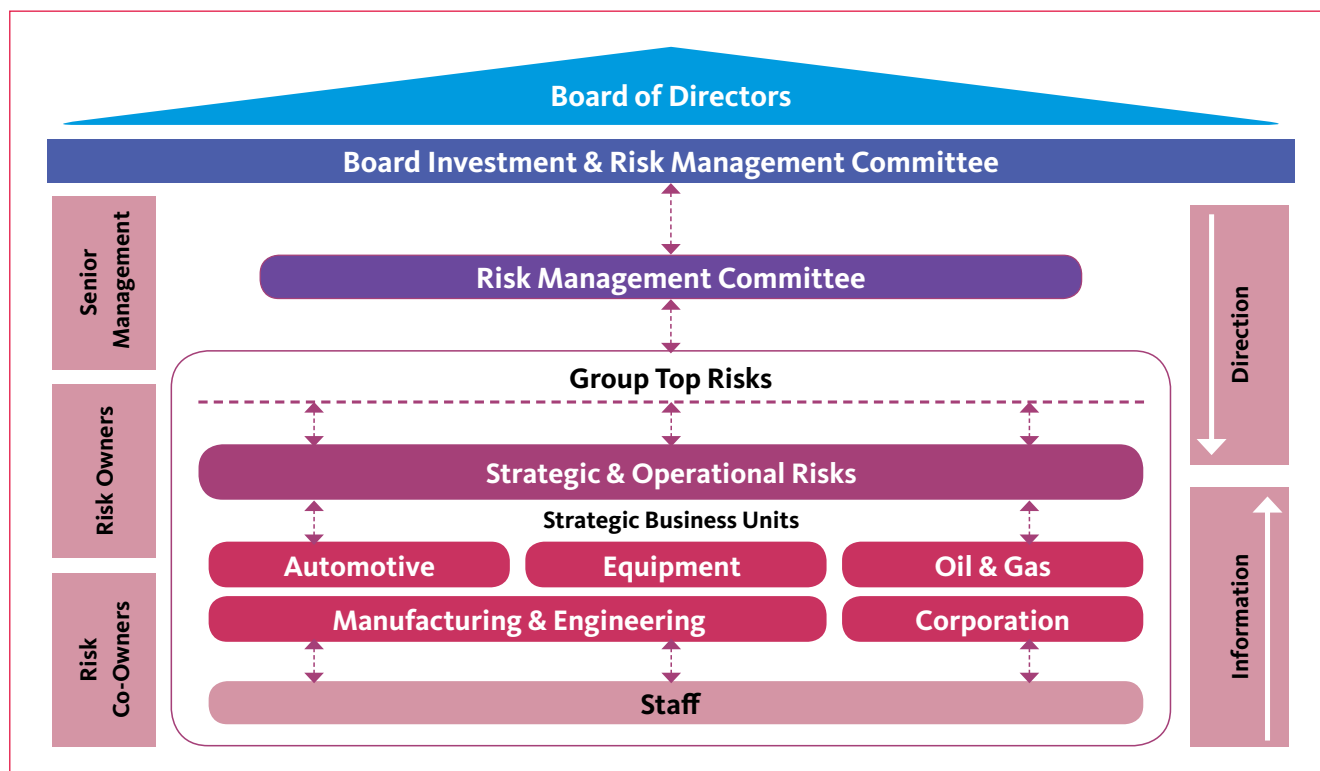
The oversight role of risk management is carried out by the IRMC and the Board. Mandate and commitment from the IRMC and the Board are key contributors to the success factors in the implementation of the ERM programmes. The IRMC and the Board sets the strategic direction for risk roles, responsibilities and risk reporting structures. The periodic reporting to both the IRMC and the Board on risk management activities undertaken by management via the Risk Management Committee (“RMC”), keeps the IRMC and the Board apprised and advised of all aspects of ERM, and significant individual risks and risk trends.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

The RMC comprises members of the Management Committee. The RMC maintains the risk oversight within the Group at the management level, as outlined in the ERM Framework. At the Board level, the IRMC assumes the oversight and strategic role for ERM. In addition to the reporting requirements to IRMC and Board, the RMC has specific responsibilities which include, amongst others, to formulate and implement the ERM mechanism to comply with the requirements of the ERM policy and to articulate and challenge risk ratings.

The level of Board and management participation and reporting structure is shown below -



The RMC is assisted by the Group Risk Management Department (“GRMD”) whose primary role is to ensure effective implementation of the risk management and business continuity management framework, programmes and risk-related education across the Group, and provision of independent and objective assessment of risks as well as timely reporting to the RMC, IRMC and the Board.

(b) Risk Management Policy

The Board recognises that risk is an inherent part of the Group’s business, presenting both threats and opportunities. In order to achieve corporate goals and meet shareholders’ expectations, the Board would have to make decisions which will involve some degree of risk. The following risk policy provides guidance as to the management of risks and applies across all Strategic Business Units (“SBUs”) and Corporate Divisions -

- To integrate risk management into the UMW culture, business activities and decision-making processes.
- To anticipate and respond to changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation.
- To require that all proposals submitted to the Board by management relating to strategy, key projects, significant action or investment must include a detailed risk assessment report.
- To implement a robust and sustainable risk management framework that is aligned with the Group’s vision and mission and in accordance with best practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

(c) Risk Management Process

The Group's ERM Framework has a structured process for SBUs and Corporate Divisions to identify, analyse, evaluate, treat, communicate and monitor their risks. The risks are identified based on the Group's goals and objectives and assessed against the Group's risk parameters. Risks are reassessed and monitored on an ongoing basis to ensure appropriate actions are taken to manage such risks. A risk escalation procedure on significant changes to existing risks and emerging risks has also been established to escalate the risks for management's action.

There is a clear categorisation of the risk appetite. Individual risks are measured against set tolerance levels. Consistent risk parameters have been defined on a 3-tier basis and risk profiles are consolidated and aggregated from these tiers to facilitate a consolidated view of the risk exposure at the Group level.

(d) Management of Strategic and Operational Risks

The context within which the Group manages the risks and key focus of accountability is as follows -

- **Strategic risks** are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board and President & Group CEO. The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by some external event that calls for significant change.

- **Operational risks** are inherent in the ongoing activities within the different SBUs of the Group. Typically, some of the risks cover foreign exchange, compliance, competency, technology, etc., and senior management needs ongoing assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Heads of SBUs and Corporate Divisions.

In this context, ERM aligns UMW's strategy processes, people, technology and knowledge with the purpose of evaluating and managing the risks that the Group faces as it creates value.

(e) Risk Reporting

The Group's ERM Framework provides for regular review and reporting. The reports include the risk profiles, risk action plans ("RAPs") and status updates as well as Management Progress Report summary on Critical Investments. During the year under review, these reports were presented to and deliberated by the RMC (four (4) times), by IRMC (six (6) times) and by the Board (four (4) times).

(f) Risk Management Activities

As part of the Group's effort to instil a proactive risk management culture and ownership the following activities were undertaken during the year under review -

- Rolled out a comprehensive ERM Education Programme which includes ERM technical briefings/trainings, awareness/refresher sessions and system trainings for SBUs and Corporate Divisions, as well as, newly-appointed employees to the Group. This is part of the Group's effort to communicate and ensure the application of ERM in day-to-day business operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

- Held discussions with Heads of SBUs and Corporate Divisions to obtain endorsement of their key risks.
- Provided risk advisory and independent assessment as well as facilitated fifty-three (53) risk assessment workshops across the Group.
- Refinement of the risk depository system for purposes of risk tracking and monitoring.
- Rolled out a Business Continuity Management (“BCM”) programme for an SBU.

During the year under review, a BCM Education Programme was developed, in which seventy-four (74) awareness and training workshops were conducted for the appointed Business Continuity Leaders and process owners. In addition, a total of thirty-one (31) new Business Continuity Plans (“BCPs”) were developed, eighteen (18) BCPs were maintained/ reviewed and forty-five (45) tests were conducted to ensure the Group remain resilient in times of crisis.

5. MAIN FEATURES OF INTERNAL CONTROL

The Board regularly appraises ongoing processes for identifying, evaluating, monitoring and managing significant risks of the Group throughout the year. The main features of the Group’s internal control systems are described below -

(a) Board and Board Committees

The Board, in discharging its duties, has established several committees namely the AC, Nomination Committee, Remuneration Committee, IRMC and Whistle-Blowing Committee (“WBC”). The Board Committees operate within clearly-defined terms of reference, procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board meets on a quarterly basis with additional meetings convened as Special Board meetings as and when situations require urgent Board deliberation and decisions.

The Board Committees (with the exception of the AC and WBC) meet six (6) times a year on a scheduled basis although additional meetings may be called as and when necessary by the Chairman of the Committees.

Further information on Board Committees can be found in the Statement on Corporate Governance of the annual report and in the Company’s website at www.umw.com.my

(b) Organisation Structure and Reporting Lines

The Group has a well-defined organisation structure that is aligned to business requirements with clearly-defined delegation of responsibilities to the Board, Board Committees and management, which promotes accountability.

The Board and Board Committees are supported operationally by the Management Committee which consists of senior management headed by the President & Group CEO.

The Management Committee convenes regularly to discuss its strategic business agenda thus channelling appropriate inputs to the Board for its oversight of the Group’s operations and maintenance of effective control. The organisation structure and delegation of responsibilities are communicated throughout the Group which set out, amongst others, authorisation levels, segregation of duties and other risk and control procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

(c) Group Internal Audit Division

The Group has an adequately resourced GIAD which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal controls and governance processes.

GIAD adopts a risk-based approach in developing its audit plan based on the Group's risks profile and conducts regular audits on all subsidiaries and principal areas of operations within the Group. It ensures that the Group's system of internal control remains effective and efficient, is adequately monitored and enhanced when the need arises. The audit also covers the Group's major information systems and applications.

GIAD is independent of the Group's business operations and has a group-wide mandate set out in its Audit Charter approved by the AC. GIAD carries out its functions in accordance with the annual audit plan approved by the AC each year covering the scope of the audit work and resources needed to perform such work. The AC regularly evaluates and monitors the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities. The Head of GIAD or in his absence his representative attends all AC meetings.

GIAD also monitors the implementation of action plans recommended to improve on areas where control deficiencies were identified during the year. On quarterly basis, GIAD will submit its reports on major findings and significant control issues observed during the audit reviews, together with management's response and proposed action plans, to the AC for its review and where needed, to recommend appropriate actions to strengthen controls.

GIAD is a corporate member of the Institute of Internal Auditors Malaysia ("IIAM") and subscribed to the standards issued by the IIAM.

Further information on the activities of GIAD can be found in the AC Report of this annual report.

(d) Management Audit Committee

The Management Audit Committee ("MAC") is set up by the Management Committee primarily to assist management in fulfilling its responsibilities in addressing matters highlighted in the Internal Audit Reports. MAC meetings would convene within three months of receipt of the audit report. The objectives of MAC meetings are -

- Assessing the adequacy and effectiveness of internal controls (with the assistance of GIAD) on the operations based on the Internal Audit Reports; and
- Agreeing upon the corrective actions to be taken on the audit issues and its implementation.

The MAC comprises the following -

- Executive Director, Group Financial Services Division (Chairman);
- Head of Group Compliance (Alternate Chairman);
- Head of Audited Company/Division/Department or his/her representative(s); and
- Head of Group Internal Audit Division or his/her representative(s).

The reports of MAC meetings ("MAC Report") are prepared and compiled by the Group Compliance Department based on responses given during the meetings and updates received subsequently. MAC Reports are subsequently presented to AC by the Chairman of MAC.

(e) Group Compliance Department

Group Compliance Department ("GCOMP") was established by management to enhance the internal control process across the Group. The setting up of the department was endorsed by the AC. The Head of Compliance reports to the Executive Director of the Group Financial Services Division.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

The objectives of GCOMP are -

- To provide better understanding of the relationship between business objectives, control environment and operational risks to achieve those objectives;
- To educate employees to analyse, evaluate and report on the effectiveness of the control mechanism; and
- To advice and monitor compliance to the established procedures.

GCOMP's main responsibilities include -

- Developing and monitoring the implementation of Risk Control Self-Assessment ("RCSA") Programme;
- Conducting Internal Control Systems ("ICS") Review within the Group;
- Reviewing the Financial Limits of Authority Guidelines ("FLAG") and communicating changes and assisting users on the implementation of the FLAG; and
- Preparing MAC Reports for presentation to the AC.

(f) Group Integrity Unit

Group Integrity Unit ("GIU") was established in 2014 to further enhance corporate governance practices and business ethics. The GIU reports functionally to the WBC Chairperson and administratively to the President & Group CEO.

The main objective of GIU is to enhance integrity awareness and to educate and disseminate the importance of managing high risk areas such as fraud and corruption.

In 2015, GIU formulated the UMW Integrity Framework and UMW Integrity Plan and conducted Integrity Awareness Roadshows in UMW Corporation Sdn. Bhd. and the Group's Equipment Division.

(g) Policies, Guidelines and Procedures

- Written Policies and Guidelines

Clearly-defined and documented internal policies and guidelines have been established through the relevant charters, terms of reference, organisational structures and appropriate authority limits.

The Group's policies and guidelines have been communicated throughout the Group for implementation and compliance. These policies and guidelines are approved by the Board and regularly updated to reflect changing business requirements. Furthermore, these policies and guidelines are also used as a basis to develop standard operating procedures across the Group.

- Limits of Authority and Responsibility

Clearly-defined and documented lines and limits of authority, responsibilities and accountability have been established by the Group in the form of the FLAG.

The FLAG outlines the authority of the Board and its Committees and that of management for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. The FLAG is also regularly updated to reflect changing risks and/or to address operational deficiencies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

- Standard Operating Procedures

Procedures are also in place to ensure that assets are subject to proper physical controls and that the organisation remains structured to ensure appropriate segregation of duties. These procedures which are developed by management based on the UMW Group Policies and Guidelines used in governing the day-to-day business operations within the Group.

(h) Comprehensive Budgeting and Forecasting System

The Group performs a comprehensive annual budgeting and forecasting exercise including the development of business strategies and key performance indicators which are deliberated and approved by the Board each year.

During the business planning session, companies within each SBU performs a critical self-assessment which involves analysis of strengths, weaknesses, opportunities, problems and threats together with action plans to address issues identified.

Budgets prepared by SBUs are regularly updated and explanations on variances are incorporated in management reports which are prepared and reported on a quarterly basis to the Board. These management reports analyse and explain variances against plan and report on the achievement of the key performance indicators after taking into account the changes in market conditions and significant business risks.

The Group employs a reward and recognition framework which is based on the achievement of the key performance indicators that measures the goals and targets for each individual SBU in alignment with the Group's business objectives and strategies.

(i) Monitoring, Reporting and Reviewing

The effectiveness of the Group's systems of risk management and internal controls are monitored through monthly management review of financial and operating results, business processes, the state of internal controls and business risk profile by the respective Heads of SBUs and reported to the Management Committee.

In addition to the monthly reporting, the President & Group CEO undertakes a mid-term business review on all SBUs and initiates corrective measures where needed. Apart from that, regular internal visits are also made to companies within each SBU by senior management to monitor compliance with policies and to assess performance. The Board is updated on the business performance on a quarterly basis.

These reviews are supplemented by a comprehensive review undertaken by GIAD on controls implemented at each individual business unit. Reports on the reviews carried out by GIAD are submitted on a regular basis to management and the AC. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls.

The management reports to the AC via MAC Reports on the status of action plans undertaken to address issues highlighted by GIAD on a quarterly basis. In 2015, fifty-two (52) Internal Audit Reports were discussed in the MAC meetings and four (4) MAC Reports were tabled at the AC Meetings.

In addition to the MAC Reports, the results of RCSA and ICS programmes are presented twice a year to AC by GCOMP to provide assurance on the effectiveness of the risk management and internal control systems in the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the year ended 31 December 2015

For associated companies and joint ventures, the Group's interests are served through representations on the Boards of the respective associated companies and joint ventures, receipt and review of respective management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies and joint ventures.

6. BOARD COMMENTARY AND OPINION

The Board has received written assurance from the President & Group CEO and the Executive Director of the Group Financial Services Division stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, for the financial year ended 31 December 2015 up to the date of this Statement.

The Board is of the view that during the year under review there were no significant weaknesses in the risk management and internal control systems of the Group which had resulted in material losses, contingencies or uncertainties requiring disclosure in the annual report.

The Board is satisfied that the systems of risk management and internal controls in the Group are sound and sufficient to safeguard shareholders' investments and the Group's assets for the year under review and up to the date of the annual report.

The Board remains committed in ensuring that appropriate initiatives and active measures are taken to improve and enhance the Group's risk management and internal control systems so that shareholders' investment and the Group's assets are consistently safeguarded.

7. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors, Messrs. Ernst & Young, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the annual report.

Messrs. Ernst & Young have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 8 April 2016.



Young talents of the UMW Executive Development Programme

STATEMENT ON CORPORATE SUSTAINABILITY

In realising UMW's aspiration of becoming a world-class organisation, we have moved beyond simply undertaking responsible corporate practices and towards focusing on corporate sustainability.

OUR SUSTAINABILITY STRATEGY

Our approach towards sustainability is to ensure the full entrenchment of its objectives and concepts into our long-term strategic plan for growth. Our value driver is based on our ability to harness engineering capabilities in order to develop an organisation that is agile and adaptable to change.

We focus on enhancing our engineering excellence in line with our long-term goal of becoming a high-performing regional conglomerate which is strong financially, fortified with sustainable businesses and ingrained with a high-performance culture which drives innovation.

STATEMENT ON CORPORATE SUSTAINABILITY

Our key sustainability strategy towards enhancing our engineering excellence focuses on three main objectives, namely -

1. Being world leaders in research, design and engineering excellence, and providing solutions that are responsive to market change.
2. Inculcating a high-performing culture of promoting efficiency and prolific use of technology as well as respecting our natural resources and the environment.
3. Instilling innovation deep in the heart and minds of our people and encouraging them to be adaptive and proactive, and being a community and national education champion contributing towards a progressive and inclusive society.

In order to support our sustainability objectives, we have established various corporate sustainability activities in order to instil innovation into the mindset of our employees as well as operating in a high-performance culture and a continued approach towards nurturing the community and environment.

HAVING AN INNOVATIVE MINDSET

We are committed to instilling innovation in the minds of our people in order to drive new strategies and new forms of thinking in our day-to-day work. Our Group Human Resource Division has played an instrumental role in driving excellence in our workforce, guided by our three-pronged HR Strategic Pillars of Building Workforce Competency, Developing Leadership and Engaging High Performance.

In 2015, these efforts to provide best-in-class HR practices to our employees saw UMW named as one of the best companies to work for in Asia by HR Asia for the second consecutive year. HR Asia is a HR trade journal published by Business Media International with comprehensive coverage of the Asian region. The result was based on surveys conducted on our employees who met the online selection requirement, followed by a site audit by HR Asia representatives. The HR representatives were involved in the inspection of all supporting documents and interviews with HR heads from our respective sections. We are pleased to note that UMW scored above market average points in all of the dimensions surveyed.

UMW also received a host of awards during the HR Excellence Awards in 2015. Organised by HR Magazine, it is the only regional award programme in Asia designed to celebrate excellence in outstanding human capital strategy and execution. All entries, supported by substantial write-ups and supporting documents, were judged by some of the most respected HR directors in Asia.

We received the following recognitions during the HR Excellence Awards 2015 grand gala dinner -

- 2015 HR Team of the Year
- Gold Award - Excellence in HR Strategic Plan & Leadership Development
- Silver Award - Excellence in Compensation & Benefits Strategy, Training, Learning & Development Programmes, HR Talent Management & CSR Practices (UMW Toyota)
- Bronze Award - Excellence in Graduate Development.

Pillar 1: Building Workforce Competency

Under our pillar of Building Workforce Competency, activities in 2015 were focused on recruitment initiatives, our UMW Technical Academy and the SLIM-UMW: Graduate Enhancement Programme.

Recruitment Initiatives

As we seek to attract fresh talent into our fold, UMW continues to be an active participant at local career fairs and campus recruitment events. We have also taken part in the UKEC-Graduan Career & Education Fair in London for the past three consecutive years in support of the Government's efforts to bring local talents studying abroad back to Malaysia.

UMW Technical Academy ("UTAc")

UTAc was instituted to develop skilled personnel in the Group by providing formal technical training and certification through a series of programmes via collaboration with the Department of Skills Development ("DSD"). The Academy is equipped with a comprehensive range of equipment and machinery for apprentices to gain wider knowledge and experience.



Commemorating the last day of SLDN Khas 2015 Apprentices in UMW

STATEMENT ON CORPORATE SUSTAINABILITY

Since its inception in 2013, the SLDN (“Skim Latihan Dual Nasional”) programme has become the flagship programme for UTAc and in 2015, UTAc organised the SLDN Khas programme for the second year running. SLDN Khas is a CSR initiative aimed at providing opportunities for school leavers with technical training and SKM certification.

During the year, 18 apprentices were awarded the SKM Level 1 Earth Moving Equipment & Material Handling Equipment (Forklift) Certificate upon completing the programme, with four apprentices absorbed by UMW Equipment Sdn. Bhd. and UMW Industries (1985) Sdn. Bhd. as Trainee Mechanics.

SL1M-UMW: Graduate Enhancement Programme (“GEP”)

As one of Malaysia’s leading organisations, UMW makes vital contributions to the development of young graduates as they enter the working world. In 2015, the Group took in and trained 208 SL1M-UMW: GEP trainees with the objective of boosting the employability of local university graduates. The programme comprises soft skills and functional skills training, as well as on-the-job training for industry experience through training programmes conducted internally by UMW line trainers.



The 7th batch of SL1M-UMW trainees

Pillar 2: Developing Leadership

Leadership development is a crucial component of UMW’s sustainability efforts as we seek to build an enduring business. In the year under review, activities under Pillar 2 were centred on our Leadership Talent Review initiatives and the UMW Executive Development Programme.



“Learning From Leaders” – the inaugural session where selected LTR Talents are invited for lunch with Group Chairman, Tan Sri Asmat Kamaludin

Leadership Talent Review (“LTR”)

Since its inception in 2012, the LTR talent pool has almost doubled from an initial 100 talents to its current size of 173 talents. Beginning as a primarily Malaysian-centric activity, the LTR has undergone rapid regionalisation with talents also being identified from a number of our international operations, namely Singapore, Vietnam, Myanmar and China. Concerted and ongoing efforts have been put in place to identify, assess and develop these talents on a continuous basis. Under the LTR, talents are given the opportunity to attend reputable training programmes organised by established learning partners such as Leaderonomics and Harvard Business Publishing.

While the LTR process requires time and continuous dedication to gain traction, its long-term benefits of enhancing leadership competence and accelerating talent readiness to assume critical roles will benefit both the employees’ career development and UMW’s succession management.

UMW Executive Development Programme

The UMW Executive Development Programme (“UEDP”) is designed to encourage maximum potential in young talents and develop them into UMW’s future leaders. This three-year comprehensive programme comprises a planned development programme, as well as job rotations providing participants with a solid foundation for progressing up the corporate ladder. In 2015, nine young talents were selected to join the programme following a stringent selection process which included aptitude tests, interviews and business case studies. Upon successful completion of their first year of job rotations, participants are deployed to various business units/departments within the Group, where their progress will be monitored to assess eligibility for the LTR talent pool.

STATEMENT ON CORPORATE SUSTAINABILITY

Pillar 3: Engaging High Performance

UMW recognises that an engaged workforce is a productive workforce. To this end, during the year we continued with our Employee Engagement Survey, UMW Scholarship Programme and Continuous Improvement Programme as part of the efforts to lend support to our employees. The recently concluded Collective Agreement Negotiations 2015-2017 was a manifestation in fostering stronger ties with our in-house and national employee unions. We also continued to undertake employee engagement activities both in our Malaysian operations and within our overseas entities.

UMW Closer 2U Employee Engagement Survey

Following our first Employee Engagement Survey conducted in 2013 which garnered a response rate of 85%, the company had in August 2015 conducted second UMW Closer 2U Employee Engagement Survey. The second survey revealed a higher participation rate of 89%, indicating that our employees are willing to provide their input to improve their working experience at UMW. As part of the exercise, the Group formed Focus Groups to identify areas of concern, followed by Action Planning Workshops conducted with Senior Management teams across businesses and divisions to develop appropriate action plans to close critical gaps/address key concerns. The action plans were then implemented progressively to motivate employees to contribute to organisational success and ensuring that they are able to enhance their own sense of well-being.



Continued commitment – Badrul Feisal Abdul Rahim exchanging the signed CA documents with Japelus Zainal, President of UMW's staff Union

UMW Scholarship Programme

As a caring employer, UMW recognises the need to ease our employees' financial burden in providing education to their children. While we offer scholarships both internally and externally, the focus of our UMW Scholarship Programme is on the children of our employees, and serves as a token of appreciation from the Group for the loyalty and commitment given by the employees.

In 2015, the Programme funded 18 scholars, of whom 13 were children of employees completing their undergraduate degrees in various disciplines. Upon successful completion of their studies, scholars will be considered for entry into the UMW Executive Development Programme.

Conclusion of Collective Agreement (“CA”) Negotiations 2015-2017

The UMW Group continues to foster strong and cohesive rapport with both in-house and national unions based on mutual trust and respect. In 2014, we commenced negotiations to address the CA due for renewal on 31 Dec 2014. Following this, the Group concluded the Collective Agreement 2015-2017 in September 2015 upon benchmarking against industry best practices, as well as the Group's affordability.

Townhall Sessions and Employee Engagement Activities

The UMW Group believes that open dialogue is an important avenue to promote effective communication, as well as to foster closer bonds between the Management and employees. In 2015, the Townhall sessions continued to be well received by our employees as the platform in sharing business directions, achievements, as well as market challenges. In addition to our Townhall Sessions, we also regularly conduct other employee engagement activities throughout the year to keep our employees engaged in going Beyond Boundaries and driving the Group towards its growth targets. Engagement activities include celebration of major festivals, sports tournaments and recreational activities. In addition, the Group also provides financial assistance, scholarships and academic excellence awards to children of UMW employees.

Reaching Out to International Entities

In order to better align the HR practices of our overseas entities to corporate framework, we conducted Job Evaluation (“JE”) exercises for Australia and Vietnam to assess the degree of complexity of job content and requirements, as well as to rationalise job structures within the UMW Group.

STATEMENT ON CORPORATE SUSTAINABILITY

Diversity & Inclusion

As a leader in our field and an organisation with an international reach, UMW harnesses the elements of diversity and inclusion across our workforce, customers, suppliers and other stakeholders. We recognise that inclusiveness and diversity play a vital role in allowing our employees to fulfil their potential and maximise their contribution.

UMW also recognises the value of a diverse workforce in helping us understand the needs of our large and diverse customer base. Furthermore, our culture of diversity and inclusiveness has created an environment that rewards high performance, reflecting that our commitment to these factors goes beyond the hiring stage. As such, we have adopted diversity and inclusiveness as a responsibility of all employees, particularly Management, in leading our diversity and inclusion strategy through their behaviours, attitudes and effective use of their influence and authority in relation to -

- Recruitment, selection and retention
- Learning & development
- The working environment
- Terms & conditions of employment
- Promotion and career progression
- Other areas deemed relevant to their roles and responsibilities.

Ethnic Diversity

In 2015, Non-Bumiputera employees made up 26.1% of our Malaysian workforce, with 33.2% Non-Bumiputera representation in management positions.

2015					
UMW Group (Malaysian Operations)					
	Bumiputera	Chinese	Indian	Others	Total
Management	2,233	796	249	66	3,344
%	20.5%	7.3%	2.3%	0.6%	
Non-Mgmt	5,811	1,007	477	237	7,532
%	53.4%	9.3%	4.4%	2.2%	
Overall	8,044	1,803	726	303	10,876
% Overall	74.0%	16.6%	6.7%	2.8%	



Gender Diversity

In 2015, women made up 19.3% of our Malaysian workforce, with 10.5% female representation in Senior Management positions.

In an effort to encourage and attract the participation of women in our workforce, UMW ensures the availability of facilities such as the nursing room at our Corporate Office and designated parking bays for pregnant employees, as we pay attention to the welfare of our female employees.

Age Diversity

The age profile of our workforce reflects the relatively young Malaysian population. In 2015, about 37.2% of employees were below 30 years, 36.8% were between 30 and 40, 18.4% were between 40 and 50 and 7.7% were above 50 years. We also welcome the implementation of the Minimum Retirement Age Act 2012, which allows employees to continue working and contributing to society after 55. Additionally, we are pleased to note that we always ensure that our older employees remain in good health by providing them with the entitlement for comprehensive medical checkup.

OPERATING IN A HIGH-PERFORMING CULTURE

We remain fully committed towards process excellence and being proficient in managing resources and reducing waste, as well as ensuring a healthy and safe environment in the workplace. During the year, we received the High-Performing Private Company Award from the Royal Malaysian Customs on International Customs Day on 26 January 2015.

STATEMENT ON CORPORATE SUSTAINABILITY

Continuous Improvement Programme (“CIP”)

In 2015, the Group sustained the MPC Quality Environment/5S (“MPC/QE 5S”) certification in 45 locations nationwide. Another six new MPC/QE 5S certifications were obtained, including at three international locations. The international locations were UOT (Thailand) - Songkhla, UOT (Thailand) – Sattahip and UMW Engineering & Service Ltd. (Yangon). 58 groups from UMW operating companies and corporate divisions took part in Kobetsu Kaizen where they embarked on “Focused Improvement” initiatives in operational key measurement areas such as productivity, quality, delivery, cost, safety and morale. Through the implementation of Kobetsu Kaizen projects, the Group achieved a total of RM3 million in cost savings, surpassing our 2015 target by 200%.



Systematic arrangement of machines stock at UMW Engineering & Services Ltd., Yangon

Toyota Environmental Action Plan

As one of Toyota’s distributors, environmental preservation is ingrained in the daily activities of our Motor group as guided by the Toyota Environmental Action Plan (“TEAP”). A five-year plan, TEAP covers all Toyota business areas from research and development to managing end-of-life vehicles. The sixth TEAP will be issued by April 2016, marking 30 years of official worldwide environmental preservation.

UMW Toyota focuses on five areas under the TEAP: manufacturing, sales and service, purchasing, communication and logistics. Individual objectives and targets, that are reviewed periodically by Senior Management and reported to Toyota regional offices, guide each area.

Dealers’ Environmental Risk Assessment Programme

All 86 of our service outlets have successfully complied with the five requirements of the Dealers’ Environment Risk Assessment Programme (“DERAP”) through programmes including the following -

- Eight Environmental Awareness training sessions to equip persons-in-charge with adequate knowledge and understanding of DERAP requirements;
- Assessment of the readiness of seven outlets prior to opening for business; and
- Carrying out periodic servicing of oil interceptors.

Health and Safety

UMW is fully committed to all health, safety and environmental (“HSE”) programmes and will take all necessary measures to ensure a safe and healthy working environment for its employees, as stipulated in the Group Safety and Health policy.



A participant is taught on safe practices when working at high places

Occupational Health & Safety Management System (OHSAS 18001:2007)

In May 2015, the following six companies were OHSAS 18001:2007 re-certified by SIRIM QAS International -

- UMW Corporation Sdn. Bhd.
- UMW Equipment Sdn. Bhd.
- UMW Industries (1985) Sdn. Bhd.
- UMW Industrial Power Sdn. Bhd.
- UMW Pennzoil Distributors Sdn. Bhd.
- UMW Advantech Sdn. Bhd.

STATEMENT ON CORPORATE SUSTAINABILITY

The accreditation bears testimony to our commitment to adhere to the highest international standards of health, safety and environment, with more companies expected to be OHSAS certified in the future.

HSE Activities

Throughout the year, various HSE activities were organised in our effort to continue inculcating high standards of HSE practices Group-wide.

1. OHSAS 18001 Awareness briefings

25 Occupational Health & Safety Management System (OHSAS 18001:2007) Awareness briefing sessions were organised from 5-16 February 2015. Similar programmes were also conducted for staff at our Johor Bahru and Bukit Minyak branches on 13 and 20 January, respectively. The briefings aimed to provide a detailed explanation to all employees on OHSAS 18001:2007 and its requirements. More than 1,400 employees attended the briefings, with the programme also receiving encouraging support from Senior Management.

2. Ergonomic assessment at UMW Toyota

An ergonomically-friendly work area is crucial for an individual's posture, helping to avoid aches and pains, stiffness and headaches which can affect workers' quality of life. In view of this, the National Institute of Occupational Safety & Health ("NIOSH") was appointed to conduct ergonomic assessments at three outlets, namely our Seremban 2S and Subang Jaya 3S outlets as well as our warehouse at Sungai Buloh on 5-6 August, 11-12 August and 13-14 August, respectively.

The programme was aimed at highlighting hazards associated with tasks performed by staff and at providing recommendations that could eliminate or reduce ergonomic risk factors.

3. HSE performance and monitoring

UMW has established, implemented and maintained procedures to monitor and measure HSE performance on a regular basis as part of compliance with our Occupational Safety and Health Management System. The HSE monitoring was conducted Group-wide, which included Local Exhaust Ventilation ("LEV") inspection.

The inspection was conducted at UMW Equipment Sdn. Bhd. by registered Industrial Hygiene Technicians on 17 April and 30 July 2015. Action has been taken on the findings of the monitoring to ensure employees are working in a safe, healthy and good working environment as stipulated in our HSE policy.

4. Additional noise monitoring at Lubetech Sdn. Bhd. and audiometric test at UMW Industrial Power Sdn. Bhd.

Noise pollution makes up one of the most widespread occupational hazards, which can lead to hearing loss affecting people of all ages and demographics. On 9 February 2015, an additional noise monitoring exercise was conducted at Lubetech Sdn. Bhd. to measure the noise level staff were exposed to at the production area. The monitoring was conducted by registered Industrial Hygiene Technicians.

UMW Industrial Power Sdn. Bhd. has also reiterated its commitment to improving the occupational health levels of its staff, especially of its mechanics, who are often exposed to high noise levels at the customer area. In view of this, an audiometric test was successfully conducted on 18 February 2015. The test was carried out on 28 mechanics using mobile audiometrics.

5. Regular HSE training/briefings

Throughout the year, a series of training/briefings on HSE was organised for participants across the Group, which included -

- Understanding and implementing of the OHSAS 18001:2007 standard
- Occupational Health and Safety Management System – Best Practice
- Interpretation of Industrial Hygiene Related Report – Noise Monitoring, Medical Surveillance, etc.
- Factories and Machinery (Special Scheme of inspection) (Risk Based Inspection) & Factories and Machinery (Person-In-Charge) (Amendment) Regulations 2014
- Fire Safety and Risk Talk
- Safe practices for working in a confined space, working at height, hot work and working with electricity.

STATEMENT ON CORPORATE SUSTAINABILITY

The main objective of all briefings was to provide the latest comprehensive information and action plans to employees, marking UMW's heightened effort towards continuous HSE improvements.



An audiometric testing is being carried out at UMW Industrial Power Sdn. Bhd.

- Nilai - 22 April
- Melaka - 17 June
- Sandakan - 18 & 19 August
- Kuching - 20 & 21 August
- Kluang - 13 October.

7. Lube Group Safety & Health Week Campaign 2015

The Lube Group organised a Safety & Health Campaign from 24-27 August 2015, officiated by its General Manager, En Mohd Fariz Mohd Zain. This year's campaign was focused on Personal Protective Equipment ("PPE") and provided ample opportunity for staff members to participate in various activities as well as gain access to information on PPE.

Activities organised during the week were a talk on PPE, a demonstration on the correct way to select and wear PPE, a PPE video viewing and a quiz.

6. Health, Safety & Environment visits - UMW branches

As part of its strategy to instil HSE awareness among employees, the Group Health, Safety & Environment division organised visits to regional branches in Peninsular and East Malaysia. The visits formed part of annual activities centred on the following objectives -

- To assist branches in complying with HSE legal requirements;
- To raise awareness among employees on various topics such as Hazard Identification, Risk Assessment and Risk Control ("HIRARC"), emergency procedures and accident investigation;
- To promote our road safety campaign; and
- To share and disseminate information on current HSE issues.

Additionally, plant walkabouts by Group HSE personnel and safety and health committee members of the branch offered an opportunity to train committee members in identifying unsafe acts and conditions at the workplace, where immediate counter measures are vital to prevent future unwanted incidents. The branches visited in 2015 were -

8. Chemical Health Risk Assessment at branches

Group HSE coordinated with the Chemical Health Risk Assessment ("CHRA") unit at branches to conduct a risk assessment as part of efforts to ensure that UMW complies with all acts and regulations on Occupational Safety and Health.

The objectives of the exercise were to -

- Assess potential health hazards caused by chemicals which have been stored, used or carried on the premises;
- Assess the rate of chemical exposure of employees either through breathing, absorption, etc.;
- Assess risk controls; and
- Conclude and propose actions/measures that should be implemented.

The programme was conducted at the following branches in 2015 -

- UMW Bukit Minyak - 17 December
- UMW Johor Bahru - 8 December.

STATEMENT ON CORPORATE SUSTAINABILITY



One of the participating teams at the UMW Toyota Group QCC Forum

Quality Awareness Campaigns

In the year under review, we undertook a series of quality awareness campaigns in our efforts to instil awareness on quality among all levels of our staff. This exercise focused on activities which ingrained a sense of responsibility among our staff to ensure the production of high-quality vehicles for our customers.

As part of the campaign, throughout the year, we displayed banners on quality promotion and quality awareness at strategic locations in our assembly operations, Assembly Services Sdn. Bhd. (“ASSB”). Additionally, UMW held a Quality Month Exhibition from 2-13 March 2015 with activities including quality information-sharing based on actual customer experiences gleaned from cases reported in our Field Technical Reports. Our staff also listened to audio recordings of our customers filing reports, in an effort to build empathy with our customers and to understand their needs. Furthermore, employees were also provided with the information on Quality Level measurement by TMC Shipping Quality Audit (“SQA”) and JD Power Initial Quality Study (“IQS”). Other activities undertaken as part of the campaign included display of automotive components and quality promotion activities held by each of our Welding, Paint and Assembly departments, and including Quality Control.

In addition to short-term campaigns, UMW also implements SQA Management Genba activities on a daily basis. This ensures continuous efforts to enhance activities as we seek to further improve vehicle quality based on SQA data.

We also conduct company-wide quality training which is compulsory for all levels of staff working at ASSB. The objectives of the training are to enhance quality awareness as well as to help employees understand and adopt the Toyota Basic Quality Assurance Concept. Additionally, the training seeks to enhance the “Customer First - Quality First” mindset among our employees.

ISO14001 Surveillance Audit

UMW Toyota continued to apply for ISO14001 certification for the 11th straight year in 2015, with seven outlets representing the Group in the 2015 Surveillance Audit (Tawau 2S, Selayang 2S, Segambut 3S, Wing Hin Automobile Sdn. Bhd., Melaka 2S, Seremban 2S and Regional Parts Distribution Centre RPDC Kuching, Sarawak). The SIRIM auditors were satisfied with our conformance to the audit, with our Multi-site ISO14001 Certification to be maintained until 2016.

NURTURING THE COMMUNITY & ENVIRONMENT

As an organisation involved in a variety of industrial-based businesses, UMW has heightened the awareness on the impact of our operations on the natural environment. We have thus undertaken internal activities to minimise our environmental impact as well as external initiatives to establish environmental preservation within our communities. As a caring corporate citizen, UMW hopes to uplift the status of the communities who lie at the heart of what we do, and the environment in which we operate. The Community pillar of our corporate sustainability efforts houses the Group’s Corporate Social Responsibility (“CSR”) initiatives. These, in turn, are organised under Education, Environment and Community Development activities largely undertaken by our employee-volunteers, known as Community Champions.

Community Champions

Our Community Champions continue to increase their volunteer hours every year, and in 2015, put in 6,586 hours of community service. Since the introduction of the programme in June 2009, our employees have volunteered 29,092 hours collectively. UMW is proud to support their philanthropic efforts by bearing the cost of their participation in charity programmes and when necessary, allowing them to take time off from work for volunteerism.



The UMW-MERCY Malaysia partnership provides healthcare to vulnerable communities

STATEMENT ON CORPORATE SUSTAINABILITY



UMW collaborates with 4W4C to deliver back-to-school packs to school children in Dabong, Kelantan

Community Development

UMW has provided MERCY Malaysia with a community service grant amounting to RM2.9 million since the establishment of our partnership with the volunteer relief organisation in 2009. This effort continued in 2015, with the partnership aimed at bridging the healthcare divide among vulnerable communities in Peninsular Malaysia, Sabah and Sarawak. This benefited 2,822 individuals during the year, with the total number of people benefiting from the programme since 2009 amounting to 25,000.

We also undertook the following community development programmes during the year -

- “Gotong-royong” at the Salvation Army Children’s Home in Kuching, Sarawak, working with 45 children and 43 volunteers;
- Chinese New Year celebration with Rumah Kanak-Kanak Cacat Negeri Perak organised in collaboration with Universiti Teknologi Petronas (“UTP”). The event included spring cleaning, indoor games and a contribution of daily necessities and RM3,000 for the benefit of the home’s 50 children;
- Hari Raya Aidilfitri celebration with disabled and senior citizens from Pusat Jagaan Titian OKU Nur, Rawang, held jointly with UTP students. The celebration involved 55 residents of the home, 50 UTP and 40 UMW volunteers;
- Deepavali Shopping Treat for Kids from Pertubuhan Kebajikan Kanak-Kanak Selangor, Klang;
- Christmas Party for Sabah Cheshire Home;
- Raya Shopping and “Majlis Berbuka Puasa” with the children of Rumah Aman Children’s Home in Shah Alam, with the children given a RM250 shopping voucher for AEON Bukit Raja;
- In a collaboration with the Four Wheelers for Charity (“4W4C”) NGO, our UMW SL1M Prihatin programme

installed water filters and dispensers at 10 welfare/orphanage/individual houses in an effort to provide clean water sources for underprivileged communities in Negeri Sembilan. The programme involved 29 UMW SL1M trainees who also carried out “gotong-royong” at the houses and handed over groceries from a collection drive organised among UMW employees in Shah Alam;

- In another programme with 4W4C, and also in collaboration with Pusrawi International College of Medical & Science, UMW reached out to the community in need at Kampung Orang Asli in Pos Titom, Pahang to provide medical support and check-ups to those in need, focusing on children and the elderly;
- UMW also worked with 4W4C to conduct “gotong-royong” and educate villagers on the importance of hygiene among the Orang Asli community in Jelebu, Negeri Sembilan;
- Delivery of back-to-school packs to the children in Dabong, Kelantan, where most facilities were washed away during the major flooding in the East Coast, undertaken in another collaboration with 4W4C. Back-to-school packs were also sent to the children of SK Pos Dipang, Perak and SK Mat Daling, SK Kuala Sat and SK Ulu Tembeling in Ulu Tembeling, Pahang, where we also set up mobile libraries at the schools; and
- Delivery of back-to-school packs to help underprivileged students from SK Serendah.

Further to our philanthropic efforts, our Toyota Classics programme continues to raise funds for charitable organisations by organising performances by world-class orchestras at the Dewan Filharmonik PETRONAS in KLCC. Representing UMW Toyota’s longest-running CSR programme, the initiative has continued over 25 years, bringing in world-renowned orchestras such as the New York Symphonic Ensemble; the Vienna Volksoper Symphony Orchestra, Austria; and the Budapest Operetta Theatre Orchestra.

STATEMENT ON CORPORATE SUSTAINABILITY



The 26th Toyota Classics concert featured a performance by the Hungarian theatre company, Budapest Operetta and Musical Theatre at Dewan Filharmonik PETRONAS

The combined proceeds from ticket sales and corporate donations for the Toyota Classics concerts have benefited orphanages, drug rehabilitation centres, the National Cancer Society, old folks' homes, welfare homes and hospices. Since its inauguration in 1990, almost RM8 million has been collected, allowing UMW Toyota to lend support to 63 charities and NGOs.

Education

Since 2007, UMW has participated in the PINTAR Foundation's education programme aimed at improving the academic achievement of students in rural areas, where participating organisations are encouraged to adopt schools for at least three years. To date, UMW has adopted 16 schools, all of which have graduated from the programme, benefitting approximately

16,000 students. In 2015 alone, 2,250 students from schools adopted by UMW benefited from the programme.

In a programme jointly organised with the Petaling Perdana Education District Office ("PPD Petaling Perdana"), our "Program Teknik Menjawab Soalan SPM 2015 UMW" assisted 86 Form 5 students from various schools in Shah Alam under PPD Petaling Perdana in preparing for the 2015 SPM examination.

In collaboration with the Petrosains Discovery Centre, UMW also organised an outing to Petrosains for the children of Rumah Kanak-Kanak Tengku Budriah, providing 36 children aged between 5 and 12 with the opportunity to learn about science and technology.



"Program Teknik Menjawab Soalan SPM 2015" - UMW collaborates with the Petaling Perdana Education District Office

STATEMENT ON CORPORATE SUSTAINABILITY



UMW Community Champions participate in a mangrove tree planting programme

Environment

Flagship Programmes

UMW-Yayasan Inovasi Malaysia

The UMW-Yayasan Inovasi Malaysia (“YIM”) Ideation Programme encourages students to develop creative ideas that will drive innovation, producing inventions geared towards Green Eco Products and ultimately nurturing students into successful inventors. The programme is especially targeted at Malaysia’s grassroots communities while improving the socio-economic circumstances of our communities in a sustainable and holistic manner.

During the year, 27 students from SMK Dengkil, SMK Puchong Perdana and SMK Sungai Manggis, Banting, participated in the UMW-YIM Ideation Programme.

As part of our Shah Alam Trees for Life 2015 programme, we contributed RM10,000 to Majlis Bandaraya Shah Alam, enabling the purchase of 330 trees at RM30 per seedling. 82 of our UMW Community Champions participated in this programme in 2015.

Furthering our commitment to the environment, 50 of our Community Champions also participated in a Mangrove Tree Planting programme in Klang, Selangor, organised jointly with Lembaga Urus Air Selangor and Jabatan Perhutanan Selangor. The programme provided an opportunity for Community Champions to be educated on conserving mangrove forests as well as to contribute directly to environmental preservation through the planting of trees.

Toyota Eco Youth

Our Toyota Eco Youth (“TEY”) flagship environmental programme marked its 15th anniversary in 2015. It has now reached out to 193 schools and more than 1,544 students in Malaysia under an annual programme held in collaboration with the Ministry of Education involving one school from each state, i.e., 16 schools every year.

As part of the programme, each school selects an environmental problem in its surrounding community and uses Toyota’s Problem Solving methodology to address the issue systematically. We believe that through this exercise, which sees young students interacting with the public, the relevant Government agencies and their peers on environmental issues, students will improve their appreciation of environmental preservation.



The Toyota Eco Youth Programme has reached out to more than 1,544 students

CALENDAR OF EVENTS

JAN

6



UMW Toyota Motor Sdn. Bhd. (“UMW Toyota”) unveiled the all-new TRD Sportivo variants for the Hilux line-up.

8

UMW Toyota introduced the upgraded Toyota Vios which offers better value for money.

14 - 17



UMW Oil & Gas Corporation Berhad (“UMW-OG”) participated in the Offshore Convention Myanmar 2015 Conference & Exhibition held at the Sule Shangri-La Hotel in Yangon, Myanmar.

16 & 17

UMW Toyota organised a Thank You Dinner at the One World Hotel, Petaling Jaya, with the theme “Rock ‘n Roll”.

23



UMW Grantt International Sdn. Bhd. (“UMWG”), a wholly-owned subsidiary in the UMW Group, launched a range of newly-enhanced GRANTT passenger car motor oil for petrol engines.

JAN

27



The naming and delivery ceremony of another jack-up drilling rig, UMW NAGA 7, by UMW-OG in Shenzhen, China.

29

Lexus Malaysia officially launched its most anticipated model, the all-new Lexus NX.

FEB

9



UMW Corporation Sdn. Bhd., Professional Golf of Malaysia, and MST Golf Management Sdn. Bhd. signed a Tripartite Agreement for the “PGM-UMW Road to Olympics 2016” programme at the PNB Darby Park Executive Suites.

11

Launching of the 15th Toyota Eco Youth programme, one of UMW Toyota’s three key CSR pillars at the Concorde Hotel, Shah Alam.

MAR

1



KYB-UMW Malaysia Sdn. Bhd. celebrated Chinese New Year with old folks from Rumah Sejahtera Jenjarom, Klang.

CALENDAR OF EVENTS

MAR

4



- Delivery of 100 units of Toyota Hilux to Tenaga Nasional Berhad was held at the Malaysia Agro Exposition Park Serdang, Selangor.
- Launch of the improved Toyota Hiace by UMW Toyota.

17

The first UMW Townhall for the year 2015 was held at the UMW Auditorium.

19

“Majlis Bacaan Yasin, Doa Kesyukuran dan Tazkirah” was held in conjunction with the re-opening of the renovated Surau As-Syakirin, UMW’s surau at the Shah Alam complex.

21

Assembly Services Sdn. Bhd.’s (“ASSB”) Long Service Award Dinner was held at the Sunway Hotel Resort & Spa to honour its employees who had served the company for 10 and 20 years.

23



- “Hari Penghargaan Marshal” was held at the UMW Auditorium in appreciation of the services and dedication shown by Marshals in ensuring the safety and security of UMW.
- The first locally-assembled hybrid vehicle, the all-new Toyota Camry Hybrid CKD was officially launched by the Minister of International Trade and Industry, Yang Berhormat Dato’ Sri Mustapa Mohamed.

APR

16



The inaugural Governance, Risk & Control Day or “GRC Day” was held at the UMW Auditorium. Themed ‘Embracing Sound Governance’, it aimed at inculcating and enhancing the awareness of risk management and the importance of adherence to corporate governance requirements/practices in order to build a more resilient UMW.

19



UMW participated in the Minggu Saham Amanah Malaysia (“MSAM”) 2015, which was held at the Dataran Sibn, Sarawak. It attracted a total of 319,000 visitors, the most number of visitors ever recorded in MSAM’s history.

22

UMW Toyota’s Quality Control Circle Forum was held at Holiday Villa Hotel & Suites, Subang Jaya. It was organised through the combined efforts of the Quality Management and Kaizen Sections of UMW Toyota, ASSB, Automotive Industries Sendirian Berhad and Toyota Boshoku UMW Sdn. Bhd.

MAY

1

UMW participated in the “Perhimpunan Hari Pekerja” in conjunction with “Hari Pekerja Sedunia”, held at the Pusat Konvensyen Borneo, Kuching, Sarawak.

CALENDAR OF EVENTS

MAY

4 - 9



UMW Toyota through its annual management recognition programme, the Star Awards 2015, had awarded 311 top achievers in vehicle sales and after-sales across the organisation, with a trip to Paris, France.

29

The Chairman's Award was held at the UMW Toyota head office to recognise top performing outlets under the Sales Satisfaction Index and Customer Satisfaction Index categories.

JUNE

2 - 4

UMW-OG participated in the 15th Asian Oil, Gas & Petrochemical Engineering Exhibition which took place at the Kuala Lumpur Convention Centre.

5

A handover ceremony of 17 units of the Rosenbauer Panther Fire Engines to Malaysia Airports Holdings Berhad from UMW Equipment Sdn. Bhd. was held at the Main Fire Station, Kuala Lumpur International Airport.

20



UMW paid RM2.9 million in Zakat for the financial year 2014. The cheque was presented to DYMM Sultan Selangor, Sultan Sharafuddin Idris Shah, in a ceremony held at the Masjid Sultan Salahuddin Abdul Aziz Shah, Shah Alam.

JULY

24



UMW Toyota donated a Toyota Hilux to Yayasan Anak-Anak Yatim Sultanah Haminah, Alor Setar, Kedah. The mock key was presented to DYMM Seri Paduka Baginda Raja Permaisuri Agong, Tuanku Sultanah Hajah Haminah, who is the patron of the foundation.

AUG

4

- UMW Industries (1985) Sdn. Bhd. officially opened its new building in commemoration of its 50th Anniversary partnership with Toyota Industries Corporation.

- Komatsu Ltd. held a grand opening ceremony for Komatsu Manufacturing Myanmar Ltd.

7 - 9



UMW participated in the Government-Linked Companies ("GLC") Open Day which was held at the Kuala Lumpur Convention Centre. The event celebrated the "graduation" of GLCs from the 10-year GLC Transformation Programme.

10

The UMW Excellence Award and Brand Hero Award ceremony once again honoured those in UMW who have exceeded expectations and exhibited brand values.

12

The Prime Minister, YAB Datuk Seri Najib bin Tun Abdul Razak witnessed the signing of Agreement between the UMW Group and Rolls-Royce Plc at the Perdana Putra building, Putrajaya.

CALENDAR OF EVENTS

AUG

13



UMW Synergistic Generation Sdn. Bhd. became an authorised representative for a renowned global Original Equipment Manufacturer when it signed an agreement with MTU Asia Pte. Ltd., a subsidiary of Rolls-Royce Plc.

27

UMW Toyota bagged its 4th consecutive Gold Award at the Putra Brand Awards 2015.

SEPT

17

UMW Group Human Resource Division proved its credibility and passion in managing talents in UMW when it won 8 awards at the HR Excellence Awards held at the Aloft Hotel, Kuala Lumpur.

30



A grand send-off was organised for Datuk Syed Hisham Syed Wazir, UMW's former President & Group CEO at the UMW Auditorium.

OCT

1

An announcement was made on the appointment of Badrul Feisal Abdul Rahim as the new President & Group CEO of UMW Holdings Berhad and the appointment of Azmin Che Yusoff as Group Chief Operating Officer cum Chief Financial Officer.

6

Lexus Malaysia unveiled the newest addition to its line-up of luxury models with the introduction of the Lexus IS 200t, the latest variant to be offered in the Lexus IS range.

OCT

10 & 11



UMW's SL1M Trainees extended a helping hand to the poor at Pertubuhan Kebajikan Anak Yatim, Piatu & Miskin Rumah Kasih, Kampung Ulu Inas, Johol, Kuala Pilah, Negeri Sembilan.

19

The 26th Toyota Classics annual concert which showcased the internationally-acclaimed Hungarian theatre company, Budapest Operetta and Musical Theatre performed in Malaysia at the Dewan Filharmonik PETRONAS.

25

UMWG joined South-East Asia's biggest extreme off-road event, the Borneo Safari International Off-Road Challenge as a corporate sponsor.

NOV

13



UMW received an award for being amongst the region's Best Companies to Work For in Asia from HR Asia, Asia's largest circulating publication for senior HR professionals.

20-22

Back-to-School Charity Programme was held in Dabong, Kelantan.

DEC

2



UMW Group Human Resource Division organised a Long Service Award Ceremony in honour of employees who had served 10, 20 and 30 years of employment with UMW.

STATISTICS ON SHAREHOLDINGS

As at 31 March 2016

Authorised Share Capital	: RM1,000,000,000 (comprising 2,000,000,000 ordinary shares of RM0.50 each)
Issued and Paid-up Share Capital	: RM584,146,966 (comprising 1,168,293,932 ordinary shares of RM0.50 each)
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: One (1) vote per one (1) ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
Less than 100	488	25	513	9.77	10,337	816	11,153	0.00
100 to 1,000	1,532	88	1,620	30.86	1,046,206	51,815	1,098,021	0.10
1,001 to 10,000	1,894	231	2,125	40.48	7,220,464	929,237	8,149,701	0.70
10,001 to 100,000	429	272	701	13.36	12,104,378	9,766,644	21,871,022	1.87
100,001 to less than 5% of issued shares	103	184	287	5.47	257,321,110	137,835,132	395,156,242	33.82
5% and above of issued shares	3	0	3	0.06	742,007,793	0	742,007,793	63.51
Total	4,449	800	5,249	100.00	1,019,710,288	148,583,644	1,168,293,932	100.00

ANALYSIS OF EQUITY STRUCTURE

Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1. Individual	3,685	202	18,693,197	2,606,294	1.60	0.22
2. Body Corporate						
(a) Banks/finance companies	54	2	726,106,208	25,206	62.15	0.00
(b) Investment trusts/foundations/charities	2	0	5,144	0	0.00	0.00
(c) Industrial and commercial companies	90	5	3,957,505	1,019,256	0.34	0.09
3. Government agencies/institutions	3	0	3,078,484	0	0.26	0.00
4. Nominees	613	591	267,863,082	144,932,888	22.93	12.41
5. Others	2	0	6,668	0	0.00	0.00
Total	4,449	800	1,019,710,288	148,583,644	87.28	12.72

STATISTICS ON SHAREHOLDINGS

As at 31 March 2016

DIRECTORS' INTERESTS IN THE COMPANY

Save as disclosed below, none of the other Directors has interests in the shares of the Company including deemed interests (shares held by his/her spouse and child/children) as at 31 March 2016 -

Director	Direct Interest		Deemed Interest		
	No. of Issued Shares	% of Issued Shares	Held by Spouse No. of Issued Shares	Held by Child No. of Issued Shares	% of Issued Shares
Tan Sri Asmat bin Kamaludin	-	-	3,000	15,000	Negligible
Total	-	-	3,000	15,000	Negligible

THIRTY LARGEST SHAREHOLDERS

Shareholders	No. of Shares	%
1. AmanahRaya Trustees Berhad - <i>Amanah Saham Bumiputera</i>	476,270,500	40.77
2. Citigroup Nominees (Tempatan) Sdn. Bhd. - <i>Employees Provident Fund Board</i>	198,895,093	17.02
3. Permodalan Nasional Berhad	66,842,200	5.72
4. Kumpulan Wang Persaraan (Diperbadankan)	34,004,800	2.91
5. AmanahRaya Trustees Berhad - <i>Amanah Saham Wawasan 2020</i>	33,698,800	2.88
6. AmanahRaya Trustees Berhad - <i>Amanah Saham Malaysia</i>	32,391,400	2.77
7. AmanahRaya Trustees Berhad - <i>AS 1Malaysia</i>	21,103,100	1.81
8. Malaysia Nominees (Tempatan) Sendirian Berhad - <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	19,327,800	1.65
9. Cartaban Nominees (Tempatan) Sdn. Bhd. - <i>Exempt An For Eastspring Investments Berhad</i>	11,481,600	0.98
10. HSBC Nominees (Asing) Sdn. Bhd. - <i>BBH And Co. Boston For Vanguard Emerging Markets Stock Index Fund</i>	10,701,720	0.92
11. AmanahRaya Trustees Berhad - <i>Amanah Saham Didik</i>	9,910,400	0.85
12. Cartaban Nominees (Asing) Sdn. Bhd. - <i>Exempt An For State Street Bank & Trust Company (West CLT OD67)</i>	9,827,326	0.84
13. HSBC Nominees (Asing) Sdn. Bhd. - <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)</i>	8,996,338	0.77
14. Cartaban Nominees (Asing) Sdn. Bhd. - <i>GIC Private Limited For Government of Singapore (C)</i>	8,505,400	0.73
15. AmanahRaya Trustees Berhad - <i>Public Islamic Select Enterprises Fund</i>	7,293,300	0.62
16. HSBC Nominees (Asing) Sdn. Bhd. - <i>Exempt An For JPMorgan Chase Bank, National Association (JPMELAB AIF APG)</i>	7,211,100	0.62
17. AmanahRaya Trustees Berhad - <i>Amanah Saham Bumiputera 2</i>	7,000,000	0.60
18. Maybank Nominees (Tempatan) Sdn. Bhd. - <i>Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)</i>	7,000,000	0.60

STATISTICS ON SHAREHOLDINGS

As at 31 March 2016

THIRTY LARGEST SHAREHOLDERS (CONT'D.)

Shareholders	No. of Shares	%
19. AmanahRaya Trustees Berhad - <i>Public Islamic Dividend Fund</i>	6,524,400	0.56
20. Maybank Nominees (Tempatan) Sdn. Bhd. - <i>Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	6,161,600	0.53
21. HSBC Nominees (Asing) Sdn. Bhd. - <i>Pictet And CIE (Europe) For Pictet Global Selection Fund - Global High Yield Emerging Equities Fund</i>	4,895,600	0.42
22. Citigroup Nominees (Asing) Sdn. Bhd. - <i>Exempt An For Citibank New York (Norges Bank 12)</i>	4,330,900	0.37
23. HSBC Nominees (Asing) Sdn. Bhd. - <i>HSBC BK PLC For Kuwait Investment Office (KIO)</i>	4,000,000	0.34
24. AmanahRaya Trustees Berhad - <i>Public Ittikal Sequel Fund</i>	3,828,000	0.33
25. AmanahRaya Trustees Berhad - <i>Public Savings Fund</i>	3,386,400	0.29
26. AmanahRaya Trustees Berhad - <i>Public Dividend Select Fund</i>	3,335,100	0.29
27. HSBC Nominees (Asing) Sdn. Bhd. - <i>HSBC BK PLC For Abu Dhabi Investment Authority (AGUS)</i>	3,275,130	0.28
28. Citigroup Nominees (Tempatan) Sdn. Bhd. - <i>Employees Provident Fund Board (AFFIN-HWG)</i>	3,106,500	0.27
29. AmanahRaya Trustees Berhad - <i>Public Islamic Equity Fund</i>	2,884,900	0.25
30. Lembaga Tabung Angkatan Tentera	2,879,400	0.25
Total	1,019,068,807	87.24

SUBSTANTIAL SHAREHOLDERS

Shareholders	Direct Holdings		Indirect Holdings	
	No. of Shares	%	No. of Shares	%
1. Amanah Saham Bumiputera	-	-	476,270,500	40.77
2. Employees Provident Fund Board*	-	-	204,071,593	17.47
3. Permodalan Nasional Berhad	66,842,200	5.72	-	-
4. Yayasan Pelaburan Bumiputera [#]	-	-	66,842,200	5.72

* Total shares held by Employees Provident Fund Board ("EPF") include all securities accounts held by other nominees of EPF.

[#] Deemed interested by virtue of its substantial interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

The above information was extracted from the Record of Depositors received from Bursa Malaysia Depository Sdn. Bhd. on 1 April 2016.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Appendix 9C of the MMLR -

Utilisation of Proceeds

As at 31 March 2016, the status of utilisation of proceeds from the listing of UMW Oil & Gas Corporation Berhad on 1 November 2013, is as follows -

Purpose	Proposed Utilisation (RM million)	Actual Utilisation To date (RM million)	Intended Timeframe for Utilisation from 1 November 2013 (Month)	Deviation (RM million / %)
Repayment of borrowings	203.0	203.0	24	Nil
Working capital	547.5	258.6	24	Not applicable
Capital expenditure	200.0	72.6	24	Not applicable
IPO/Listing expenses	51.5	23.6	6	27.9 / 54.2%*
Total	1,002.0	557.8		

Note:

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

Share Buy-Back

There was no share buy-back by the Company during the financial year under review.

Options or Convertible Securities

There were no options or convertible securities issued by the Company during the financial year under review.

Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year under review.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2015 by the Company's external auditors or their affiliates is disclosed in Note 29 of the Audited Financial Statements.

ADDITIONAL COMPLIANCE INFORMATION

Variation in Results

There were no variances of 10% or more between the results for the financial year 2015 and the unaudited results previously announced.

Profit Guarantee

There was no profit guarantee for the financial year under review.

Material Contracts Involving Interests of Directors and Major Shareholders

The material contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests, either subsisting as at 31 December 2015, or entered into since the end of the previous financial year ended 31 December 2014, are as follows -

1. Joint Venture Agreement dated 2 February 1993 between UMW Corporation Sdn. Bhd. ("UMWC"), PNB Equity Resource Corporation Sdn. Bhd. ("PNB EQUITY"), Med-Bumikar Mara Sdn. Bhd., Daihatsu (Malaysia) Sdn. Bhd. ("DMSB"), Daihatsu Motor Co. Ltd. ("DMC") and Mitsui & Co. Ltd. ("MBK") in respect of a joint venture to set up Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua") to undertake Malaysia's second national car project.

Supplement and Amendment Agreement dated 5 December 2001 between UMWC, DMC, MBM Resources Berhad ("MBM"), PNB EQUITY, MBK and DMSB in respect of the setting up of Perodua Auto Corporation Sdn. Bhd. and the restructuring of the manufacturing subsidiaries of Perodua, i.e., Perodua Manufacturing Sdn. Bhd. ("PMSB") and Perodua Engine Manufacturing Sdn. Bhd. ("PEMSB") to enable the Perodua Group to acquire the ability to compete in the post-AFTA era with assistance from DMC, through DMC's management control in PMSB and PEMS, in improving production efficiencies, reducing cost and enhancing quality and increasing Perodua's competitiveness in the industry.

Supplemental Agreement dated 22 April 2013 between UMWC, PNB EQUITY, MBM, DMSB, DMC, MBK and Mitsui Co. (Asia-Pacific) Pte. Ltd., in respect of the setting up of a new manufacturing company, i.e., Perodua Global Manufacturing Sdn. Bhd. ("PGMSB") and the construction of a new plant, to enable the Perodua Group to achieve global competitiveness in a shorter time with assistance from DMC, through DMC's management control in PGMSB, by reforming corporate culture, exercising structural transformation of systems, including but without limitation, to procurement system and/or personnel system.

PNB EQUITY is a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB") and the PNB Group is a major shareholder of UMW Holdings Berhad, the parent company of UMWC.

2. Shareholders' Agreement dated 2 July 1997 ("the Agreement") between UMW-PNSB Development Sdn. Bhd. (now known as UMW Development Sdn. Bhd.) ("UMW Development"), UMW Corporation Sdn. Bhd. ("UMWC"), TTDI Development Sdn. Bhd. ("TTDI"), formerly a Permodalan Nasional Berhad-related party, and Permodalan Negeri Selangor Berhad ("PNSB") in connection with the joint venture between the parties for a property development project. Pursuant to the Agreement, TTDI acquired 19% and 20% from UMWC and PNSB, respectively, of the total issued and paid-up share capital of UMW Development for a total cash consideration of RM25,326,525 and RM26,659,500. A Supplementary Shareholders' Agreement dated 31 March 1998 (supplemental to the Shareholders' Agreement dated 2 July 1997) between UMW Development, UMWC, TTDI and PNSB to facilitate the payment of the purchase price by TTDI to UMWC and PNSB. Supplementary Shareholders' Agreement No. 2 dated 24 November 2000 between UMW Development, UMWC, TTDI and PNSB in respect of the amendments to the pre-emption rights of the shareholders. Pursuant to this Agreement, Permodalan Nasional Berhad ("PNB") acquired 39% of the equity holding of TTDI in UMW Development in May 2001. PNB is a shareholder of UMW Development and the PNB Group is a major shareholder of UMW Holdings Berhad, the parent company of UMWC.

ADDITIONAL COMPLIANCE INFORMATION

3. Joint Venture Agreement dated 5 July 2004 between UMW Corporation Sdn. Bhd. (“UMWC”), a wholly-owned subsidiary of UMW Holdings Berhad (“UMWH”), Toyota Tsusho Corporation, Japan (“TTC”) and Toyota Tsusho (Malaysia) Sdn. Bhd. (“TTM”) for the setting up of a joint venture operation, under UMW Toyotsu Motors Sdn. Bhd. (“UMW Toyotsu”) in which UMW Toyotsu will become an authorised non-exclusive dealer of UMW Toyota Motor Sdn. Bhd. (“UMWT”), a 51%-owned subsidiary of UMWC.

Toyota Motor Corporation, Japan (“TMC”), a 39% shareholder of UMWT, owns 21.73% equity interest in TTC. TTC, a 10% shareholder of UMWT is also a 70% shareholder of TTM. TMC and TTC are deemed to be related parties by virtue of their direct interest in UMWT.

4. Settlement Agreement dated 27 November 2015 between UMW Corporation Sdn. Bhd. (“UMWC”), a wholly-owned subsidiary of UMW Holdings Berhad (“UMWH”) and UMW Development Sdn. Bhd. (“UMW Development”), a 51%-owned subsidiary of UMWC, in respect of the settlement of the liabilities due from UMW Development to UMWC (as at 31 July 2015) amounting to RM229,792,101 (“Liabilities”).

The settlement of the Liabilities will be made via a transfer of several parcels of land belonging to UMW Development to UMWC or any other wholly-owned entity as may be nominated by UMWC, for a total consideration of RM242,462,999.97.

Permodalan Nasional Berhad (“PNB”) holds 39% equity interest in UMW Development. The PNB Group is a major shareholder of UMWH, the parent company of UMWC.

Contracts Relating to Loans

There were no contracts relating to loans by the Company involving Directors’ and Major Shareholders’ interests during the financial year ended 31 December 2015.

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the AGM of the Company held on 28 May 2015, the Company had obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT").

In accordance with Paragraph 10.09(2)(b) of the MMLR, details of RRPT conducted during the financial year ended 31 December 2015 pursuant to the Shareholders' Mandate are as follows -

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM million)
Toyota Motor Corporation, Japan ("TMC")	<p>Denso International Asia Pte. Ltd., Singapore ("DIA") has 72.7% equity interest in Denso (Malaysia) Sdn. Bhd. ("Denso"). DIA is a wholly-owned subsidiary of Denso Corporation, Japan, a company in which TMC has 22.31% equity interest.</p> <p>TMC has direct and indirect interests in UMW Toyota Motor Sdn. Bhd. ("UMWT") and its subsidiaries by virtue of its direct 39% shareholding in UMWT, a 51%-owned subsidiary of UMW Corporation Sdn. Bhd. ("UMWC"), which is in turn a wholly-owned subsidiary of UMW Holdings Berhad ("UMWH").</p> <p>UMWT has 100% equity interest in Assembly Services Sdn. Bhd. ("ASSB").</p>	<ul style="list-style-type: none"> • Sale of vehicle parts by Denso to UMWT, a subsidiary of UMWC • Sale of vehicle parts by Denso to ASSB, a wholly-owned subsidiary of UMWT 	<p>476,689</p> <p>167,855</p>
TMC	<p>TMC has 22.5% equity interest in JTEKT Corporation, Japan, which in turn has 90% equity interest in JTEKT Automotive (Malaysia) Sdn. Bhd. ("JAMSB").</p> <p>UMWT has 10% equity interest in JAMSB.</p>	<ul style="list-style-type: none"> • Sale of vehicle spare parts/local parts by JAMSB to UMWT, a subsidiary of UMWC 	<p>152,720</p>
TMC	<p>TMC has indirect interest in Perodua Engine Manufacturing Sdn. Bhd. ("PEMSB"), a 28%-owned associated company of UMWC, vide its 51.19%-owned subsidiary, Daihatsu Motor Co., Ltd., Japan ("DMC").</p> <p>DMC has 20% and 41% equity interests in Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua") and Perodua Auto Corporation Sdn. Bhd. ("PCSB"), a 19%-owned associated company of UMWC, respectively.</p> <p>Perodua and PCSB in turn, have 49% and 51% equity interests in PEMS, respectively.</p> <p>UMWT has 100% equity interest in Automotive Industries Sendirian Berhad ("AISB").</p>	<ul style="list-style-type: none"> • Sale of stamping parts/manifold assembly exhaust by AISB, a wholly-owned subsidiary of UMWT, to PEMS 	<p>69,407</p>

ADDITIONAL COMPLIANCE INFORMATION

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM million)
TMC	<p>TMC has direct and indirect interests in UMWT and its subsidiaries by virtue of its direct 39% shareholding in UMWT, a 51%-owned subsidiary of UMWC, which is in turn a wholly-owned subsidiary of UMWH.</p> <p>TMC has indirect interest in Toyota Boshoku UMW Sdn. Bhd. ("TBU"), vide its 39% equity interest in UMWT and 39.25% equity interest in Toyota Boshoku Corporation, Japan ("TBC"). UMWT and TBC in turn have 65% and 35% equity interests in TBU, respectively.</p> <p>TMC has 21.7% equity interest in Toyota Tsusho Corporation, Japan ("TTC").</p> <p>TTC is a major shareholder of Toyota Tsusho (Malaysia) Sdn. Bhd. ("TTM") as TTC has 70% equity interest therein.</p> <p>UMWT has 100% equity interest in ASSB.</p>	<ul style="list-style-type: none"> • Sale of completed vehicle seats, local vehicle OE parts by TBU to ASSB, a wholly-owned subsidiary of UMWT • Sale of fabric and CKD seat component by TTM to TBU, a subsidiary of UMWT 	<p>277,412</p> <p>102,275</p>
TTC	<p>TMC has an indirect interest in UMWT through its associated company, TTC, by virtue of TTC's 10% direct shareholding in UMWT.</p> <p>TMC has 21.7% equity interest in TTC.</p> <p>TTC is a major shareholder of TTM as TTC has 70% equity interest therein.</p> <p>TTC and TTM have 51% and 19% equity interests in UMW Toyotsu Motors Sdn. Bhd. ("UMW Toyotsu"), a 30%-owned associated company of UMWC, respectively.</p>	<ul style="list-style-type: none"> • Sale of vehicles and parts by UMWT, a subsidiary of UMWC, to UMW Toyotsu 	<p>139,934</p>

Notwithstanding the related party disclosures already presented in the Audited Financial Statements in accordance with Malaysian Financial Reporting Standard No. 124 ("MFRS 124"), the above disclosures are made in compliance with Paragraph 10.09 of the MMLR with regard to the value of RRPT carried out in accordance with the Shareholders' Mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the MMLR are, to a certain extent, different from those of MFRS 124.

The shareholdings of the respective interested major shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 25 April 2016 in relation to the Proposed Renewal of Shareholders' Mandate for Existing RRPT and Proposed New Shareholders' Mandate for Additional RRPT of a Revenue or Trading Nature.

TOP TEN PROPERTIES HELD BY THE UMW GROUP

As at 31 December 2015

Location	Description	Existing Use	Tenure	Approximate Area of Land/ Built-up (Sq. Metres)	Approximate Age of Building (Years)	Revaluation Date	Acquisition Date	Net Book Value (RM)
1. Klang No. 1, Jalan Keluli 2/KU2 Kawasan Perindustrian Bukit Raja, Klang Selangor	Industrial Land	Integrated Quality Hub, Test Track and Centralised Body & Paint Centre	Freehold	Land - 354,261.0 Built-up - 27,753.3	4	-	28.12.2008	83,763,499
2. Ulu Selangor Lots 15001 to 15009 Lots 15019 to 15024 Lots 40020 to 40021 Lots 40025 to 40027 Lots 40029 to 40033 Mukim Serendah Ulu Selangor, Selangor	Industrial Land	Vacant	Leasehold 99 years expiring 25.10.2098 and Leasehold 99 years expiring 07.07.2109	Land - 2,963,851.2 Built-up - Nil	-	-	17.04.1995	74,489,047
3. Shah Alam No. 2, Persiaran Raja Muda Section 15 Shah Alam, Selangor	Commercial Land	UMW Toyota Head Office	Leasehold 99 years expiring 22.07.2067	Land - 24,283.2 Built-up - 19,840.5	11	-	06.08.1985	39,774,754
4. Subang Part of Lot 61716 H.S. (D) 58036 Bandar Subang Jaya Daerah Petaling, Selangor	Commercial Land	Showroom, Parts & Service Centre	Freehold	Land - 10,967.1 Built-up - 10,219.3	8	-	28.03.2006	35,594,692
5. Penang No. 8, Jalan Jelutong Section 9W Bandar Georgetown North-East District Pulau Pinang	Industrial Land	Showroom, Parts & Service Centre	Feehold	Land - 12,137.8 Built-up - 2,653.8	8	-	29.12.2003	34,479,239
6. Shah Alam Lot 51, Jalan Pengisar (15/9), Section 15 Shah Alam, Selangor	Industrial Land	Temporary Carpark	Leasehold 99 years expiring 14.10.2069	Land - 24,943.7 Built-up - 5,067.3	-	06.05.2014	20.08.2014	27,754,545
7. Shah Alam No. 19, Jalan Subang Utama 2 (Jalan Puchong) Lion Industrial Park Section 22 Shah Alam, Selangor	Industrial Land	Automotive Industries Sendirian Berhad	Freehold	Land - 46,871.0 Built-up - 821.0	13	-	14.05.1997	26,610,449
8. Batu Pahat Geran 49065 Bandar Penggaram Daerah Batu Pahat, Johor	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Freehold	Land - 10,496.5 Built-up - 2,620.0	8	-	28.09.2005	24,594,129
9. Petaling Jaya Lot 1, Jalan 19/1 Section 19 Petaling Jaya, Selangor	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Leasehold 99 years expiring 28.06.2061	Land - 17,094.0 Built-up - 11,632.1	10	-	15.06.1991	24,435,920
10. Ipoh Lot 4798 Mukim Ulu Kinta Daerah Kinta Jalan Kuala Kangsar Ipoh, Perak	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Leasehold 999 years expiring 02.01.2895	Land - 10,918.7 Built-up - 17,960.0	5	-	13.12.1995	24,241,436

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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Group and of the Company are referred to in Note 1 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	<u>2,192</u>	<u>59,908</u>
Attributable to:		
Equity holders of the Company	(37,171)	59,908
Non-controlling interests	<u>39,363</u>	-
	<u>2,192</u>	<u>59,908</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends paid or declared by the Company since 31 December 2014 were as follows:

	RM'000
In respect of the financial year ended 31 December 2014 and as reported in the directors report in that year:	
Second interim single-tier dividend of 30% or 15.0 sen declared on 26 November 2014 and paid on 20 January 2015	<u>175,244</u>
Third interim single-tier dividend of 32% or 16.0 sen declared on 26 February 2015 and paid on 24 April 2015	<u>186,927</u>
In respect of the financial year ended 31 December 2015:	
First interim single-tier dividend of 20% or 10.0 sen declared on 26 August 2015 and paid on 8 October 2015	<u>116,829</u>

DIRECTORS' REPORT (CONT'D.)

DIVIDENDS (CONT'D.)

A second interim single-tier dividend in respect of the current financial year of 20% or 10.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM116.8 million (2014: a single-tier dividend of 32% or 16.0 sen per share of RM0.50 each, amounting to RM186.9 million net dividend) was declared on 25 February 2016 and has been paid to the shareholders on 23 March 2016. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

The directors do not recommend the payment of any final dividend in respect of financial year ended 31 December 2015.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Asmat bin Kamaludin
 Badrul Feisal bin Abdul Rahim (Appointed on 1 October 2015)
 Datuk Syed Hisham bin Syed Wazir (Retired on 30 September 2015)
 Dr. Leong Chik Weng
 Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani
 Dato' Siow Kim Lun @ Siow Kim Lin
 Dato' Mohd Nizam bin Zainordin
 Khalid bin Sufat
 Rohaya binti Mohammad Yusof
 Tan Sri Hasmah binti Abdullah

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 43 to the financial statements.

DIRECTORS' INTEREST

According to the register of directors' shareholdings, the directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations except for the following:

	← Number of Ordinary Shares of RM0.50 Each →			
	1 January 2015	Bought	Sold	31 December 2015
The Company				
Indirect Interest				
Tan Sri Asmat bin Kamaludin	18,000	-	-	18,000

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTEREST (CONT'D.)

Related company	← Number of Ordinary Shares of RM0.50 Each →			
	1 January 2015	Bought	Sold	31 December 2015
UMW Oil & Gas Corporation Berhad				
Direct Interest				
Tan Sri Asmat bin Kamaludin	300,000	-	300,000	-
Dr. Leong Chik Weng	150,000	-	150,000	-
Datuk Dr. Nik Norzrul Thani bin N.Hassan Thani	75,000	-	-	75,000
Dato' Siow Kim Lun @ Siow Kim Lin	100,000	-	-	100,000
Khalid bin Sufat	70,000	-	70,000	-
Indirect Interest*				
Tan Sri Asmat bin Kamaludin	4,000	300,000	-	304,000
Dato' Siow Kim Lun @ Siow Kim Lin	15,000	-	15,000	-

* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment loss on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment loss on receivables had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for impairment loss on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading or inappropriate.

DIRECTORS' REPORT (CONT'D.)

OTHER STATUTORY INFORMATION (CONT'D.)

(e) As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in the financial statements, other significant events are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are as disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2016.



TAN SRI ASMAT BIN KAMALUDIN



BADRUL FEISAL BIN ABDUL RAHIM

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **TAN SRI ASMAT BIN KAMALUDIN** and **BADRUL FEISAL BIN ABDUL RAHIM**, being two of the directors of UMW Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 115 to 241 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 47 on page 242 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2016.

TAN SRI ASMAT BIN KAMALUDIN

BADRUL FEISAL BIN ABDUL RAHIM

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **AZMIN BIN CHE YUSOFF**, being the officer primarily responsible for the financial management of UMW Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 115 to 242 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **AZMIN BIN CHE YUSOFF** at Shah Alam in Selangor Darul Ehsan on 8 April 2016

AZMIN BIN CHE YUSOFF

Before me,



No. 7-1F
Jln. Bering Padang Q 13/6,
Seksyen 13-40100 Shah Alam,
Selangor

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UMW HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of UMW Holdings Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 115 to 241.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UMW HOLDINGS BERHAD (CONT'D.)
(Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 47 on page 242 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
8 April 2016



AHMAD ZAHIRUDIN BIN ABDUL RAHIM
No. 2607/12/16(J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,102,786	5,669,692
Investment properties	5	3,172	3,850
Intangible assets	6	25,228	25,555
Land use rights	7	6,761	6,580
Leased assets	8	287,629	267,701
Receivables	16	42,490	2,483
Investment in joint ventures	10	55,951	59,982
Investment in associates	11	1,923,150	1,797,456
Deferred tax assets	12	74,501	65,824
Other investments	13	22,761	21,175
Derivative assets	14	13,514	5,631
		10,557,943	7,925,929
Current assets			
Inventories	15	1,889,963	1,830,408
Receivables	16	1,833,401	2,078,546
Other investments	13	1,188,945	1,181,759
Tax recoverable		9,396	9,343
Derivative assets	14	11,510	382
Deposits, cash and bank balances	17	2,734,143	3,370,710
		7,667,358	8,471,148
Non-current assets held for sale	18	-	122,597
		7,667,358	8,593,745
TOTAL ASSETS		18,225,301	16,519,674

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

As at 31 December 2015

	Note	2015 RM'000	2014 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	584,147	584,147
Share premium		794,482	794,482
Capital reserve		396	396
Hedging reserve	20	-	45
Foreign currency translation reserve	20	445,306	92,544
Retained profits		4,760,127	5,108,848
		6,584,458	6,580,462
Non-controlling interests		2,799,413	2,852,595
Total equity		9,383,871	9,433,057
Non-current liabilities			
Provision for warranties	21	55,976	30,468
Deferred tax liabilities	12	27,480	27,354
Long term borrowings	22	2,289,762	1,803,038
Payables	25	50,197	48,600
Derivative liabilities	14	80,030	107,536
		2,503,445	2,016,996
Current liabilities			
Provision for warranties	21	85,171	57,516
Taxation		86,981	82,753
Short term borrowings	24	3,724,990	2,386,737
Payables	25	2,241,179	2,217,049
Dividend payable	34	-	175,244
Derivative liabilities	14	199,664	29,142
Liabilities associated with non-current assets held for sale	18	-	121,180
		6,337,985	5,069,621
Total liabilities		8,841,430	7,086,617
TOTAL EQUITY AND LIABILITIES		18,225,301	16,519,674

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Revenue	26	14,441,583	14,932,490
Other operating income	27	143,319	213,933
Changes in inventories		(199,210)	81,816
Finished goods purchased		(10,394,359)	(10,303,070)
Raw materials and consumables used		(456,583)	(557,375)
Employee benefits	28	(1,084,963)	(1,116,528)
Depreciation and amortisation		(510,711)	(378,744)
Other operating expenses		(1,803,459)	(1,439,615)
Profit from operations		135,617	1,432,907
Finance costs	30	(126,775)	(85,146)
Investment income	31	126,372	134,051
Share of results of associates and joint ventures		134,438	139,648
Profit before zakat and taxation	29	269,652	1,621,460
Zakat		(5,905)	(14,787)
Income tax expense	32	(261,555)	(393,668)
Profit for the year		2,192	1,213,005
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		548,010	122,144
Fair value (loss)/gain on cash flow hedge		(45)	404
Other comprehensive income for the year, net of tax		547,965	122,548
Total comprehensive income for the year		550,157	1,335,553
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(37,171)	651,970
Non-controlling interests		39,363	561,035
		2,192	1,213,005
Total comprehensive income attributable to:			
Equity holders of the Company		315,546	717,896
Non-controlling interests		234,611	617,657
		550,157	1,335,553
(Loss)/earnings per share attributable to equity holders of the Company (sen):			
Basic/Diluted	33	(3.2)	55.8

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Non-distributable				Distributable				Total equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve		Hedging reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	
			Capital reserve RM'000	Reserve					
At 1 January 2014	584,147	794,482	27,022	396	(359)	4,884,679	6,290,367	2,642,165	8,932,532
Total comprehensive income	-	-	65,522	-	404	651,970	717,896	617,657	1,335,553
Transactions with owners	-	-	-	-	-	(397,219)	(397,219)	(433,114)	(830,333)
Dividends (Note 34)	-	-	-	-	-	(30,582)	(30,582)	25,887	(4,695)
Acquisition of non-controlling interest (Note 9)	-	-	-	-	-	(427,801)	(427,801)	(407,227)	(835,028)
Total transactions with owners	584,147	794,482	92,544	396	45	5,108,848	6,580,462	2,852,595	9,433,057
At 31 December 2014	584,147	794,482	92,544	396	45	5,108,848	6,580,462	2,852,595	9,433,057
At 1 January 2015	584,147	794,482	92,544	396	45	5,108,848	6,580,462	2,852,595	9,433,057
Total comprehensive income/ (loss)	-	-	352,762	-	(45)	(37,171)	315,546	234,611	550,157
Transactions with owners	-	-	-	-	-	(303,756)	(303,756)	(326,234)	(629,990)
Dividends (Note 34)	-	-	-	-	-	-	-	18,874	18,874
Issuance of ordinary shares by subsidiaries	-	-	-	-	-	-	-	32,510	32,510
Dilution of interest in subsidiaries	-	-	-	-	-	(7,794)	(7,794)	(12,943)	(20,737)
Acquisitions of non-controlling interest (Note 9)	-	-	-	-	-	(311,550)	(311,550)	(287,793)	(599,343)
Total transactions with owners	584,147	794,482	445,306	396	-	4,760,127	6,584,458	2,799,413	9,383,871

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	269,652	1,621,460
Adjustments for:		
Amortisation of financial guarantee contract	(11,680)	-
Bad debts written off	-	37
Depreciation and amortisation	510,711	378,744
Net impairment/(reversal of impairment) losses on:		
- receivables	9,968	18,569
- leased assets	(285)	235
- property, plant and equipment	336,431	(55)
- investment in joint ventures	-	86,458
- investment in associates	-	27,779
- available-for-sale investment	-	162
- goodwill	25,555	12,274
Dividend income from investments	(300)	(2,876)
Net gain on disposal of investments	(2,293)	(760)
Interest expense	126,775	85,146
Interest income	(126,072)	(131,175)
Net gain on disposal of property, plant and equipment, non-current assets held for sale and leased assets	(20,322)	(65,068)
Net provision of inventories written down	11,560	8,584
Property, plant and equipment written off	14,617	945
Net provision for warranties	109,647	21,431
Re-measurement of non-current assets held for sale	-	93,000
Loss on disposal of non-current assets held for sale	51,180	-
Provision for/(reversal) of unutilised leave	55	(5,205)
Net fair value losses/(gains) on financial assets held of trading	4,047	(3,751)
Provision for additional loss on investment in a joint venture (Note 25)	130,314	-
Share of results of associates	(134,375)	(171,978)
Share of results of joint ventures	(63)	32,330
Net fair value losses on derivatives	126,279	42,261
Net unrealised foreign exchange gain	(155,003)	(22,103)
Operating profit before working capital changes	1,276,398	2,026,444
Receivables	439,527	(243,181)
Inventories	(14,701)	(99,405)
Provision for warranties	(57,384)	(34,367)
Payables	(299,507)	240,582
Cash generated from operating activities	1,344,333	1,890,073
Interest paid	(121,440)	(94,091)
Zakat and taxes paid	(273,776)	(418,267)
Net cash generated from operating activities	949,117	1,377,715

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D.)

For the year ended 31 December 2015

	2015	2014
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of additional shares	(30,180)	(4,695)
Proceeds from issuance of shares by subsidiaries to non-controlling interests	18,874	-
Additional investment in joint ventures and associates	-	(107,489)
Purchase of investment in available-for-sale financial asset	-	(4,181)
Purchase of property, plant and equipment and leased assets	(2,280,364)	(2,185,546)
Deposits for purchase of land	(129,022)	(12,766)
Proceeds from disposal of property, plant and equipment, non-current assets held for sale and leased assets	51,786	106,977
Proceeds from disposal of other investments	1,158,359	2,256,052
Purchase of other investments	(1,167,964)	(1,100,119)
Interest received	126,072	131,175
Dividends received from associates and other investments	100,212	121,526
Withdrawal of deposits	412,300	472,200
Placement of deposits pledged with banks	(414)	(885)
Net cash used in investing activities	(1,740,341)	(327,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of long term borrowings	748,485	518,617
Repayment of long term borrowings	(234,677)	(157,474)
Net movement in short term borrowings	809,635	790,422
Repayment of finance lease payables	(872)	(853)
Dividends paid to equity holders of the Company	(479,000)	(514,048)
Dividends paid to non-controlling interests	(326,234)	(433,114)
Net cash generated from financing activities	517,337	203,550
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(273,887)	1,253,514
EFFECTS OF EXCHANGE RATE CHANGES	64,578	6,435
CASH AND CASH EQUIVALENTS ASSOCIATED WITH ASSETS HELD FOR SALE	-	5,351
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,830,367	1,565,067
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	2,621,058	2,830,367
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	617,589	526,169
Deposits with licensed banks (Note 17)	2,116,554	2,844,541
	2,734,143	3,370,710
Less: Bank overdrafts (Note 24)	(78,786)	(94,158)
Less: Deposits with a maturity of more than 3 months (Note 17)	(31,000)	(443,300)
Less: Deposits pledged with banks (Note 17)	(3,299)	(2,885)
	2,621,058	2,830,367

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
Non-current assets			
Plant and equipment	4	13	17
Investment in subsidiaries	9	1,813,751	1,788,002
Investment in an associate	11	25,800	25,800
Due from subsidiaries	16	145,944	390,272
		1,985,508	2,204,091
Current assets			
Other investments	13	622,907	389,133
Receivables	16	566	654
Due from subsidiaries	16	157,596	470,581
Tax recoverable		1,013	1,063
Derivative assets	14	952	-
Deposits, cash and bank balances	17	18,154	94,201
		801,188	955,632
TOTAL ASSETS		2,786,696	3,159,723
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	584,147	584,147
Share premium		794,482	794,482
Retained profits	34	458,913	702,761
Total equity		1,837,542	2,081,390
Non-current liabilities			
Long term borrowings	22	189,944	629,874
Payables	25	29,848	28,137
Derivative liabilities	14	80,030	104,680
		299,822	762,691
Current liabilities			
Short term borrowings	24	439,997	109,982
Payables	25	15,099	15,762
Dividend payable	34	-	175,244
Derivative liabilities	14	194,236	14,654
		649,332	315,642
Total liabilities		949,154	1,078,333
TOTAL EQUITY AND LIABILITIES		2,786,696	3,159,723

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Revenue	26	357,755	488,930
Other operating income	27	118,920	33,967
Depreciation		(8)	(15)
Other operating expenses		(440,230)	(131,953)
Profit from operations		36,437	390,929
Finance costs	30	(22,631)	(19,635)
Investment income	31	52,452	58,074
Profit before zakat and taxation	29	66,258	429,368
Zakat		(5,905)	(14,787)
Income tax expense	32	(445)	(402)
Profit for the year, representing total comprehensive income for the year		59,908	414,179

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2014	584,147	794,482	685,801	2,064,430
Total comprehensive income	-	-	414,179	414,179
Transactions with owners:				
Dividends (Note 34)	-	-	(397,219)	(397,219)
At 31 December 2014	584,147	794,482	702,761	2,081,390
At 1 January 2015	584,147	794,482	702,761	2,081,390
Total comprehensive income	-	-	59,908	59,908
Transactions with owners:				
Dividends (Note 34)	-	-	(303,756)	(303,756)
At 31 December 2015	584,147	794,482	458,913	1,837,542

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and taxation	66,258	429,368
Adjustments for:		
Amortisation of financial guarantee contract	(5,696)	-
Interest expense	22,631	19,635
Net gain on sale of money market fund	(218)	(2,730)
Equipment written off	1	-
Loss on disposal of motor vehicles	-	352
Investment income	(52,452)	(58,074)
Dividend income from subsidiaries	(357,755)	(488,930)
Depreciation	8	15
Net fair value (gain)/loss on financial assets held for trading	(559)	1,390
Net impairment on investment in subsidiaries	-	34,409
Allowance for impairment loss on amount due from subsidiaries	234,924	43,367
Net unrealised foreign exchange gains	(111,168)	(31,519)
Net fair value losses on derivatives	153,980	45,440
Operating loss before working capital changes	(50,046)	(7,277)
Receivables	(94)	404
Amount due from subsidiaries	105,083	(85,374)
Payables	4,448	(4,041)
Cash generated from/(used in) operations	59,391	(96,288)
Interest paid	(21,924)	(19,488)
Zakat and taxes paid	(6,300)	(14,817)
Net cash generated from/(used in) operating activities	31,167	(130,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	24,942	24,748
Dividends received	715,510	-
Purchase of other investments	(439,024)	(180,544)
Purchase of equipment	(5)	(18)
Purchase of investment in an associated company	-	(1,950)
Proceeds from disposal of other investments	206,027	822,000
Proceeds from disposal of motor vehicles	-	257
Additional investment in a subsidiary	(25,749)	(4,695)
Net cash generated from investing activities	481,701	659,798

STATEMENT OF CASH FLOWS (CONT'D.)

For the year ended 31 December 2015

	2015	2014
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(109,915)	-
Dividends paid to equity holders of the Company	(479,000)	(514,048)
Net cash used in financing activities	(588,915)	(514,048)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(76,047)	15,157
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	94,201	79,044
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	18,154	94,201
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	5,575	35,365
Deposits with licensed banks (Note 17)	12,579	58,836
	18,154	94,201

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. CORPORATE INFORMATION

The Company is an investment holding company.

The principal activities of the subsidiaries are as disclosed in Note 38 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 April 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) as issued by Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

These financial statements also comply with the applicable disclosure provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand RM except when otherwise indicated.

As at 1 January 2015, the Group and the Company had adopted new amendments and revised MFRS (collectively referred as “pronouncements”) that have been issued by the MASB. These pronouncements do not give rise to any significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
Amendments to MFRS 7: Financial Instruments: Disclosures (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
Amendments to MFRS 119: Employee Benefits (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018

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

MFRS 9 Financial Instruments

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 no impact on the classification and measurement of the Group's and the Company's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Standards issued but not yet effective (cont'd.)

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 depict 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 the MFRS 15 and plans to adopt the new standard on the required effective date.

2.3 Summary of significant accounting policies

(a) Subsidiaries, basis of consolidation, associates and joint arrangements

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(i) Basis of consolidation (cont'd.)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(iii) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(iv) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting.

(v) Joint arrangement

A joint arrangement is an arrangement of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangement's returns.

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. Whilst, a joint arrangement is classified as a joint venture when the Group has rights only to the net assets of the arrangements. The Group has classified its joint arrangement as joint venture and accounted for its interest in joint venture using the equity method as described in Note 2.3(a)(vi).

(vi) Equity method of accounting

Under the equity method, the investments in associate and joint venture are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate and joint venture. The Group's share of the net profit or loss of the associate and joint venture is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of such changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries, basis of consolidation, associates and joint arrangements (cont'd.)

(vi) Equity method of accounting (cont'd.)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss. The associate or joint venture is equity accounted for from the date the Group exercises significant influence over the financial and operating policies of the associate until the date the Group ceases to have significant influence over the associate or joint venture.

Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss in the year in which the investment is acquired.

When the Group's share of losses in associate or joint venture equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the holding company.

The most recent available audited financial statements of the associate or joint venture is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

In the separate financial statements of the Company and of the Group's subsidiaries, investments in subsidiaries, associate and joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are either included in the asset's carrying amount or recognised as a separate asset, provided costs can be measured reliably and it is probable that future economic benefits associated with these costs will flow to the Group.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Periodic survey and dry-docking costs are incurred in connection with obtaining regulatory certification to operate the rigs on an ongoing basis. Costs associated with the certification are deferred and amortised on a straight-line basis over the period between surveys and drydocking. All other repair and maintenance costs are recognised in the profit or loss as incurred.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the profit or loss during the financial period which they are incurred.

Freehold land and assets-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Leasehold land - finance lease		Over lease period of 50 - 99 years
Buildings	)	Over period of 50 years or period of the
	)	land lease, whichever is the shorter
Plant and machinery		3% - 33%
Rigs and hydraulic workover units units ("HWUs")		3% - 10%
Drilling equipment		3% - 50%
Office equipment, furniture and fittings		10% - 50%
Motor vehicles		20% - 33%
Renovation and improvements		10% - 16%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income in the year the asset is derecognised.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(z).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Upon the disposal of a land use right, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.

When an indication of impairment exists, the carrying amount of the land use rights is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(z).

(d) Leased assets

Leased assets represent plant and equipment leased by the Group to third parties under operating leases.

Depreciation of leased assets is provided for on a straight-line basis calculated to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates of depreciation:

Plant and machinery	12.5% - 33.3%
Other equipment and tools	12.5%

The accounting policies for leased assets are the same as that for property, plant and equipment in all respects.

(e) Investment properties

Investment property is land or buildings held by the Group or held under finance leases, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation of other investment property is provided for on a straight-line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Leasehold land - finance lease	Over lease period of 50 - 99 years
Buildings	) Over a period of 50 years or period of the lease whichever is the
	) shorter

Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(z).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) and other investments or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Fair value through profit or loss comprises investment in cash funds, quoted shares, and derivatives.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those with maturity dates later than 12 months from the reporting date are classified as non-current.

Loans and receivables of the Group and of the Company comprise of trade and other receivables (other than accrued income and prepayments), due from related companies and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(f) Financial assets (cont'd.)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(g) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio that past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value or being within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at net realisable value, due allowance has been made for obsolete and slow-moving items.

Cost is determined principally by the following methods:

Equipment, unassembled and completed vehicles and attachments	- specific identification
Finished goods, work-in-progress, raw materials, spares and consumables	- weighted average

Cost includes the invoiced value of inventories purchased plus incidental expenses.

For manufactured goods, completed vehicles, attachments and work-in-progress, cost includes cost of raw materials, direct labour and the appropriate production overheads.

(j) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Foreign currencies

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in currencies other than the entity's functional currency ("foreign currencies") are initially converted into functional currency at rates of exchange ruling at the transaction dates.

Non-monetary items

At each financial reporting date, foreign currency non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

Monetary items

At each reporting date, foreign currency monetary items are translated into functional currency at exchange rates ruling at that date.

- Entity's financial statements

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

- Consolidated financial statements

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are taken directly to the foreign currency translation reserve within other comprehensive income until the disposal of the foreign operations, at which time they are recognised in profit or loss.

(iii) Foreign operations

Financial statements of foreign subsidiaries consolidated are translated at year-end exchange rates with respect to the assets and liabilities, and at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions with respect to the profit or loss. All resulting translation differences are included in the foreign currency translation reserve within other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(n) Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(p) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(q) Zakat

This represents business zakat payable by the Group and the Company. Zakat in the form of contribution is calculated based on certain percentage of the net current asset according to the principles of Syariah.

(r) Income tax

Income tax on the profit or loss for the period comprises current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(r) Income tax (cont'd.)

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) Revenue from sale of goods is recognised net of sales discounts when transfer of significant risks and rewards of ownership has been completed. Revenue is recognised net of goods and services tax ("GST") and includes excise duties.
- (ii) Revenue from service rendered is recognised net of GST on accruals basis as and when services are performed.
- (iii) Rental income on operating lease transactions is accounted for on a straight-line basis over the lease term.
- (iv) Finance lease interest from the leasing of assets are recognised according to the effective interest method so as to provide constant periodic rate of return on the net investment.
- (v) Dividend income is recognised when the shareholders' rights to receive payment is established.
- (vi) Revenue from the provision of drilling and workover services include minimum lease payments from customers under day-rate based contracts and other services. Revenue generated from day-rate based contracts, which are classified as operating leases by the Group, are recognised over the period the service is rendered.

Day-rate based contracts may include lump-sum fee for mobilisation and demobilisation which are recognised based on the policies stated in Note 2.3(s)(vii) and (viii). Fees received from customer under contract for upgrade to the rig is deferred and recognised over the contract term.

Additional payments for meeting or exceeding certain performance targets are recognised when it is probable that the economic benefits associated with the transaction will flow to the entity.

- (vii) Lump sum mobilisation fees received on drilling and workover services contracts are deferred and recognised on a straight-line basis over the period that the related drilling services are performed.

Mobilisation costs incurred as part of a contract are deferred and recognised as expense over the contract period. The costs of relocating drilling rigs that are not under a contract are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(s) Revenue recognition (cont'd.)

- (viii) Demobilisation costs are costs related to the transfer of a drilling rig to a safe harbour or different geographical area and are expensed as incurred.

Demobilisation fees on drilling and workover services contracts are recognised as and when services are rendered, or at the point when it becomes known and certain that demobilisation fee can be charged to the customer.

- (ix) Interest income is recognised using the effective interest method.

- (x) Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3(y).

(t) Leases

(i) Where Group is a lessee

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments, at the inception of the lease. The corresponding lease obligations, net of finance charges are included in borrowings. The interest rate implicit in the lease is used as the discount factor in calculating the present value of the minimum lease payments. Initial direct costs incurred are included as part of the asset.

The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability for each period.

The depreciation policy for assets held under finance leases is consistent with that for depreciable property, plant and equipment as described in Note 2.3(b).

Lease rental payments on operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(ii) Where Group is a lessor

The present value of lease payments receivable under a finance lease is recognised as finance lease receivables. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return on the balance outstanding.

Assets leased out under operating leases are included as leased assets in the statement of comprehensive income. They are depreciated over their expected useful lives as described in Note 2.3(d). Net rental income is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(u) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes. The contributions are recognised as an expense in the statement of comprehensive income as incurred.

(v) Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(w) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Dividends proposed or declared after the reporting date were not recognised as a liability at the reporting date.

(x) Non-current assets held for sale ("AHFS")

Assets held for sale and disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Immediately before classification as held for sale, the assets (or all the assets and liabilities in a disposal group) are remeasured in accordance with the Group's applicable accounting policies. Thereafter, on initial classification as held for sale, the assets or disposal group are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss.

Intangible assets, property, plant and equipment and investment properties once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale.

(y) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses, respectively, by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the sum of total costs incurred on construction contracts and recognised profits or recognised losses exceed progress billings, the balance is classified as amount due from customers on contracts. Conversely, when progress billings exceed the sum of total costs incurred on construction contracts and recognised profits or recognised losses, the balance is classified as amount due to customers on contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(z) Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(aa) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Group Chief Executive Officer who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

(bb) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(cc) Derivatives

The Group and the Company use derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency swaps and cross currency interest rate swaps to manage its risks associated with foreign currency and interest rate fluctuations. Derivatives are initially recorded at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to profit or loss for the financial year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of available-for-sale investments

The Group reviews its equity investment classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.1 Judgements made in applying accounting policies (cont'd.)

Impairment of available-for-sale investments (cont'd.)

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Group impairs unquoted equity investment with significant decline in fair value and prolonged period of 12 months and more.

The impairment losses recognised for unquoted available-for-sale financial assets as at 31 December 2015 is as disclosed in Note 13.

3.2 Significant accounting estimates

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis or at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units (“CGU”) to which goodwill are allocated.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of goodwill and impairment losses as at 31 December 2015 are disclosed in Notes 6, 10 and 11.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of recognised and unrecognised deferred tax assets is disclosed in Note 12.

(iii) Useful lives of plant and equipment

The cost of rigs, HWUs, drilling equipment, plant and machinery is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 30 years based on the common life expectancies applied in the respective industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group’s rigs, HWUs, drilling equipment, plant and machinery at the reporting date is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Significant accounting estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(iv) Provision for warranties

The Group recognises a provision for liabilities associated with the warranties provided on certain products. This requires an estimation of the expenditure required to settle the present obligation at the reporting date. In determining the provision, the Group has made assumptions in relation to the expected cost to repair and/or replace the products and the expected timing of those costs. As at 31 December 2015, the carrying amount of provision for warranties at the end of the reporting period is disclosed in Note 21.

(v) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16.

(vi) Impairment of plant and equipment

During the current financial year, the Group has recognised impairment losses in respect of rigs, HWUs and drilling equipment included within property, plant and equipment.

The management carried out the impairment test based on value in use of the CGU to which the property, plant and equipment are allocated. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised for property, plant and equipment are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT

	*Land and buildings RM'000	Rigs, HWUs, drilling equipment, plant and machinery RM'000	Assets-in- progress RM'000	**Other assets RM'000	Total RM'000
Group					
Cost					
At 1 January 2014	1,155,513	3,570,391	444,166	440,623	5,610,693
Exchange differences	4,515	177,433	9,122	1,628	192,698
Additions	16,155	753,270	1,257,871	37,836	2,065,132
Write-offs	(3,866)	(18,557)	-	(48,543)	(70,966)
Disposals	(14,081)	(4,962)	-	(17,877)	(36,920)
Reclassification	86,053	1,040,932	(1,133,067)	6,082	-
Reclassified from leased assets (Note 8)	-	90	-	-	90
Reclassified to assets held for sale	(46,476)	(123,565)	(1,827)	(4,537)	(176,405)
At 31 December 2014	1,197,813	5,395,032	576,265	415,212	7,584,322
Exchange differences	4,688	1,013,610	90,448	8,175	1,116,921
Additions	72,885	173,924	1,871,579	38,130	2,156,518
Write-offs	(144)	(122,711)	(46)	(15,203)	(138,104)
Disposals	(447)	(16,467)	(254)	(19,387)	(36,555)
Reclassification	29,221	2,026,715	(2,065,917)	9,981	-
Reclassified (to)/from leased assets (Note 8)	-	(72)	-	415	343
Acquisition of a subsidiary	49,393	33,698	-	1,725	84,816
At 31 December 2015	1,353,409	8,503,729	472,075	439,048	10,768,261

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	*Land and buildings RM'000	Rigs, HWUs, drilling equipment, plant and machinery RM'000	Assets-in- progress RM'000	**Other assets RM'000	Total RM'000
Group (cont'd.)					
Accumulated depreciation and impairment losses					
At 1 January 2014	293,858	1,108,825	-	309,157	1,711,840
Exchange differences	473	33,800	-	1,113	35,386
Charge for the year	26,678	225,560	-	31,773	284,011
Write-offs	(3,866)	(18,256)	-	(47,899)	(70,021)
Disposals	(1,932)	(3,520)	-	(10,510)	(15,962)
Impairment losses/(reversal of impairment)	-	20	-	(75)	(55)
Reclassification	-	2,561	-	(2,561)	-
Reclassified from leased assets (Note 8)	-	54	-	-	54
Reclassified to assets held for sale	(2,976)	(25,945)	-	(1,702)	(30,623)
At 31 December 2014	312,235	1,323,099	-	279,296	1,914,630
Exchange differences	2,184	145,249	-	5,255	152,688
Charge for the year***	26,823	340,787	-	34,021	401,631
Write-offs	(123)	(108,516)	-	(14,848)	(123,487)
Disposals	(249)	(15,173)	-	(12,441)	(27,863)
Impairment losses	-	336,431	-	-	336,431
Reclassification	-	(2,121)	-	2,121	-
Reclassified (to)/from leased assets (Note 8)	-	(72)	-	394	322
Acquisition of a subsidiary	3,555	6,533	-	1,035	11,123
At 31 December 2015	344,425	2,026,217	-	294,833	2,665,475
Net carrying amount					
At 31 December 2015	1,008,984	6,477,512	472,075	144,215	8,102,786
At 31 December 2014	885,578	4,071,933	576,265	135,916	5,669,692

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Land and buildings

	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
Group							
Cost							
At 1 January 2014	129,657	252,457	134,231	23,707	564,562	50,899	1,155,513
Exchange differences	283	1,526	112	122	1,761	711	4,515
Additions	341	736	-	8,039	7,039	-	16,155
Write-offs	-	-	-	-	(3,866)	-	(3,866)
Disposals	-	(513)	(13,096)	-	(472)	-	(14,081)
Reclassification	-	18,899	28,400	-	32,446	6,308	86,053
Reclassified to assets held for sale	(6,831)	(36,703)	(2,942)	-	-	-	(46,476)
At 31 December 2014	123,450	236,402	146,705	31,868	601,470	57,918	1,197,813
Exchange differences	-	58	(1,520)	406	1,330	4,414	4,688
Additions	14,671	17,799	36,860	-	3,555	-	72,885
Write-offs	-	-	-	-	(144)	-	(144)
Disposals	-	-	-	-	(447)	-	(447)
Reclassification	-	4,911	-	-	23,318	992	29,221
Acquisition of a subsidiary	-	-	13,886	-	35,507	-	49,393
At 31 December 2015	138,121	259,170	195,931	32,274	664,589	63,324	1,353,409

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Land and buildings (cont'd.)

	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
Group (cont'd.)							
Accumulated depreciation and impairment losses							
At 1 January 2014	-	37,656	31,904	12,053	183,260	28,985	293,858
Exchange differences	-	116	10	18	121	208	473
Charge for the year	-	5,146	2,410	788	17,024	1,310	26,678
Write-offs	-	-	-	-	(3,866)	-	(3,866)
Disposals	-	(34)	(1,879)	-	(19)	-	(1,932)
Reclassification	-	-	(1)	-	1	-	-
Reclassified to assets held for sale	-	(2,976)	-	-	-	-	(2,976)
At 31 December 2014	-	39,908	32,444	12,859	196,521	30,503	312,235
Exchange differences	-	53	123	63	579	1,366	2,184
Charge for the year	-	4,664	3,260	911	16,620	1,368	26,823
Write-offs	-	-	-	-	(123)	-	(123)
Disposals	-	-	-	-	(249)	-	(249)
Reclassification	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	456	-	3,099	-	3,555
At 31 December 2015	-	44,625	36,283	13,833	216,447	33,237	344,425
Net carrying amount							
At 31 December 2015	138,121	214,545	159,648	18,441	448,142	30,087	1,008,984
At 31 December 2014	123,450	196,494	114,261	19,009	404,949	27,415	885,578

** Included in the other assets are office equipment, furniture and fittings, motor vehicles, renovation and improvements.

*** Included in the total depreciation charged for the year of RM510,711,000 was the depreciation associated with property, plant and equipment classified as non-current assets held for sale amounting to RM8,755,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Company			
Cost			
At 1 January 2014	845	-	845
Additions	-	18	18
Disposals	(845)	-	(845)
At 31 December 2014	-	18	18
Additions	-	5	5
Write-offs	-	(3)	(3)
At 31 December 2015	-	20	20
Accumulated depreciation			
At 1 January 2014	222	-	222
Charge for the year	14	1	15
Disposals	(236)	-	(236)
At 31 December 2014	-	1	1
Charge for the year	-	8	8
Write-offs	-	(2)	(2)
At 31 December 2015	-	7	7
Net carrying amount			
At 31 December 2015	-	13	13
At 31 December 2014	-	17	17

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) Included in the property, plant and equipment of the Group are fully depreciated assets which are still in use with their carrying costs as follows:

	Group	
	2015	2014
	RM'000	RM'000
Land and buildings	8,721	9,414
Plant and machinery	588,852	589,757
Office equipment, furniture and fittings, motor vehicles, renovation and improvements	194,561	179,816

- (b) The net book value of plant and equipment held under hire purchase arrangements is RM391,000 (2014: RM1,087,000).
- (c) Interest expense capitalised during the financial year under assets-in-progress of the Group amounted to RM5,785,000 (2014: RM6,740,000) as disclosed in Note 30.
- (d) The net book value of property, plant and equipment pledged for borrowings (Note 22 and Note 24) are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Assets-in-progress and plant and machinery	27,626	605
Land and buildings	43,220	2,374
Others	3,418	2,451
	74,264	5,430

- (e) During the financial year, subsidiaries of the Group within oil and gas segment carried out a review of the recoverable amount of its rigs, HWUs and drilling equipment due to persistent depressed oil prices that had impacted demand for the Group's assets and services.

An impairment loss of RM336,431,000 (2014: RM Nil), representing write-down of the assets to the recoverable amount was recognised in "Other operating expenses" in the statement of comprehensive income for the financial year ended 31 December 2015, in respect of assets with recoverable amount of RM1,508,000,000.

The recoverable amount was determined at the level of CGU of each asset. The CGU consisted of the individual rig, HWUs and drilling equipment of the subsidiaries in the drilling services segment. In determining value in use for the CGU, the cash flows were discounted at a rate of 9.5% to 16.9% and 5.0% to 14.1% on a pre-tax basis for rigs and HWUs respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

5. INVESTMENT PROPERTIES

	Freehold land RM'000	Building on freehold land RM'000	Long term leasehold land RM'000	Building on long term leasehold land RM'000	Total RM'000
Group					
Cost					
At 1 January 2014	129	453	7,580	224	8,386
Exchange differences	-	8	-	-	8
At 31 December 2014	129	461	7,580	224	8,394
Exchange differences	-	35	-	-	35
At 31 December 2015	129	496	7,580	224	8,429
Accumulated depreciation					
At 1 January 2014	-	137	3,511	185	3,833
Charge for the year	-	5	694	12	711
At 31 December 2014	-	142	4,205	197	4,544
Charge for the year	-	7	694	12	713
At 31 December 2015	-	149	4,899	209	5,257
Net carrying amount					
At 31 December 2015	129	347	2,681	15	3,172
At 31 December 2014	129	319	3,375	27	3,850

Fair value of investment properties as at 31 December 2015 was estimated by the directors to be approximately RM65,087,000 (2014: RM61,488,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

6. INTANGIBLE ASSETS

	Group	
	2015	2014
	RM'000	RM'000
(a) Goodwill on consolidation		
At 1 January	25,555	37,856
Arising from acquisition of a subsidiary	23,413	-
Impairment (Note 29)	(25,555)	(12,274)
Exchange differences	1,815	(27)
At 31 December	25,228	25,555

(b) Impairment tests for goodwill

Goodwill as at the financial year end has been allocated to the Group's Cash Generating Units ("CGU") identified according to country of operation and business segment as follows:

	Malaysia	People's Republic of China	Total
	RM'000	RM'000	RM'000
At 31 December 2015			
Others	-	25,228	25,228
At 31 December 2014			
Oil and Gas	11,291	-	11,291
Others	-	14,264	14,264
	11,291	14,264	25,555

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated based on year five cash flows into perpetuity using pre-tax discount rate. Key assumptions used for value-in-use calculations are:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

6. INTANGIBLE ASSETS (CONT'D.)

(b) Impairment tests for goodwill (cont'd.)

Key assumptions used in value-in-use calculations (cont'd.)

	Gross margin		Discount rates	
	2015 %	2014 %	2015 %	2014 %
Oil and Gas:				
Malaysia	8.4 - 10.7	54.0 - 62.0	12.1 - 16.9	10.0 - 14.0
Others:				
People's Republic of China	9.0 - 40.0	7.0 - 9.0	7.3 - 7.4	9.4

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

An impairment loss was recognised as follows:

	Malaysia RM'000	People's Republic of China RM'000	Total RM'000
At 31 December 2015			
Oil and Gas	11,291	-	11,291
Others	-	14,264	14,264
	11,291	14,264	25,555

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

6. INTANGIBLE ASSETS (CONT'D.)

(b) Impairment tests for goodwill (cont'd.)

Key assumptions used in value-in-use calculations (cont'd.)

An impairment loss was recognised as follows (cont'd.):

	People's Republic of China RM'000	India RM'000	Republic of Singapore RM'000	Total RM'000
At 31 December 2014				
Others	7,611	4,436	227	12,274

The directors believe that there are no reasonably possible change in the above key assumptions used by management that would cause the carrying amount of a CGU to materially exceed the recoverable amount.

7. LAND USE RIGHTS

	Short term leasehold land RM'000
Group	
Cost	
At 1 January 2014	8,361
Exchange differences	98
At 31 December 2014	8,459
Exchange differences	430
At 31 December 2015	8,889
Accumulated depreciation and impairment losses	
At 1 January 2014	1,664
Exchange differences	8
Charge for the year	207
At 31 December 2014	1,879
Exchange differences	35
Charge for the year	214
At 31 December 2015	2,128
Net carrying amount	
At 31 December 2015	6,761
At 31 December 2014	6,580

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

8. LEASED ASSETS

Group	Machinery and equipment RM'000
Cost	
At 1 January 2014	537,586
Exchange differences	6,795
Additions	120,414
Disposals	(77,451)
Reclassified to property, plant and equipment (Note 4)	(90)
Reclassified to inventories	(1,646)
At 31 December 2014	585,608
Exchange differences	44,524
Additions	123,846
Disposals	(95,442)
Reclassified to property, plant and equipment (Note 4)	(343)
Reclassified to inventories	(355)
At 31 December 2015	657,838
Accumulated depreciation and impairment losses	
At 1 January 2014	278,423
Exchange differences	4,830
Charge for the year	93,815
Disposals	(58,942)
Impairment losses	235
Reclassified to property, plant and equipment (Note 4)	(54)
Reclassified to inventories	(400)
At 31 December 2014	317,907
Exchange differences	26,202
Charge for the year	99,398
Disposals	(72,670)
Reversal of impairment losses	(285)
Reclassified to property, plant and equipment (Note 4)	(322)
Reclassified to inventories	(21)
At 31 December 2015	370,209
Net carrying amount	
At 31 December 2015	287,629
At 31 December 2014	267,701

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

8. LEASED ASSETS (CONT'D.)

The future minimum lease receivable by the Group in relation to those assets that have been leased as at year end are as follows:

	2015	2014
	RM'000	RM'000
Due within one year	133,192	120,786
Due between one and two years	79,781	77,866
Due between two and five years	66,126	61,506
Due after five years	4,008	1,732
	283,107	261,890

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM154,832,000 (2014: RM121,576,000).

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Quoted shares in Malaysia, at cost	626,616	600,867
Unquoted shares in Malaysia, at cost	1,002,391	1,002,391
Employee Share Options Scheme granted to employees of the subsidiaries	109,094	109,094
Deemed capital contribution	78,145	78,145
Financial guarantees granted	36,914	36,914
	1,853,160	1,827,411
Less: Accumulated impairment losses	(39,409)	(39,409)
	1,813,751	1,788,002
Market value of quoted shares	1,289,112	2,806,706

Details of subsidiaries of the Company are disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Subsidiaries under members' voluntary liquidation

The following subsidiaries have been placed under members' voluntary liquidation:

	Date placed under liquidation	Status
(i) Tracpart Centre Sdn. Bhd.	29 December 2015	On-going
(ii) UMW Equipment Rental Services Sdn. Bhd.	29 December 2015	On-going
(iii) UMW Vehicle Components Sdn. Bhd.	29 December 2015	On-going
(iv) KPKK Realty Sdn. Bhd.	29 December 2015	On-going
(v) Coldfusion Engineering Sdn. Bhd.	28 November 2014	*Completed
(vi) UMW Deepnautic Sdn. Bhd.	29 April 2013	*Completed
(vii) UMW Deepnautic Pte. Ltd	29 April 2013	On-going

* The winding up of UMW Deepnautic Sdn. Bhd. and Coldfusion Engineering Sdn. Bhd. have been fully completed on 4 September 2015 and 7 January 2016 respectively.

(b) Acquisition of a subsidiary

(i) Sichuan Haihua Petroleum Steelpipe Co., Ltd

On 19 November 2015, UMW Petropipe (L) Ltd ("UMW Petropipe"), a wholly-owned subsidiary of the Company had been granted approval from the Business Bureau in the People's Republic of China for the proposed acquisition by UMW Petropipe of 23.7% and 11.9% equity interest (collectively 35.6% equity interest) in Sichuan Haihua Petroleum Steelpipe Co., Ltd ("Sichuan Haihua") from Sichuan Jinyang Antisepsis Engineering Co., Ltd ("Sichuan Jinyang") and Elite International Investment (HK) Limited ("Elite"), respectively, for a total consideration of RMB2 ("Acquisition"). The total consideration of RMB2 was arrived at after taking into account UMW Petropipe's agreement to subscribe to the portion of the increased registered capital of RMB26.25 million, not subscribed by Sichuan Jinyang and Elite.

The above acquisition had the following effects on the Group's financial results:

	2015 RM'000
Revenue	1,769
Net loss for the year	(1,580)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Acquisition of a subsidiary (cont'd.)

The fair values of the identifiable assets acquired and liabilities assumed from the acquisition of the subsidiary as at the effective acquisition date were as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment (Note 4)	73,693	73,693
Inventories	21,226	21,226
Trade and other receivables	11,180	11,180
Cash and bank balances	29,756	29,756
	135,855	135,855
Long term borrowings	53,666	53,666
Trade and other payables	27,145	27,145
Short term borrowings	34,502	34,502
	115,313	115,313
Fair value of identifiable net assets acquired	20,542	20,542
Less: Non-controlling interests	(5,012)	
Less: Amount accounted for as a joint venture	(11,922)	
Less: Capital injection	(28,836)	
Goodwill on consolidation	25,228	
Cost of acquisition	-	
		RM'000
The cash outflows on acquisition is as follows:		
Cash and cash equivalents of subsidiary acquired		29,756
Capital injection		(28,836)
Cost of acquisition satisfied by cash		-
Net cash inflow of the Group		920

If the above combinations took place on 1 January 2015, there will be no material change to the revenue and profit of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Acquisition of additional equity interest in subsidiaries

(i) UMW Oil & Gas Corporation Berhad

As at 31 December 2015, the Company has acquired additional 10,434,400 ordinary shares of RM0.50 each, representing 0.49% of the total issued and paid-up capital of UMW Oil & Gas Corporation Berhad ("UMW-OG"), increasing its effective equity interest from 55.24% to 55.73%, at a consideration of RM25,749,000.

(ii) UMW Sher (L) Ltd.

On 5 October 2015, UMW India Ventures (L) Ltd, a 75% owned subsidiary of UMW Petropipe Ltd, a wholly-owned subsidiary of the Company increased its' equity interest in UMW Sher (L) Ltd ("SHER") to 67.76% from 60% which resulted from a transfer of 547,833 ordinary shares by the other shareholder, Jaybee Energy Private Limited ("JEPL"). The transfer was the result of non-performance on a profit guarantee agreement entered into with JEPL in 2008. Subsequent to the increase in interest, the effective equity interest held by the Group on SHER increased from 45% to 50.82%.

In prior year, the Group acquired the following additional interests in its subsidiaries:

(i) UMW Synergistic Generation Sdn. Bhd.

On 9 October 2014, UMW Corporation Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with the non-controlling shareholder of UMW Synergistic Generation Sdn. Bhd. Group ("USGSB"), Azhari bin Ngadenan@Adnan to acquire an additional 1,304,000 ordinary shares of RM1.00 each, representing 40% of the total issued and paid-up capital of USGSB, increasing its effective equity interest from 60% to 100%, at a consideration of RM1.00.

(ii) UMW Oil & Gas Corporation Berhad

As at 31 December 2014, the Company has acquired additional 2,000,000 ordinary shares of RM0.50 each, representing 0.09% of the total issued and paid-up capital of UMW Oil & Gas Corporation Berhad ("UMW-OG"), increasing its effective equity interest from 55.15% to 55.24%, at a consideration of RM4,695,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest

Financial information of subsidiaries that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interests:

	Effective interest held by non-controlling interests	
	2015	2014
Name		
UMW Toyota Motor Sdn. Bhd.	49.00%	49.00%
UMW Oil & Gas Corporation Berhad	44.27%	44.76%
	2015	2014
	RM'000	RM'000
Accumulated balances of material non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	1,336,635	1,401,299
UMW Oil & Gas Corporation Berhad	1,480,140	1,435,823
Other individually immaterial subsidiaries	(17,362)	15,473
	2,799,413	2,852,595
Profit/(loss) for the year attributable to material non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	254,447	473,364
UMW Oil & Gas Corporation Berhad	(163,104)	113,583
Other individually immaterial subsidiaries	(51,980)	(25,912)
	39,363	561,035
Dividends paid to non-controlling interests:		
UMW Toyota Motor Sdn. Bhd.	319,213	417,171
UMW Oil & Gas Corporation Berhad	-	9,697

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest (cont'd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised consolidated statement of comprehensive income for 2015:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Revenue	10,721,549	839,877
Profit/(loss) for the year	519,279	(368,431)
Total comprehensive income	<u>522,228</u>	<u>135,611</u>

Summarised consolidated statement of comprehensive income for 2014:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Revenue	10,760,565	1,014,903
Profit for the year	966,047	253,758
Total comprehensive income	<u>965,597</u>	<u>390,338</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest (cont'd.)

Summarised consolidated statement of financial position as at 31 December 2015:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Non-current assets	1,123,895	6,089,178
Current assets	3,222,821	1,557,805
Non-current liabilities	(55,116)	(1,748,063)
Current liabilities	(1,563,774)	(2,555,483)
Total equity	2,727,826	3,343,437
Attributable to:		
Equity holders of parent	1,391,191	1,863,297
Non-controlling interest	1,336,635	1,480,140

Summarised consolidated statement of financial position as at 31 December 2014:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Non-current assets	982,490	4,038,393
Current assets	3,277,963	1,717,571
Non-current liabilities	(30,468)	(1,014,680)
Current liabilities	(1,370,191)	(1,533,458)
Total equity	2,859,794	3,207,826
Attributable to:		
Equity holders of parent	1,458,495	1,772,003
Non-controlling interest	1,401,299	1,435,823

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Subsidiaries with non-controlling interest (cont'd.)

Summarised consolidated cash flow information as at 31 December 2015:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Cash inflows from operating activities	580,401	375,299
Cash inflows/(outflows) from investing activities	72,477	(1,836,951)
Cash (outflows)/inflows from financing activities	(654,196)	1,211,055
Net decrease in cash and cash equivalents	(1,318)	(250,597)

Summarised consolidated cash flow information as at 31 December 2014:

	UMW Toyota Motor Sdn. Bhd. RM'000	UMW Oil & Gas Corporation Berhad RM'000
Cash inflows from operating activities	929,410	339,285
Cash inflows/(outflows) from investing activities	390,532	(681,663)
Cash (outflows)/inflows from financing activities	(851,832)	1,338,188
Net increase in cash and cash equivalents	468,110	995,810

10. INVESTMENT IN JOINT VENTURES

	2015 RM'000	2014 RM'000
Unquoted shares, at cost	177,631	196,781
Compulsory cumulative preference shares	159,624	159,624
Financial guarantees granted	59,104	59,104
	396,359	415,509
Share of post acquisition losses	(119,178)	(119,241)
Share of other post acquisition reserves	(101,482)	(101,482)
Exchange differences	20,184	5,128
	195,883	199,914
Less: Accumulated impairment losses	(139,932)	(139,932)
Carrying amount of investment	55,951	59,982

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

10. INVESTMENT IN JOINT VENTURES (CONT'D.)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group.

The compulsory convertible preference shares ("CCPS") shall be entitled in priority to any payment of dividend - a fixed cumulative preferential dividend at the rate of 0.5% to 10.7% per annum.

No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

As none of the Group's joint ventures are individually material to the Group, the summarised financial information for the aggregated assets, liabilities and results of the joint ventures are as follows:

Summarised statement of financial position:

	2015	2014
	RM'000	RM'000
Cash and cash equivalents	70,687	273,277
Other current assets	409,843	366,236
Non-current assets	547,303	551,898
Current liabilities	(363,501)	(461,477)
Non-current liabilities	(826,560)	(744,402)
	(162,228)	(14,468)

Summarised statement of comprehensive income:

Loss for the year	(117,363)	(92,195)
Other comprehensive expenses	(18,235)	(11,886)
Total comprehensive expenses	(135,598)	(104,081)
Group's share of profit/(loss) for the year	63	(32,330)
Group's share of other comprehensive income/(expenses)	7,336	(2,933)
Group's share of total comprehensive income/(expenses)	7,399	(35,263)

The joint ventures have nil balance (2014: RM18.1 million) of contingent liabilities as at 31 December 2015 and 2014.

Details of the joint ventures are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

11. INVESTMENT IN ASSOCIATES

	2015 RM'000	2014 RM'000
Group		
Unquoted shares, within Malaysia, at cost	145,814	145,814
Unquoted shares, outside Malaysia, at cost	402,906	402,906
Financial guarantees granted	38,609	21,659
	587,329	570,379
Share of changes recognised directly in associate's equity	118,438	118,438
Share of post acquisition reserves	1,246,982	1,138,238
	1,952,749	1,827,055
Less: Accumulated impairment losses	(29,599)	(29,599)
Carrying amount of investment	1,923,150	1,797,456

Company

Unquoted shares, within Malaysia, at cost	25,800	25,800
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Proportion of material ownership interest held by Group:

Name	Effective interest	
	2015	2014
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	38%	38%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

11. INVESTMENT IN ASSOCIATES (CONT'D.)

Summarised financial information in respect of the Group's material associates is set out below:

	← 2015 →			← 2014 →		
	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000
Summarised statements of financial position:						
Assets and liabilities						
Current assets	1,682,065	6,525,749	8,207,814	1,837,820	8,260,478	10,098,298
Non-current assets	2,707,343	1,328,899	4,036,242	2,530,424	2,922,902	5,453,326
Total assets	<u>4,389,408</u>	<u>7,854,648</u>	<u>12,244,056</u>	<u>4,368,244</u>	<u>11,183,380</u>	<u>15,551,624</u>
Current liabilities	893,890	957,894	1,851,784	950,254	4,924,143	5,874,397
Non-current liabilities	21,011	5,523,503	5,544,514	113,220	4,724,425	4,837,645
Total liabilities	<u>914,901</u>	<u>6,481,397</u>	<u>7,396,298</u>	<u>1,063,474</u>	<u>9,648,568</u>	<u>10,712,042</u>
Net assets	<u>3,474,507</u>	<u>1,373,251</u>	<u>4,847,758</u>	<u>3,304,770</u>	<u>1,534,812</u>	<u>4,839,582</u>
Reconciliation of net assets to carrying amount as at 31 December:						
Goodwill	-	62,023	62,023	-	62,023	62,023
Group's share of net assets	<u>1,320,313</u>	<u>540,814</u>	<u>1,861,127</u>	<u>1,255,813</u>	<u>479,620</u>	<u>1,735,433</u>
Group's carrying amount of interest in associates	<u>1,320,313</u>	<u>602,837</u>	<u>1,923,150</u>	<u>1,255,813</u>	<u>541,643</u>	<u>1,797,456</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

11. INVESTMENT IN ASSOCIATES (CONT'D.)

	← 2015 →			← 2014 →		
	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000	Perodua RM'000	Other individually immaterial associates RM'000	Total RM'000
Summarised statements of comprehensive income:						
Results						
Revenue	9,138,508	1,095,239	10,233,747	8,670,560	1,270,107	9,940,667
Profit/(loss) for the year	430,374	(85,597)	344,777	509,937	(84,221)	425,716
Other comprehensive (expense)/income	(3,177)	130,204	127,027	1,106	26,568	27,674
Total comprehensive income/ (expense)	427,197	44,607	471,804	511,043	(57,653)	453,390
Dividends received	97,835	2,077	99,912	98,207	20,601	118,808
Group's share of profit/(loss) for the year	163,542	(29,167)	134,375	193,776	(21,798)	171,978

The associates have RM172,916,000 (2014: RM101,191,000) of contingent liabilities as at 31 December 2015 and 2014.

The Group's interest in capital commitments of the associates are as follows:

	2015 RM'000	2014 RM'000
- Approved and contracted for	29,277	68,438
- Approved and not contracted for	9,098	4,078

For the purpose of applying the equity method of accounting, the audited financial statements and management accounts for the 12-month period ended 31 December 2015 of these companies have been used.

Details of the associates are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

12. DEFERRED TAXATION

	Group	
	2015	2014
	RM'000	RM'000
At 1 January	(38,470)	(27,465)
Recognised in profit or loss (Note 32)	(9,010)	(12,611)
Reclassification to assets held for sale	-	1,616
Exchange differences	459	(10)
At 31 December	<u>(47,021)</u>	<u>(38,470)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(74,501)	(65,824)
Deferred tax liabilities	27,480	27,354
	<u>(47,021)</u>	<u>(38,470)</u>

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
At 1 January 2015	50,740
Recognised in profit or loss	(3,679)
Exchange differences	2,126
At 31 December 2015	<u>49,187</u>
At 1 January 2014	43,886
Recognised in profit or loss	6,536
Exchange differences	318
At 31 December 2014	<u>50,740</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

12. DEFERRED TAXATION (CONT'D.)

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Provision for liabilities RM'000	Unabsorbed losses RM'000	Others RM'000	Total RM'000
At 1 January 2015	(5,054)	(36,518)	(7,857)	(39,781)	(89,210)
Recognised in profit or loss	1,347	(9,060)	1,055	1,327	(5,331)
Exchange differences	(15)	8	(362)	(1,298)	(1,667)
At 31 December 2015	<u>(3,722)</u>	<u>(45,570)</u>	<u>(7,164)</u>	<u>(39,752)</u>	<u>(96,208)</u>
At 1 January 2014	(15)	(43,067)	(13,885)	(14,384)	(71,351)
Recognised in profit or loss	(5,017)	5,108	4,696	(23,934)	(19,147)
Reclassification to assets held for sale	-	-	1,851	(235)	1,616
Exchange differences	(22)	1,441	(519)	(1,228)	(328)
At 31 December 2014	<u>(5,054)</u>	<u>(36,518)</u>	<u>(7,857)</u>	<u>(39,781)</u>	<u>(89,210)</u>

The availability of the unabsorbed tax losses and unutilised capital and reinvestment allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective companies in which the subsidiaries operate.

Deferred tax assets have not been recognised in respect of these items:

	Group	
	2015 RM'000	2014 RM'000
Unabsorbed tax losses	477,562	461,948
Unutilised capital and reinvestment allowances	125,482	90,989
	<u>603,044</u>	<u>552,937</u>

Deferred tax assets have not been recognised in respect of these items as there is no probable expectation that future taxable income of the applicable group companies will be sufficient to allow the benefit to be realised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

13. OTHER INVESTMENTS

	← 2015 →		← 2014 →	
	Carrying amount RM'000	Market value RM'000	Carrying amount RM'000	Market value RM'000
Group				
Current				
Held for trading investments				
Investment in money market fund	1,188,945	1,188,945	1,181,759	1,181,759
Non-current				
Available-for-sale financial assets				
Unquoted shares outside Malaysia, at cost	95	-	95	-
Unquoted shares within Malaysia, at cost	5,029	-	5,034	-
	5,124	-	5,129	-
Less: Accumulated impairment losses	(822)	-	(822)	-
	4,302	-	4,307	-
Held for trading investments				
Quoted shares outside Malaysia	18,459	18,459	16,868	16,868
Total non-current other investments	22,761	18,459	21,175	16,868
Company				
Current				
Held for trading investments				
Investment in money market fund	622,907	622,907	389,133	389,133

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

14. DERIVATIVES

Note	← 2015 →		← 2014 →	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Group				
Current				
Forward currency contracts (a)	9,362	869	382	6,101
Interest rate swaps (b)	232	-	-	628
Cross currency swaps (c)	-	4,559	-	-
Cross currency interest rate swaps (d)	-	194,236	-	14,026
Embedded derivatives (e)	1,916	-	-	8,387
	11,510	199,664	382	29,142
Non-current				
Forward currency contracts (a)	-	73,744	-	24,377
Interest rate swaps (b)	2,636	6,286	-	4,524
Cross currency swaps (c)	-	-	-	2,856
Cross currency interest rate swaps (d)	10,878	-	5,631	75,779
	13,514	80,030	5,631	107,536
Company				
Current				
Forward currency contracts (a)	952	-	-	-
Interest rate swaps (b)	-	-	-	628
Cross currency interest rate swaps (d)	-	194,236	-	14,026
	952	194,236	-	14,654
Non-current				
Forward currency contracts (a)	-	73,744	-	24,377
Interest rate swaps (b)	-	6,286	-	4,524
Cross currency interest rate swaps (d)	-	-	-	75,779
	-	80,030	-	104,680

The Group and the Company uses forward currency contracts, interest rate swaps, cross currency swaps and cross currency interest rate swaps to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

14. DERIVATIVES (CONT'D.)

Forward currency contracts are used to hedge the Group's current and future sales and purchases denominated in foreign currencies for which firm commitments existed at the reporting date.

(a) Forward currency contracts

	2015 RM'000	2014 RM'000
Notional amounts		
United States Dollar	735,713	285,165
Japanese Yen	33,951	147,308
Euro	15,156	24,314
Singapore Dollar	4,277	109
Thai Baht	1,077	1,961

(b) Interest rate swaps

Notional USD'000		Maturity
For the financial year 2015:		
228,283	The Group:	
	(i) Receives fixed interest rate of 4.60% per annum in exchange for paying LIBOR plus spread on the notional principal amount; and	28-Jun-17 to 27-Sep-20
	(ii) Pays fixed interest rate within the range of 3.92% to 3.97% per annum in exchange for receiving LIBOR plus spread on the notional principal amount.	
For the financial year 2014:		
103,576	The Group:	
	(i) Pays fixed interest rate of 2.06% per annum in exchange for receiving LIBOR plus spread on the notional principal amount; and	8-Oct-15 to 28-Jun-17
	(ii) Receives fixed interest rate of 4.60% per annum in exchange for paying LIBOR plus spread on the notional principal amount.	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

14. DERIVATIVES (CONT'D.)

(c) Cross currency swaps

Notional USD'000		Maturity
For the financial year 2015:		
3,500	The Group: (i) Receives KLIBOR plus spread in exchange for paying LIBOR plus spread per annum on the notional principal amount; and (ii) Receives RM in exchange for USD at a predetermined rate of RM3.02 to USD1.00 according to the scheduled principal and interest repayment.	28-Sep-16
For the financial year 2014:		
5,500	The Group: (i) Receives KLIBOR plus spread in exchange for paying LIBOR plus spread per annum on the notional principal amount; and (ii) Receives RM in exchange for USD at a predetermined rate of RM3.02 to USD1.00 according to the scheduled principal and interest repayment.	28-Sep-16

(d) Cross currency interest rate swaps

Notional USD'000		Maturity
For the financial year 2015:		
166,175	The Group: (i) Pays fixed USD interest rate within the range of 2.28% to 4.25% in exchange for receiving fixed RM interest rate within the range of 3.78% to 4.40% per annum on the notional principal amount; (ii) Receives fixed interest rate of 3.51% per annum in exchange for paying LIBOR plus spread on the notional principal amount; and (iii) Receives RM in exchange for paying USD at a predetermined rate of RM3.10 to USD1.00 according to the scheduled principal and interest repayment.	5-Feb-16 to 16-Feb-18

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

14. DERIVATIVES (CONT'D.)

(d) Cross currency interest rate swaps (cont'd.)

Notional USD'000		Maturity
For the financial year 2014:		
210,551	<p>The Group:</p> <p>(i) Pays fixed USD interest rate within the range of 2.28% to 4.25% in exchange for receiving fixed RM interest rate within the range of 3.78% to 4.40% per annum on the notional principal amount;</p> <p>(ii) Receives fixed interest rate within the range of 3.51% to 4.03% per annum in exchange for paying LIBOR plus spread on the notional principal amount; and</p> <p>(iii) Receives RM in exchange for paying USD at a predetermined rate within the range of RM3.03 to RM3.21 to USD1.00 according to the scheduled principal and interest repayment.</p>	<p>8-Oct-15 to 16-Feb-18</p>

(e) Embedded derivatives

The Group entered into purchase contracts with suppliers in Asia Pacific and Japan. The purchase price in these contracts are denominated in USD and subject to periodic price review. These contracts contain embedded foreign exchange derivatives with notional amounts of RM487,284,000 (2014: RM507,843,000) which have been separated and carried at fair value through profit or loss.

Derivatives are neither past due nor impaired and are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

During the financial year, the Group recognised a net loss of RM126,279,000 (2014: RM42,261,000) and the Company recognised a net loss of RM153,980,000 (2014: RM45,440,000), arising from fair value changes of derivative assets/liabilities.

The fair value changes are attributable to changes in foreign exchange spot, interest and forward rate. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 44.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

15. INVENTORIES

	Group	
	2015	2014
	RM'000	RM'000
At cost:		
Equipment, unassembled and completed vehicles, attachments and spares	1,500,806	1,582,897
Land held for sale	74,489	74,489
Other finished goods	159,236	52,905
Work-in-progress	17,585	26,549
Raw materials and consumables	60,550	57,080
	1,812,666	1,793,920
At net realisable value:		
Equipment, unassembled and completed vehicles, attachments and spares	72,182	35,769
Other finished goods	665	344
Raw materials and consumables	4,450	375
	77,297	36,488
	1,889,963	1,830,408

During the financial year, there was a provision for inventories written down of RM11.6 million (2014: RM8.6 million).

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM11.1 billion (2014: RM10.8 billion).

Inventories of RM97.9 million (2014: RM115.7 million) have been pledged to banks as security for facilities granted to overseas subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

16. RECEIVABLES

The receivables of the Group and the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current:				
Trade receivables	1,457,664	1,615,751	-	-
Other receivables	375,737	462,795	566	654
Due from subsidiaries	-	-	157,596	470,581
	1,833,401	2,078,546	158,162	471,235
Non-current:				
Trade receivables	-	2,483	-	-
Other receivables	42,490	-	-	-
Due from subsidiaries	-	-	145,944	390,272
	42,490	2,483	145,944	390,272
Trade receivables (Note a)	1,457,664	1,618,234	-	-
Other receivables (Note b)	418,227	462,795	566	654
Due from subsidiaries (Note c)	-	-	303,540	860,853
Total trade and other receivables	1,875,891	2,081,029	304,106	861,507
Total trade and other receivables (current and non-current)	1,875,891	2,081,029	304,106	861,507
Less: Included within other receivables:				
Accrued income (Note b)	(23,205)	(26,726)	(262)	(348)
Prepayments (Note b)	(32,393)	(47,101)	(251)	(251)
Add: Cash and bank balances (Note 17)	2,734,143	3,370,710	18,154	94,201
Total loans and receivables	4,554,436	5,377,912	321,747	955,109

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

16. RECEIVABLES (CONT'D.)

(a) Trade receivables

	Group	
	2015 RM'000	2014 RM'000
Third parties (Note (i))	1,323,814	1,266,405
Allowance for impairment	(36,657)	(28,091)
	1,287,157	1,238,314
Due from associates and joint ventures	-	146,976
Due from a corporate shareholder of a subsidiary	170,507	232,944
	1,457,664	1,618,234

Note (i)

Included in trade receivables are finance lease receivables of RM3,000 (2014: RM9,764,000) as disclosed below:

	Group	
	2015 RM'000	2014 RM'000
Future minimum lease receivables		
Not later than 1 year	3	7,859
Later than 1 year and not later than 2 years	-	2,548
Later than 2 years and not later than 5 years	-	28
	3	10,435
Less: Future finance income	-	(671)
	3	9,764
Analysis of present value of lease receivables		
Not later than 1 year	3	7,281
Later than 1 year and not later than 2 years	-	2,455
Later than 2 years and not later than 5 years	-	28
	3	9,764
Less: Amount due within 12 months	(3)	(7,281)
Amount due after 12 months	-	2,483
	-	2,483

The Group's normal trade credit terms range from 1 day to 120 days (2014: 1 day to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables (other than lease receivables) are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

16. RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

The amount due from associates and due from a corporate shareholder of a subsidiary are trade in nature, unsecured, interest-free and have repayment terms of 30 days to 60 days (2014: 30 days to 60 days).

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a single group of debtors.

	Group	
	2015	2014
	RM'000	RM'000
(i) Age analysis of trade receivables		
(a) Not due and not impaired	1,114,761	1,318,544
(b) Overdue but not impaired:		
1 - 30 days overdue but not impaired	115,641	181,018
31 - 60 days overdue but not impaired	40,398	63,666
61 - 90 days overdue but not impaired	32,636	16,002
91 - 180 days overdue but not impaired	90,596	18,004
More than 180 days overdue but not impaired	62,337	20,903
	341,608	299,593
(c) Impaired	37,952	28,188
Total trade receivables	1,494,321	1,646,325

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Collaterals and other credit enhancements are as follows:

Trade receivables of RM8.8 million (2014: RM13.9 million) are secured by bank guarantee of RM2.3 million (2014: RM3.7 million).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

16. RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

(ii) Receivables that are impaired

	Group		Total RM'000
	Individually impaired RM'000	Collectively impaired RM'000	
2015			
Trade receivables	16,715	21,237	37,952
Less: Allowance for impairment	(16,182)	(20,475)	(36,657)
	533	762	1,295
2014			
Trade receivables	16,234	11,954	28,188
Less: Allowance for impairment	(16,234)	(11,857)	(28,091)
	-	97	97
Movement in allowance for impairment:			
At 1 January 2015	16,234	11,857	28,091
Utilised	(992)	(3)	(995)
Net impairment loss for the year	1,283	8,029	9,312
Exchange differences	(343)	592	249
At 31 December 2015	16,182	20,475	36,657
At 1 January 2014	30,460	8,079	38,539
Utilised	(3,746)	(13)	(3,759)
Net (reversal)/impairment loss for the year	(10,585)	3,679	(6,906)
Exchange differences	330	112	442
Reclassification to assets held for sale	(225)	-	(225)
At 31 December 2014	16,234	11,857	28,091

Trade receivables that are individually determined to be impaired at the reporting date relates to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

16. RECEIVABLES (CONT'D.)

(b) Other receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current:				
Accrued income	23,205	26,726	262	348
Deposits	22,978	21,199	7	7
Deposits for acquisition of assets	189,645	60,623	-	-
Prepayments	32,393	47,101	251	251
Amounts due from joint ventures	54	174,095	-	-
Deferred consideration	20,000	-	-	-
Sundry receivables	206,610	251,505	46	48
	494,885	581,249	566	654
Non-current:				
Deferred consideration	42,490	-	-	-
	537,375	581,249	566	654
Allowance for impairment	(119,148)	(118,454)	-	-
	418,227	462,795	566	654

Deferred consideration relates to proceeds from disposal of investment which is collectible over a five year period and is discounted to its present value using a discount rate that reflect current market assessments of the time value of money and the risks specific to the debtor.

	Individually impaired 2015 RM'000	Individually impaired 2014 RM'000
Movement in allowance for impairment:		
At 1 January	118,454	92,983
Charge for the year	656	25,475
Utilised	(4)	-
Exchange differences	42	(4)
At 31 December	119,148	118,454

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

16. RECEIVABLES (CONT'D.)

(c) Due from subsidiaries

	2015 RM'000	2014 RM'000
Amount due from subsidiaries	764,428	1,086,817
Allowance for impairment	(460,888)	(225,964)
	303,540	860,853

The amounts due from subsidiaries are unsecured, bear interest ranging from 2.45% to 9.41% (2014: 2.45% to 8.95%) per annum and are repayable within 1 to 5 years.

Receivables of the Group amounting to RM28,739,000 (2014: RM29,842,000) are pledged to banks for credit facilities granted to overseas subsidiary (Note 22).

17. DEPOSITS, CASH AND BANK BALANCES

	2015 RM'000	2014 RM'000
Group		
Cash and bank balances	617,589	526,169
Deposits with licensed banks	2,116,554	2,844,541
Deposits, cash and bank balances	2,734,143	3,370,710

Included in deposits with licensed banks are deposits of RM578,517,000 (2014: RM850,187,000) which are not available for general use due to restrictions by the lenders in respect of the revolving credits of RM Nil (2014: RM334,409,000) and Murabahah term financing of RM575,502,000 (2014: RM512,107,000) obtained by the Group as disclosed in Note 24.

Deposits with licensed banks and bank balances of the Group amounting to RM3,299,000 (2014: RM2,886,000) are pledged to banks for credit facilities granted to overseas subsidiaries (Note 22) which are not immediately available for use in the business.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

17. DEPOSITS, CASH AND BANK BALANCES (CONT'D.)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

Group	2015 RM'000	2014 RM'000
Deposits, cash and bank balances	2,734,143	3,370,710
Less: Deposits with a maturity of more than 3 months	(31,000)	(443,300)
Less: Deposits pledged with banks	(3,299)	(2,885)
Less: Bank overdrafts (Note 24)	(78,786)	(94,158)
Cash and cash equivalents	2,621,058	2,830,367

Company	2015 RM'000	2014 RM'000
Cash and bank balances	5,575	35,365
Deposits with licensed banks	12,579	58,836
	18,154	94,201

The range of interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Deposits with licensed banks	0.04 - 8.00	0.04 - 9.05	3.00 - 3.15	3.00 - 3.05

The range of maturities of deposits as at the reporting date were as follows:

	Range of maturities			
	Group		Company	
	2015 Days	2014 Days	2015 Days	2014 Days
Deposits with licensed banks	4 - 365	5 - 96	4 - 16	5 - 7

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

18. NON-CURRENT ASSETS HELD FOR SALE

In the previous financial year, non-current assets held for sale represents entire equity interest in MK Autocomponents Limited ("MKAL") and MK Automotive Industries Limited ("MKAIL") of UMW Corporation Sdn. Bhd. with carrying value of RM1.4 million. The sale to Dato' Muthukumar a/l Ayarpadde, was completed on 20 November 2015.

19. SHARE CAPITAL

Group/Company	Number of ordinary shares of RM0.50 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
(a) Authorised:				
At 1 January/31 December	2,000,000	2,000,000	1,000,000	1,000,000
(b) Issued and fully paid:				
At 1 January/31 December	1,168,294	1,168,294	584,147	584,147

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

20. RESERVE

(i) Hedging reserve

The hedging reserve relates to cash flow hedge reserve of an associate company. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions of an associate.

(ii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

21. PROVISION FOR WARRANTIES

	RM'000
Group	
At 1 January 2014	100,751
Charged to profit or loss	28,787
Utilised during the year	(34,367)
Reversed during the year	(7,356)
Exchange differences	296
Reclassification to assets held for sale	(127)
At 31 December 2014	87,984
Charged to profit or loss	112,262
Utilised during the year	(57,384)
Reversed during the year	(2,615)
Exchange differences	900
At 31 December 2015	141,147
 At 31 December 2015	
Current	85,171
Non-current:	
Later than 1 year but not later than 2 years	25,033
Later than 2 years but not later than 5 years	30,943
	55,976
	141,147
 At 31 December 2014	
Current	57,516
Non-current:	
Later than 1 year but not later than 2 years	15,068
Later than 2 years but not later than 5 years	15,400
	30,468
	87,984

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

21. PROVISION FOR WARRANTIES (CONT'D.)

The Group gives 6 months to 3 years warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised for expected warranty claims on products sold during the last 6 months to 3 years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred between 1 year from the reporting date. Assumptions used to calculate the provision for warranties were based on sales levels and current information available about repairs and returns during warranty periods for all products sold.

The Group recognises provision for liabilities associated with 8-year warranties for its hybrid batteries for motor vehicles. The Group has made assumptions in relation to provision for future warranty claims based on historical experience on level of repair or replacement and recent trend analysis.

22. LONG TERM BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Secured				
Term loan	311,789	114,574	-	-
Less: Amount payable within one year (Note 24)	(52,060)	-	-	-
	259,729	114,574	-	-
Unsecured				
Sukuk	629,941	739,856	629,941	739,856
Term loans	2,107,719	1,324,036	-	-
	2,737,660	2,063,892	629,941	739,856
Less: Amount payable within one year (Note 24)	(707,627)	(375,903)	(439,997)	(109,982)
	2,030,033	1,687,989	189,944	629,874
Finance lease payable (Note 23)	-	475	-	-
	-	475	-	-
Total long term borrowings	2,289,762	1,803,038	189,944	629,874

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

22. LONG TERM BORROWINGS (CONT'D.)

The maturity and exposure to interest rate risk of the total borrowings (excluding finance lease payable) are as follows:

	RWAEIR*	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
31 December 2015						
Secured						
- Floating rate	3.5 - 7.5	52,060	93,680	166,049	-	311,789
Unsecured						
- Floating rate	2.1 - 4.0	267,630	451,304	847,778	537,087	2,103,799
- Fixed rate	3.8 - 7.4	439,997	189,944	-	3,920	633,861
		<u>707,627</u>	<u>641,248</u>	<u>847,778</u>	<u>541,007</u>	<u>2,737,660</u>
		<u>759,687</u>	<u>734,928</u>	<u>1,013,827</u>	<u>541,007</u>	<u>3,049,449</u>
31 December 2014						
Secured						
- Floating rate	3.5 - 7.5	-	32,051	82,523	-	114,574
Unsecured						
- Floating rate	1.2 - 4.3	249,130	297,519	350,531	402,766	1,299,946
- Fixed rate	3.1 - 7.4	126,773	443,345	189,908	3,920	763,946
		<u>375,903</u>	<u>740,864</u>	<u>540,439</u>	<u>406,686</u>	<u>2,063,892</u>
		<u>375,903</u>	<u>772,915</u>	<u>622,962</u>	<u>406,686</u>	<u>2,178,466</u>
Company						
31 December 2015						
Unsecured						
- Fixed rate	3.8 - 3.9	439,997	189,944	-	-	629,941
31 December 2014						
Unsecured						
- Fixed rate	3.9 - 4.0	109,982	439,966	189,908	-	739,856

* Range of Weighted Average Effective Interest Rate ("RWAEIR")

The secured long term borrowings of the Group for the financial years 2015 and 2014 were secured by legal charge, fixed and floating charge over assets of certain subsidiaries and corporate guarantee of certain foreign subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

23. FINANCE LEASE PAYABLES

	Group	
	2015	2014
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	263	827
Later than 1 year and not later than 2 years	-	410
Later than 2 years and not later than 5 years	-	105
	263	1,342
Less: Future finance charges	(10)	(143)
Present value of finance lease liability	253	1,199
 Present value of finance lease liability:		
Not later than 1 year	253	724
Later than 1 year and not later than 2 years	-	383
Later than 2 years and not later than 5 years	-	92
	253	1,199
 Analysed as:		
Due within 12 months (Note 24)	253	724
Due after 12 months (Note 22)	-	475
	253	1,199

The interest rate at the reporting date for the lease liabilities ranges from 2.90% to 14.32% (2014: 1.88% to 14.32%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

24. SHORT TERM BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Secured		
Short term loan	11,956	38,460
Bankers' acceptances and revolving credits	95,616	12,415
Finance lease payables (Note 23)	253	724
Bank overdrafts (Note 17)	14,410	47,358
Long term loans payable within one year (Note 22)	52,060	-
	174,295	98,957
Unsecured		
Short term loan	702,577	638,134
Bankers' acceptances and revolving credits	1,500,613	644,070
Murabahah term financing	575,502	512,107
Trust receipts	-	70,766
Bank overdrafts (Note 17)	64,376	46,800
Long term loans payable within one year (Note 22)	707,627	375,903
	3,550,695	2,287,780
Total short term borrowings	3,724,990	2,386,737
	Company	
	2015 RM'000	2014 RM'000
Unsecured		
Long term loans payable within one year (Note 22)	439,997	109,982
Total short term borrowings	439,997	109,982

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

24. SHORT TERM BORROWINGS (CONT'D.)

The secured short term borrowings of the Group are secured by legal charge, fixed and floating charge over assets of certain subsidiaries and lien on fixed deposits.

The range of weighted average effective interest rates at the reporting date for borrowings, excluding finance lease payables, were as follows:

	Group	
	2015	2014
	%	%
Short term loan	1.1 - 4.0	2.2 - 7.0
Bank overdrafts	1.4 - 9.7	1.9 - 10.0
Trust receipts	1.0 - 3.2	1.9 - 7.4
Bankers' acceptances	3.9 - 4.5	2.6 - 4.8
Revolving credits	0.9 - 6.8	1.3 - 4.8
Murabahah term financing	1.6 - 4.0	1.5 - 1.7

25. PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade payables:				
Trade payables	745,835	785,948	-	-
Bill payables	31,596	12,563	-	-
Sales tax accruals	16,601	78,547	-	-
Customer deposits	49,775	76,282	-	-
Related parties	535,801	457,819	-	-
Other payables:				
Accruals	512,227	492,770	7,428	8,770
Provision for unutilised leave	9,157	9,102	-	-
Financial guarantees contract	13,561	12,614	6,151	6,272
Provision for additional loss on investment in a joint venture	130,314	-	-	-
Sundry payables	196,312	291,404	1,520	720
	2,241,179	2,217,049	15,099	15,762
Non-current:				
Other payables:				
Financial guarantees contract	50,197	48,600	29,848	28,137
Total trade and other payables	2,291,376	2,265,649	44,947	43,899

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

25. PAYABLES (CONT'D.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total trade and other payables (exclude provisions)	2,151,905	2,256,547	44,947	43,899
Add: Long term borrowings (Note 22)	2,289,762	1,803,038	189,944	629,874
Short term borrowings (Note 24)	3,724,990	2,386,737	439,997	109,982
Less: Finance lease payables (Note 23)	(253)	(1,199)	-	-
Total financial liabilities carried at amortised costs	8,166,404	6,445,123	674,888	783,755

The related parties balances comprise of amounts due to corporate shareholders of subsidiaries and/or their subsidiaries for purchase of inventories. The corporate shareholders are Toyota Motor Corporation, Japan and Toyota Tsusho Corporation, Japan and/or their subsidiaries and associated companies.

Financial guarantees contracts relate to rate differential on the financing facilities taken by joint ventures and associated companies resulted from corporate guarantee and financial indemnity provided by the Group and by the Company.

Provision for additional loss on investment in a joint venture relates to recognition of share of loss of a joint venture with nil carrying amount part of whose the borrowings are guaranteed by the Group.

Trade creditors are non-interest bearing and are normally settled within 1 day to 90 days (2014: 1 day to 90 days) terms.

Sundry payables are non-interest bearing and are normally settled within 30 days to 365 days (2014: 30 days to 365 days) terms.

26. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross dividend income from subsidiaries	-	-	357,755	488,930
Sales of goods and services	13,595,175	13,912,332	-	-
Drilling and workover services	839,877	1,014,903	-	-
Rental income from investment properties	6,531	5,255	-	-
	14,441,583	14,932,490	357,755	488,930

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

27. OTHER OPERATING INCOME

Included in other operating income are:

	Group	
	2015 RM'000	2014 RM'000
Gain on disposal of property, plant and equipment, leased assets	21,050	65,525
Net gain on disposal of investments	2,293	760
Bad debts recovered	320	807
Rental income from operating leases	3,780	1,776
Commission	67,577	79,257
Net fair value gain on financial assets held for trading	-	3,751
Amortisation of financial guarantee contract	11,680	-

	Company	
	2015 RM'000	2014 RM'000
Net foreign exchange gains		
- unrealised	111,168	31,519
Net fair value gain on financial assets held for trading	559	-
Net gain on disposal of money market fund	218	2,730
Amortisation of financial guarantee contract	5,696	-

28. EMPLOYEE BENEFITS

	Group	
	2015 RM'000	2014 RM'000
Staff costs		
Wages and salaries	872,056	887,480
Social security costs	6,352	5,871
Provision/(Reversal) for unutilised leave	55	(5,205)
Pension costs - defined contribution plan	92,327	97,900
Other staff related expenses	114,173	130,482
	1,084,963	1,116,528

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

29. PROFIT BEFORE ZAKAT AND TAXATION

Profit before zakat and taxation are derived after charging/(crediting):

	2015 RM'000	2014 RM'000
Group		
Executive directors:		
- salaries and other emoluments	1,760	1,862
- defined contribution plan	174	279
- benefits-in-kind	206	113
Non-executive directors:		
- fees	1,611	1,261
- other emoluments	458	438
- benefits-in-kind	425	411
Rental of offices and rigs	41,818	125,270
Research and development	-	705
Auditors' remuneration:		
Statutory audit		
- auditors' of the Company	2,921	2,707
- other auditors	508	511
Other services		
- auditors' of the Company	1,203	1,269
Bad debts written off	-	37
Net provision of inventories written down	11,560	8,584
Royalty	7,325	7,162
Property, plant and equipment written off	14,617	945
Net impairment/(reversal of net impairment) losses of:		
- property, plant and equipment	336,431	(55)
- leased assets	(285)	235
- receivables	9,968	18,569
- investments in joint ventures	-	86,458
- investments in associates	-	27,779
- goodwill	25,555	12,274
- available-for-sale investment	-	162
Loss on disposal of property, plant and equipment, and leased assets	728	457
Net realised foreign exchange losses/(gains)	78,533	(14,493)
Provision for warranties, net of reversal	109,647	21,431
Recovery of warranties previously paid	(60,120)	-
Net fair value losses on financial assets held for trading	4,047	-
Net unrealised foreign exchange gains	(155,003)	(22,103)
Net fair value loss on derivatives	126,279	42,261
Re-measurement of non-current assets held for sale	-	93,000
Loss on disposal of non-current assets held for sale	51,180	-
Provision for additional loss on investment in a joint venture (Note 25)	130,314	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

29. PROFIT BEFORE ZAKAT AND TAXATION (CONT'D.)

Profit before zakat and taxation are derived after charging/(crediting):

Company	2015 RM'000	2014 RM'000
Non-executive directors		
- fees	1,350	1,000
- other emoluments	360	338
- benefits-in-kind	290	277
Auditors' remuneration:		
- statutory audit	182	182
- other services	35	48
Impairment on investment in subsidiaries	-	34,409
Allowance for impairment loss on amount due from subsidiaries	234,924	43,367
Net fair value loss on financial assets held for trading	-	1,390
Net fair value losses on derivatives	153,980	45,440
Net realised foreign exchange losses	46,321	-
Equipment written off	1	-
Loss on disposal of motor vehicles	-	352

The number of directors of the Company whose total remuneration falls within the respective bands are as follows:

	Number of directors	
	2015	2014
Executive directors:		
RM450,001 - RM500,000	1	-
RM1,650,001 - RM1,700,000	1	-
RM2,250,001 - RM2,300,000	-	1
Non-executive directors:		
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	1	5
RM200,001 - RM250,000	5	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	-
RM700,001 - RM750,000	-	1
RM750,001 - RM800,000	1	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

30. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- Bank borrowings	108,705	67,502	-	-
- Sukuk	22,502	19,635	22,502	19,635
- Others	1,353	4,749	129	-
	132,560	91,886	22,631	19,635
Less: Interest expense capitalised in assets-in-progress	(5,785)	(6,740)	-	-
Net interest expense	126,775	85,146	22,631	19,635

31. INVESTMENT INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Investment income comprises:				
Gross dividend income from:				
- Available-for-sale financial assets				
- Unquoted investments	300	1,433	-	-
- Designated as fair value through profit or loss				
- Quoted investments outside Malaysia	-	1,443	-	-
Interest income from:				
- Loans and receivables				
- Subsidiaries	-	-	32,002	40,716
- Others	87,521	90,619	1,015	948
Distribution income from:				
- Quoted investments	38,551	40,556	19,435	16,410
	126,372	134,051	52,452	58,074

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

32. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax:				
Malaysian taxes	239,710	372,412	-	-
Overseas taxes	33,351	33,345	-	-
RPGT/WHT*	4,527	4,271	445	402
	277,588	410,028	445	402
(Over)/under provision in prior year:				
Malaysian taxes	(6,962)	(4,164)	-	-
Overseas taxes	(61)	415	-	-
	(7,023)	(3,749)	-	-
	270,565	406,279	445	402
Deferred taxation (Note 12):				
Relating to origination and reversal of temporary differences	(6,047)	(9,609)	-	-
Over provision in prior years	(2,963)	(3,002)	-	-
	(9,010)	(12,611)	-	-
	261,555	393,668	445	402

* Real Property Gain Tax/Withholding tax

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

32. INCOME TAX EXPENSE (CONT'D.)

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2015 RM'000	2014 RM'000
Group		
Profit before zakat and taxation	269,652	1,621,460
Taxation at Malaysian statutory rate of 25% (2014: 25%)	67,413	405,365
Effect of different tax rates in other countries	23,208	12,512
Tax incentives	(86)	(73)
Income not subject to tax	(31,031)	(38,626)
Expenses not deductible for tax purposes	232,980	15,169
Tax losses not available for offsetting against future taxable profits	140	140
Utilisation of current year's reinvestment allowances	(1,549)	(8,796)
Utilisation of previously unrecognised tax losses	(3,773)	(824)
Deferred tax assets not recognised	17,849	50,464
Over provision of deferred tax in prior years	(2,963)	(3,002)
Over provision of income tax expense in prior years	(7,023)	(3,749)
Effect of share of profits of associates and joint ventures	(33,610)	(34,912)
Tax expense for the year	261,555	393,668
Company		
Profit before zakat and taxation	66,258	429,368
Taxation at Malaysian statutory rate of 25% (2014: 25%)	16,565	107,342
Income not subject to tax	(102,606)	(143,122)
Expenses not deductible for tax purposes	86,916	38,105
Utilisation of group relief	(430)	(1,923)
Tax expense for the year	445	402

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

33. EARNINGS PER SHARE

Basic/diluted

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
Net (loss)/profit attributable to equity holders (RM'000)	(37,171)	651,970
Weighted average number of ordinary shares of RM0.50 in issue ('000)	1,168,294	1,168,294
Basic/diluted (loss)/earnings per share of RM0.50 (sen)	(3.2)	55.8

Diluted earnings per ordinary share is identical to basic earnings per share as the Company has no dilutive potential ordinary shares as at the end of the reporting period.

34. DIVIDENDS

	Amount		Net dividend per share of RM0.50 each	
	2015	2014	2015	2014
	RM'000	RM'000	Sen	Sen
(a) Recognised during the financial year:				
In respect of the financial year ended 31 December 2013:				
- Third interim single-tier dividend of 18%	-	105,146	-	9.0
In respect of the financial year ended 31 December 2014:				
- First interim single-tier dividend of 20%	-	116,829	-	10.0
- Second interim single-tier dividend of 30%	-	175,244	-	15.0
- Third interim single-tier dividend of 32%	186,927	-	16.0	-
In respect of the financial year ended 31 December 2015:				
- First interim single-tier dividend of 20%	116,829	-	10.0	-
	303,756	397,219	26.0	34.0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

34. DIVIDENDS (CONT'D.)

A second interim single-tier dividend in respect of the current financial year of 20% or 10.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM116.8 million (2014: a single-tier dividend of 32% or 16.0 sen per share of RM0.50 each, amounting to RM186.9 million net dividend) was declared on 25 February 2016 and has been paid to the shareholders on 23 March 2016. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

- (b) The Company will be able to distribute dividends out of its entire retained profits as at 31 December 2015 under the single-tier system.

35. COMMITMENTS

	Group	
	2015	2014
	RM'000	RM'000
(a) Capital commitments		
Approved and contracted for:		
- land and buildings	453,512	123,537
- equipment, plant and machinery	236,658	1,418,646
- others	23,690	24,791
	713,860	1,566,974
Approved but not contracted for:		
- land and buildings	110,899	160,665
- equipment, plant and machinery	363,884	749,197
- others	105,866	165,837
	580,649	1,075,699
Total capital commitments	1,294,509	2,642,673
(b) Commitments under non-cancellable operating leases		
Amount payable within 1 year	11,382	3,283
Amount payable later than 1 year but not more than 2 years	14,351	2,968
Amount payable later than 2 years but not more than 5 years	15,951	1,973
Amount payable after 5 years	36,984	20,132

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

36. CONTINGENT LIABILITIES

As at the reporting date, the Group and the Company have the following contingent liabilities for which no liability is expected to arise:

	Group	
	2015	2014
	RM'000	RM'000
Unsecured		
Performance bonds in favour of third parties	258,660	274,440

37. SEGMENT REPORTING

For management purposes, the Group is organised into business segments based on products and services, and has five reportable operating segments as follows:

- (i) The automotive segment is principally engaged in the import, assembly and marketing of passenger and commercial vehicles and related spares.
- (ii) The equipment segment is involved in the trading and leasing of a wide range of light and heavy equipment including related spares for use in the industrial, construction and agricultural sectors.
- (iii) The manufacturing and engineering segment is involved in the manufacturing, assembly and trading of automotive parts, the blending, packaging, marketing and distribution of lubricants and other established agency lines in the automotive field.
- (iv) The oil and gas segment is engaged in the manufacturing and trading of oil pipes and the provision of various oil and gas services including drilling and pipe-coating.
- (v) The other segments which do not generate significant external revenue are involved in the following activities:
 - (a) support services in travel;
 - (b) information technology;
 - (c) management and corporate services and various professional services; and
 - (d) manufacturing, fabrication and supply of products and services to oil and gas industry.

Transfer prices between operating segments are at terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments

	Automotive RM'000	Equipment RM'000	Manufacturing and Engineering RM'000	Oil and Gas RM'000	Others RM'000	Adjustments and Eliminations RM'000	Note	Per Consolidated Financial Statements RM'000
2015								
Revenue:								
External customers	10,719,591	1,853,014	674,436	839,877	354,665	-		14,441,583
Inter-segment	2,326	29,577	33,055	-	11,774	(76,732)	I	-
Total revenue	10,721,917	1,882,591	707,491	839,877	366,439	(76,732)		14,441,583
Results:								
Depreciation and amortisation	(83,923)	(111,342)	(20,108)	(246,119)	(49,219)	-		(510,711)
Impairment loss of property, plant and equipment	-	-	-	(336,431)	-	-		(336,431)
Loss on disposal of non-current assets held for sale	-	-	-	-	(51,180)	-		(51,180)
Provision for additional loss on investment in a joint venture	-	-	-	-	(130,314)	-		(130,314)
Share of results of associates and joint ventures	163,644	-	91	521	(29,818)	-		134,438
Segment profit/(loss) before zakat and taxation	860,938	226,451	16,816	(348,426)	(486,127)	-		269,652
Zakat	-	-	-	-	(5,905)	-		(5,905)
Income tax expense	(176,103)	(42,598)	(12,443)	(20,005)	(10,406)	-		(261,555)
Segment profit/(loss) after zakat and taxation	684,835	183,853	4,373	(368,431)	(502,438)	-		2,192

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

	Manufacturing and Engineering				Oil and Gas RM'000	Others RM'000	Note	Per Consolidated Financial Statements RM'000
	Automotive RM'000	Equipment RM'000	Engineering RM'000	and Engineering RM'000				
2015 (cont'd.)								
Assets:								
Investment in associates and joint ventures	1,334,358	-	40,336	2,720	601,687			1,979,101
Additions to non-current assets	218,765	142,768	46,644	1,780,988	91,199	II		2,280,364
Segment assets	5,513,234	1,261,417	432,434	7,649,854	3,368,362			18,225,301
Liabilities:								
Segment liabilities	1,448,165	415,444	165,146	4,305,908	2,506,767			8,841,430

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

	2014					Per Consolidated Financial Statements RM'000	
	Automotive RM'000	Equipment RM'000	Manufacturing and Engineering RM'000	Oil and Gas RM'000	Others RM'000		Adjustments and Eliminations RM'000	Note
Revenue:							
External customers	10,764,067	1,737,143	696,076	1,014,903	720,301	-	14,932,490
Inter-segment	1,942	30,023	29,002	-	12,453	(73,420)	-
Total revenue	10,766,009	1,767,166	725,078	1,014,903	732,754	(73,420)	14,932,490
Results:							
Depreciation and amortisation	(82,076)	(104,764)	(17,523)	(133,106)	(41,275)	-	(378,744)
Re-measurement of non-current assets held for sale	-	-	-	-	(93,000)	-	(93,000)
Share of results of associates and joint ventures	194,408	-	(2,325)	550	(52,985)	-	139,648
Segment profit/(loss) before zakat and taxation	1,475,266	218,231	14,786	284,156	(370,979)	-	1,621,460
Zakat	-	-	-	-	(14,787)	-	(14,787)
Income tax expense	(312,991)	(32,026)	(6,359)	(30,398)	(11,894)	-	(393,668)
Segment profit/(loss) after zakat and taxation	1,162,275	186,205	8,427	253,758	(397,660)	-	1,213,005

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

	Manufacturing and Engineering				Oil and Gas	Others	Note	Per Consolidated Financial Statements
	Automotive	Equipment	Engineering	RM'000				
2014 (cont'd.)								
Assets:								
Investment in associates and joint ventures	1,270,116	-	32,473	2,597	552,252			1,857,438
Additions to non-current assets	92,687	139,540	34,623	1,776,374	142,322	II		2,185,546
Segment assets	5,502,012	1,345,672	607,777	5,189,258	3,874,955			16,519,674
Liabilities:								
Segment liabilities	1,372,861	611,607	296,182	2,544,396	2,261,571			7,086,617

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

The following are nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- I. Inter-segment revenues are eliminated on consolidation.
- II. Additions to non-current assets consist of:

	Note	2015 RM'000	2014 RM'000
Property, plant and equipment	4	2,156,518	2,065,132
Leased assets	8	123,846	120,414
		2,280,364	2,185,546

(b) Geographical segments

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
2015			
Revenue from external customers	12,858,042	1,583,541	14,441,583
Non-current assets	5,320,508	3,105,068	8,425,576
2014			
Revenue from external customers	13,325,181	1,607,309	14,932,490
Non-current assets	2,210,908	3,763,887	5,974,795

Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Property, plant and equipment	8,102,786	5,669,692
Investment properties	3,172	3,850
Intangible assets	25,228	25,555
Land use rights	6,761	6,580
Leased assets	287,629	267,701
Non-current assets held for sale (net)	-	1,417
	8,425,576	5,974,795

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES

(i) The following are the subsidiaries of the Company:

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Subsidiaries incorporated in Malaysia			
Direct subsidiaries of the Company:			
UMW Corporation Sdn. Bhd.	100	100	Provision of full corporate, administrative, professional, security services and financial support to its subsidiaries and associates. In addition, the subsidiary also trades in a range of light and heavy equipment.
UMW Petropipe (L) Ltd.	100	100	Investment holding.
UMW Australia Ventures (L) Ltd.	100	100	Investment holding.
UMW Oil & Gas Berhad	100	100	Investment holding.
UMW Oil & Gas Corporation Berhad ^	55.73	55.24	Investment holding and provision of full corporate management, administrative and professional services as well as financial support to its subsidiary companies.
^ Listed on Main Market of Bursa Malaysia Securities Berhad			
Indirect subsidiaries of the Company:			
UMW Malaysian Ventures Sdn. Bhd.	55.73	55.24	Investment holding.
UMW Industries (1985) Sdn. Bhd.	100	100	Distribution of industrial and material handling equipment and related spares.
UMW (East Malaysia) Sdn. Bhd.	100	100	Distribution of industrial and heavy equipment and related spares in Sabah and Sarawak.
UMW (Sarawak) Sdn. Bhd.	100	100	Dormant.
UMW Equipment Sdn. Bhd.	100	100	Distribution of industrial and heavy equipment and related spares in Peninsular Malaysia.
UMW Advantech Sdn. Bhd.	100	100	Manufacturing and distribution of filters, plastic engineering products and spare parts for various automotive and industrial applications and letting out properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW Industrial Power Sdn Bhd	100	100	Distribution of industrial and power equipment and related parts.
UMW Offshore Investment (L) Ltd.	100	100	Investment holding.
UMW Linepipe (L) Ltd.	100	100	Investment holding.
UMW Drilling Co. Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Oilfield International (L) Ltd.	60	60	Supply of oil and gas products and investment holding.
UMW Oilpipe Services (Turkmenistan) Ltd.	28.42	28.17	Provision of threading, inspection, repair and maintenance services for OCTG.
UMW China Ventures (L) Ltd.	100	100	Investment holding.
UMW Autocorp Sdn. Bhd.	100	100	Investment holding.
Kelang Pembena Kereta2 Sendirian Berhad	100	100	Dormant.
KPKK Realty Sdn. Bhd.	100	100	Dormant.
UMW Equipment Rental Services Sdn. Bhd.	100	100	Dormant.
UMW Lubricant International Sdn. Bhd.	100	100	Marketing, selling and distribution of "Repsol" branded lubricants.
U-TravelWide Sdn. Bhd.	100	100	Provision of travel agency services.
UMW Aero Industries Sdn. Bhd.	100	100	Dormant.
Tracpart Centre Sdn. Bhd.	100	100	Dormant.
U E-Technologies Sdn. Bhd.	100	100	Provision of information technology services.
Otomobil Sejahtera Sdn. Bhd.	100	100	Importing and retailing of passenger and commercial vehicles.
UMW M&E Sdn. Bhd.	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW Vehicle Components Sdn. Bhd.	100	100	Dormant.
UMW Fabritech Sdn. Bhd.	70	70	Providing sandblasting, priming, coating, inspection, maintenance and repair services to the oil and gas industry.
UMW Oilfield International (M) Sdn. Bhd.	100	100	Supply of oil and gas products.
Lubetech Sdn. Bhd.	100	100	Blending and packaging of lubricants.
UMW Pennzoil Distributors Sdn. Bhd.	100	100	Marketing, selling and distribution of "Pennzoil" branded lubricants.
UMW Workover Sdn. Bhd.	55.73	55.24	Provision of workover operations for the oil and gas industry.
UMW JDC Drilling Sdn. Bhd.	47.36	46.95	Provision of drilling operations for the oil and gas industry.
Inobel Sdn. Bhd.	100	100	Marketing and rendering of information technology services
KYB-UMW Malaysia Sdn. Bhd.	52.1	52.1	Manufacture and assembly of vehicle shock absorbers.
KYB-UMW Steering Malaysia Sdn. Bhd.	52.1	52.1	Manufacture and assembly of power steering pumps.
UMW Development Sdn. Bhd.	51	51	Investment holding and property development.
UMW Toyota Motor Sdn. Bhd.	51	51	Investment holding and importation and distribution of Toyota vehicles and related spares.
Assembly Services Sdn. Bhd.	51	51	Assembly of vehicles, manufacturing of engines and fitting of accessories.
Automotive Industries Sendirian Berhad	51	51	Manufacture of vehicle exhaust systems and kangaroo bars.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW Australia Ventures Sdn. Bhd.	100	100	Investment holding.
Toyota Boshoku UMW Sdn. Bhd.	33.15	33.15	Manufacture of seats, interior and exterior parts and other parts for cars and other vehicles.
UMW Oilpipe Services Sdn. Bhd.	55.73	55.24	Provision of threading services for OCTG.
UMW Drilling 2 (L) Ltd. (formerly known as UMW Naga Two (L) Ltd.)	55.73	55.24	Ownership and leasing of rig.
UMW Drilling 3 (L) Ltd. (formerly known as UMW Naga Three (L) Ltd.)	55.73	55.24	Ownership and leasing of rig.
UMW India Ventures (L) Ltd.	75	75	Investment holding.
UMW Sher (L) Ltd.	50.82	45.00	Provide contract drilling and engineering services for the Oil and Gas Industry and leasing of drilling rigs and vessels.
UMW Offshore Drilling Sdn. Bhd.	55.73	55.24	Contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas.
MK Autocomponents Limited	-	61.08	Investment holding.
MK Automotive Industries Limited	-	55	Investment holding.
UMW Synergistic Generation Sdn. Bhd.	100	100	Provision of engineering and maintenance services as a customised equipment packager and a total solution provider for power generators and other equipment used in the oil and gas and other markets.
UMW SG Power Systems Sdn. Bhd.	100	100	General contractor, sales and services equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Subsidiaries incorporated in Malaysia (cont'd.)			
Indirect subsidiaries of the Company (cont'd.):			
UMW SG Engineering & Services Sdn. Bhd.	100	100	Engineering works and general trading.
UMW Drilling 4 (L) Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW M&E Limited	100	100	Investment holding.
UMW Drilling Academy Sdn. Bhd.	55.73	55.24	Provision of training and other related services.
UMW Rig Asset (L) Ltd.	55.73	55.24	Investment holding.
UMW Drilling 5 (L) Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Drilling 6 (L) Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Drilling 7 (L) Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Drilling 8 (L) Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Grantt International Sdn. Bhd.	100	100	Manufacturing, distributing, selling and trading of lubricants, greases, specialty and other products.
UMW Technology Sdn. Bhd.	100	100	Investment in technology companies.
UMW Aerospace Sdn. Bhd.	100	-	Manufacturing of aerospace engine component products.
UMW Aero Assets Sdn. Bhd.	100	-	Ownership and leasing of equipment and tooling.
UMW Land Sdn. Bhd.	100	-	Investment holding and property development.
UMW Training Centre Sdn. Bhd.	100	-	Provision of training and other related services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(b) Subsidiaries incorporated in the Republic of Singapore			
Indirect subsidiaries of the Company:			
UMW Equipment & Engineering Pte. Ltd.	100	100	Importation, distribution, repair, maintenance and service of all types of industrial and heavy equipment, automotive parts and related spares in Singapore.
UMW Equipment Systems Pte. Ltd.	100	100	Investment holding.
Vina Offshore Holdings Pte. Ltd.*	70	70	Investment holding.
PFP Singapore Pte. Ltd.*	100	100	Sale of piping materials.
UMW Helmsion Engineering Pte. Ltd.*	42	42	Manufacture of industrial cranes and related products and services.
UMW Standard 1 Pte. Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Standard 3 Pte. Ltd.	55.73	55.24	Ownership and leasing of rig.
UMW Singapore Ventures Pte. Ltd.*	55.73	55.24	Investment holding.
UMW Marine and Offshore Pte. Ltd.*	100	100	Dormant.
(c) Subsidiary incorporated in Papua New Guinea			
Indirect subsidiary of the Company:			
UMW Niugini Limited*	94.4	94.4	Distribution of heavy equipment and related spares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(d) Subsidiaries incorporated in People's Republic of China			
Indirect subsidiaries of the Company:			
UMW Oilfield Services (Tianjin) Co., Limited*	55.73	55.24	Provision of threading, inspection, repair and maintenance services for OCTG.
UMW Industrial Equipment (Shanghai) Co., Ltd.*	100	100	Provision of after-sales and repair services for equipment.
UMW Industrial Trading (Shanghai) Co., Ltd.*	100	100	Marketing of Toyota industrial equipment, Aerex and other airport ground support equipment and environmental products.
Vision Fleet Equipment Leasing (Shanghai) Co., Ltd.*	100	100	Rental and fleet management services mainly for products distributed by the UMW Group of China.
PFP (Shenzhen) Piping Materials Co., Ltd.*	100	100	Import and export of piping materials.
UMW Coating Technologies (Tianjin) Co., Ltd.*	100	100	Provision of oil and gas related equipment and pipe coating services.
Sichuan Haihua Petroleum Steel Pipe Co., Ltd.*	75.6	-	Manufacturing of oil, gas, water and other liquid from transmission pipes, and provision of antisepsis coating services for steel pipes.
(e) Subsidiary incorporated in Thailand			
Indirect subsidiary of the Company:			
UOT (Thailand) Limited*	32.48	32.48	Provision of threading, inspection, repair and maintenance services for OCTG.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(f) Subsidiary incorporated in the Republic of Vietnam			
Indirect subsidiary of the Company:			
UMW Equipment Systems (Vietnam) Company Limited*	100	100	Provision of service for equipment installation, maintenance, repair, overhaul and lease of equipment in industrial, construction and traffic sectors.
(g) Subsidiaries incorporated in the Union of Myanmar			
Indirect subsidiaries of the Company:			
UMW Machinery Limited**	100	100	Importation and distribution of industrial and heavy equipment and related parts.
UMW Engineering Services Limited**	100	100	Provision of after-sales services for equipment and maintenance and repair of equipment.
(h) Subsidiary incorporated in British Virgin Islands			
Indirect subsidiary of the Company:			
UMW ACE (BVI) Ltd.	70	70	Investment holding.
(i) Subsidiaries incorporated in Australia			
Indirect subsidiaries of the Company:			
PFP Holdings Pty. Ltd.	100	100	Investment holding.
PFP (Aust) Holdings Pty. Ltd.	100	100	Investment holding.
Australasia Piping Products Pty. Ltd.	100	100	Dormant.
PFP (Aust) Pty. Ltd.	100	100	International trading of a complete range of piping and pressure vessel components.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(j) Subsidiaries incorporated in India			
Indirect subsidiaries of the Company:			
Sathya Auto Private Limited [#]	-	61.08	Manufacture of mechanical jacks, radiator caps and sheet metal components.
Castwel Autoparts Private Limited [#]	-	61.08	Manufacture of aluminium gravity/pressure die casting, aluminium alloys and machine components.
Jaybee Drilling Private Limited [#]	45	45	Onshore drilling activities in India.
UMW Dongshin Motech Private Limited [#]	-	37.8	Original equipment manufacturer of stamped automotive upper body parts.
(k) Subsidiary incorporated in Taiwan			
Indirect subsidiary of the Company:			
PFP Taiwan Co., Ltd.*	75	75	Trading of pipes, fittings and related products.
(l) Subsidiary incorporated in Bahrain			
Indirect subsidiary of the Company:			
UMW Middle East Ventures Holding W.L.L.*	100	100	Investment holding.
(m) Subsidiary incorporated in Oman			
Indirect subsidiary of the Company:			
Arabian Drilling Services L.L.C.	65	65	Drilling of oil and natural gas wells and service activities incidental to extraction of petroleum and natural gas, excluding surveying.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(i) The following are the subsidiaries of the Company (cont'd.):

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(n) Subsidiaries incorporated in the Cayman Islands			
Indirect subsidiaries of the Company:			
Offshore Driller B324 Ltd.	55.73	55.24	Dormant.
Offshore Driller 4 Ltd.	55.73	55.24	Dormant.
UMW Offshore Drilling Ltd.	55.73	-	Provision of contract drilling operations and other engineering services for oil and gas exploration, development and production.
(o) Subsidiary incorporated in the Republic of Indonesia			
Indirect subsidiary of the Company:			
PT UMW International	100	100	Investment holding and general trading.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

38. SUBSIDIARIES (CONT'D.)

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Subsidiaries incorporated in Malaysia			
Indirect subsidiaries of the Company:			
Coldfusion Engineering Sdn. Bhd.	100	100	Dormant.
KPKK Realty Sdn. Bhd.	100	100	Dormant.
UMW Equipment Rental Services Sdn. Bhd.	100	100	Dormant.
UMW Vehicle Components Sdn. Bhd.	100	100	Dormant.
Tracpart Centre Sdn. Bhd.	100	100	Dormant.
(b) Subsidiary incorporated in the Republic of Singapore			
Indirect subsidiary of the Company:			
UMW Deepnautic Pte. Ltd.*	35.7	35.7	Dormant.

* Subsidiaries audited by firms of auditors other than Ernst & Young

The financial year end of the above subsidiaries is 31 March.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

39. JOINT VENTURES

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Joint venture incorporated in the Republic of Singapore			
Tubulars International Pte. Ltd.	30	30	Investment holding.
(b) Joint venture incorporated in Hong Kong			
Lubritech International Holdings Limited	60	60	Investment holding.
(c) Joint venture incorporated in India			
United Seamless Tubular Private Limited	32.2	32.2	Manufacturing and sale of seamless tubular green pipes.
(d) Joint ventures incorporated in People's Republic of China			
Lubritech Limited	60	60	Produce and distribute lubricants, import, export and wholesale of lubricants and greases as well as warehousing and provision of logistic services.
Sichuan Haihua Petroleum Steel Pipe Co. Ltd.	-	40	Manufacturing of oil, gas, water and other liquid from transmission pipes, and provision of antiseptis coating services for steel pipes.
(e) Joint venture incorporated in the Republic of Indonesia			
PT Pusaka Bersatu	49	49	Trading in various automotive-based businesses in Indonesia.

Other than United Seamless Tubular Private Limited whose financial year end is 31 March, the financial year end of all the above jointly-controlled entities is 31 December.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

40. ASSOCIATES

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Associates incorporated in Malaysia			
Rail-Tech Industries Sdn. Bhd.	50	50	Dormant.
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	38	38	Investment holding and provision of management and administrative services.
Held through Perodua:			
Perodua Sales Sdn. Bhd.	38	38	Marketing and distribution of motor vehicles, related spare parts and other related activities.
Strategic Auto Sdn. Bhd.	38	38	Dormant.
Perodua Global Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.
Perodua Manufacturing Sdn. Bhd.	28.12	28.12	Manufacture and assembly of motor vehicles and other related activities.
Perodua Engine Manufacturing Sdn. Bhd.	28.12	28.12	Manufacturer and dealers of component parts, included engines, coupling and transmission components.
UMW Toyotsu Motors Sdn. Bhd.	30	30	Sales and after-sales services of Toyota brand of motor vehicles, parts and other relevant products.
PFP (Malaysia) Sdn. Bhd.	40	40	Dormant.
Toyota Capital Malaysia Sdn. Bhd.	30	30	Hire purchase financing, factoring and trade confirming.
Held through Toyota Capital Malaysia Sdn. Bhd.:			
Toyota Capital Acceptance Malaysia Sdn. Bhd.	30	30	Hire purchase financing, debt factoring and money lending.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

40. ASSOCIATES (CONT'D.)

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(a) Associates incorporated in Malaysia (cont'd.)			
Held through Toyota Capital Malaysia Sdn. Bhd. (cont'd.):			
Seabanc Kredit Sdn. Bhd.	30	30	Hire purchase financing, leasing and debt factoring.
Toyota Lease Malaysia Sdn. Bhd.	30	30	Provision of lease financing.
Lada Motors Sendirian Berhad	40	40	Dormant.
e-Lock Corporation Sdn. Bhd.	20.1	20.1	Investment holding and research, development and distribution of computer's software, solutions and services.
(b) Associates incorporated in People's Republic of China			
Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd.	49	49	Provision of internal epoxy coating for OCTG and line pipes for the Oil and Gas Industry.
Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd.	34.3	34.3	Manufacturing and marketing of Longitudinal Submerged Arc Welded (LSAW) steel pipes for oil and gas transmission lines and structural pipe for oil and gas applications; internal gas applications; and internal services.
Shanghai BSW Petro-pipe Co., Ltd.	32.4	32.4	Manufacture of spiral welded pipes for the Oil and Gas Industry.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

40. ASSOCIATES (CONT'D.)

Company	Group Effective interest		Principal activities
	2015 %	2014 %	
(b) Associates incorporated in People's Republic of China (cont'd.)			
Jiangsu Tube-Cote Shuguang Coating Co., Ltd.	28.13	28.13	Provision of internal epoxy coating for OCTG and line pipes for the Oil and Gas Industry.
Held through WSP Holdings Limited: Wuxi Seamless Oil Pipe Co., Ltd	22.5	22.5	Design and manufacture of seamless OCTG and line pipes for the Oil and Gas Industry.
(c) Associate incorporated in Thailand			
Oil-Tex (Thailand) Company Limited	20	20	Provision of logistic services for the Oil and Gas Industry.
(d) Associate incorporated in British Virgin Islands			
First Space Holdings Limited	22.5	22.5	Investment holding.
(e) Associate incorporated in the Cayman Islands			
WSP Holdings Limited	22.5	22.5	Investment holding.

Other than e-Lock Corporation Sdn. Bhd. whose financial year end is 31 January, UMW Toyotsu Motors Sdn. Bhd., Toyota Capital Malaysia Sdn. Bhd. and its subsidiaries whose financial year end is 31 March, and Oil-Tex (Thailand) Company Limited whose financial year end is 30 June, the financial year end of all of the above associated companies is 31 December.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

41. SIGNIFICANT EVENTS

- (a) On 30 April 2015, UMW Corporation Sdn. Bhd. (“UMWC”) entered into a Supplemental Sale and Purchase Agreement (“Supplemental SPA”) with Dato’ Muthukumar a/l Ayarpadde (“DMK”) to vary certain terms of the Sale and Purchase Agreement dated 25 July 2014 (“SPA”), in respect of the price consideration for the proposed disposal of 61.08% equity interest in MK Autocomponents Limited (“MKAL”) and 55% equity interest in MK Automotive Industries Limited (“MKAIL”) (“Proposed Disposal”). The total cash considerations were mutually revised to RM111,655,000 as follows:
- (i) cash consideration of RM64,944,000 for the 7,141,476 ordinary shares of USD1.00 each in MKAL representing UMWC’s 61.08% equity interest in MKAL;
 - (ii) cash consideration of RM14,752,000 for the 3,350,270 ordinary shares of USD1.00 each in MKAIL representing UMWC’s 55% equity interest in MKAIL and the inter-company loans granted by UMWC and the Company amounting in aggregate to RM19,798,000, which are owing; and
 - (iii) cash consideration of RM31,958,000 for the disposal and transfer of the Compulsory Convertible Debentures (“CCD”) of 106.17 million amounting in aggregate to USD20.0 million (INR equivalent of USD 0.19 per CCD) issued by UMW Dongshin Motech Private Ltd to UMW M&E Limited, a wholly-owned subsidiary of UMWC.

(collectively referred to as the “Proposed Revisions”).

The purchase consideration would be received in five staggered payments over a period of five years.

The completion date of the Proposed Revisions was extended to 30 November 2015, from the original completion date of 15 July 2015.

On 20 November 2015, UMWC entered into a Supplemental Agreement No. 5 to the SPA with DMK to vary certain terms of the SPA in respect of the purchase consideration for the Proposed Disposal, wherein the purchase consideration was further revised to RM115,208,000 from RM111,655,000, after taking into account the impact of foreign exchange on settlement amount of the debts of MKAL’s subsidiaries by UMWC.

The conditions precedent in the SPA and the Proposed Disposal was completed on 20 November 2015. Accordingly, MKAL and MKAIL have ceased to be subsidiaries in the UMW Group.

- (b) On 12 August 2015 UMW M&E Sdn Bhd (“UMW M&E”), a wholly-owned subsidiary in the UMW Group acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital in UMW Aerospace Sdn Bhd (“UMW Aerospace”), for a total cash consideration of RM2.00 (“the Acquisition”). UMW Aerospace has become a wholly-owned subsidiary in the UMW Group as a result of the Acquisition.

On the same date, UMW M&E and UMW Aerospace, wholly-owned subsidiaries of UMW Group, entered into an Agreement with Rolls-Royce plc (“RR”), to manufacture and assemble aerospace products. UMW and RR are also to collaborate in areas of strategic interest in seeking relevant and strategic partnerships towards establishing a supply chain foot print in South East Asia (the “Agreement”).

The Agreement commenced on 12 August 2015 and will expire on 31 December 2040, with an option to extend for up to five (5) years.

This Agreement forms part of RR’s programme to incorporate Malaysia within its supply chain in South East Asia, where UMW will build a facility capable of producing, manufacturing, assembling and supplying fan cases for RR’s Trent 1000 engines.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

41. SIGNIFICANT EVENTS (CONT'D.)

- (c) On 16 November 2015, Vina Offshore Holdings Pte Ltd (“Vina”), a 70%-owned subsidiary of UMW Petropipe (L) Ltd, which in turn is a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement (“the SSA”) with HS Engineering Services Pte Ltd (“HS Engineering”) for the proposed disposal by Vina of 180,000 ordinary shares, representing 60% of the issued and paid-up capital of UMW Helmsion Engineering Pte Ltd (“UMW Helmsion”), to HS Engineering, for a total cash consideration of SGD1,697,000 (“Proposed Disposal”), after taking into consideration the current financial performance and future business prospects of UMW Helmsion.

On 14 December 2015, both parties agreed to extend the Completion Date of the SSA to 15 January 2016 from 14 December 2015 (“the Extension”), to allow for full satisfaction of all the obligations of the SSA.

- (d) On 19 November 2015, UMW Petropipe (L) Ltd (“UMW Petropipe”), a wholly-owned subsidiary of the Company, had been granted approval from the Business Bureau in the People’s Republic of China for the proposed acquisition by UMW Petropipe of 23.7% and 11.9% equity interest (collectively 35.6% equity interest) in Sichuan Haihua Petroleum Steelpipe Co., Ltd (“Sichuan Haihua”) from Sichuan Jinyang Antisepsis Engineering Co., Ltd (“Sichuan Jinyang”) and Elite International Investment (HK) Limited (“Elite”), respectively, for a total consideration of RMB2 (“Acquisition”).

The total consideration of RMB2 was arrived at after taking into account UMW Petropipe’s agreement to subscribe to the portion of the increased registered capital of RMB26.25 million, not subscribed by Sichuan Jinyang and Elite.

Accordingly, Sichuan Haihua has become a subsidiary in the UMW Group.

42. SUBSEQUENT EVENTS

- (a) On 15 January 2016, all obligations in respect of the Share Sale Agreement (“SSA”) for the proposed disposal of 180,000 ordinary shares of par value SGD1.00 each, representing 60% of the issued and paid-up capital of UMW Helmsion Engineering Pte Ltd (“UMW Helmsion”) by our 70%-owned subsidiary Vina Offshore Holdings Pte Ltd, to HS Engineering Services Pte Ltd, was fulfilled and the proposed disposal was completed.

Accordingly, UMW Helmsion has ceased to be a subsidiary in the UMW Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

43. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) In addition to the related party transaction informations disclosed elsewhere, transactions by UMW Holdings Berhad and its subsidiaries with the associates and corporate shareholder of the subsidiaries are as follows:

Group companies	Transacting parties	Nature of transactions	2015 RM'000	2014 RM'000
UMW Industries (1985) Sdn. Bhd.	)	Lease rental	5,425	5,683
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	) )	Sale of shock absorbers	54,003	57,104
U-TravelWide Sdn. Bhd.	)	Air tickets	4,001	3,627
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	) )	Sale of goods and services	114,897	120,467
UMW Industrial Power Sdn. Bhd.	) )	Sale of goods and services	2,967	9,502
UMW Advantech Sdn. Bhd.	) )	Sale of goods and services	29,954	34,406
Lubetech Sdn. Bhd.	) )	Sale of goods and services	17,155	10,791
UMW JDC Drilling Sdn. Bhd.	) ) ) )	Japan Drilling Co. Ltd. and its subsidiaries	Purchase of goods and services Bare boat charter	18,588 41,040
UMW Corporation Sdn. Bhd.	) )	Toyota Capital	Purchase of goods and services	2,752
UMW Oil & Gas Corporation Berhad	) ) )	Malaysia Sdn Bhd and its subsidiaries	Purchase of goods and services	1,015
UMW Holdings Berhad	) )	subsidaries	Purchase of goods and services	477

* Comprises Perusahaan Otomobil Kedua Sdn. Bhd., its subsidiaries and associates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

- (b) Transactions by the Group with Toyota Motor Corporation, Japan (the corporate shareholder of UMW Toyota Motor Sdn. Bhd.) and its subsidiaries and associates are as follows:

Group companies	Transacting parties	Nature of transactions	2015 RM'000	2014 RM'000
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Sale of goods and services	988,320	825,725
		Purchase of goods and services	3,986,807	3,094,521
	UMW Toyotsu Motors Sdn. Bhd.	Sale of goods	133,391	146,439
		Purchase of goods and services	5,162	2,261

- (c) Transactions by the Group with the corporate shareholders of KYB-UMW Malaysia Sdn. Bhd. are as follows:

Group companies	Transacting parties	Nature of transactions	2015 RM'000	2014 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Kayaba Industry Co. Ltd., Japan and its subsidiaries	Sale of goods and services	50,973	62,959
		Purchase of goods and services	11,862	9,046
	Toyota Tsusho Corporation, Japan and its affiliated company	Sale of goods and services	500	94
Purchase of goods and services		38,656	32,231	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

- (d) Transactions by the Group with a related company of the corporate shareholder of UMW Sher (L) Ltd. and Jaybee Drilling Pvt. Ltd. are as follows:

Group companies	Transacting parties	Nature of transactions	2015 RM'000	2014 RM'000
UMW Sher (L) Ltd.	)	Bare boat charter	21,173	13,862
Jaybee Drilling Pvt. Ltd.	) ) ) )	Jaybee Energy Pte. Ltd. Purchase of goods and services	21,542	13,370

- (e) Transaction by the Group with a non-executive director of the Company and with a company the director has interest is as follows:

Group companies	Transacting parties	Nature of transactions	2015 RM'000	2014 RM'000
UMW Holdings Berhad	) ) ) )	e-Lock Corporation Sdn. Bhd., a Company in which Dr. Leong Chik Weng also has an interest	28	31
UMW Corporation Sdn Bhd	) ) ) )	Purchase of goods and services	368	93
UMW Oil & Gas Corporation Berhad	) ) ) )	Purchase of services	63	63
UMW Holdings Berhad	) ) )	Dr. Leong Chik Weng Acquisition of shares	-	1,950

- (f) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

	2015 RM'000	2014 RM'000
Salaries, wages and allowances	20,086	27,932
Provision for unutilised leave	49	141
Pension costs - defined benefit plan	2,637	3,730
Retirement gratuity	400	-
Benefits-in-kind	2,252	2,014
	25,424	33,817

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

44. FAIR VALUE DISCLOSURES

The financial instruments of the Group and Company consist of cash and cash equivalents, trade and other receivables, borrowings, trade and other payables and derivatives.

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Determination of fair value

Quoted equity instruments

Fair value is determined directly by reference to their published market price at the reporting date.

Derivatives

Interest rate swap contracts and forward exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Loans and borrowings

Fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2015 was assessed to be insignificant.

Finance leases

The fair value of finance lease receivables/payables are estimated by discounting expected future cash flows at a rate for similar types of leasing arrangements at the reporting date.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

44. FAIR VALUE DISCLOSURES (CONT'D.)

Determination of fair value (cont'd.)

(i) Financial instruments not carried at fair value

	Note	2015		2014	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Financial assets					
Other investments (non-current)	13	4,302	*	4,307	*
Finance lease receivables	16	3	3	9,764	9,764
		4,305	3	14,071	9,764

Financial liabilities

Finance lease payables	23	253	253	1,199	1,199
Long term borrowings					
- Fixed rate borrowings	22	3,920	3,920	3,920	3,920
- Fixed rate Sukuk	22	189,944	166,338	629,874	568,551
		194,117	170,511	634,993	573,670

		2015		2014	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000

Company

Financial liabilities

Long term borrowings					
- Fixed rate Sukuk	22	189,944	166,338	629,874	568,551

* Other investments (unquoted shares) carried at cost (Note 13)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments mainly represent ordinary shares in companies that are not quoted on any market. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

44. FAIR VALUE DISCLOSURES (CONT'D.)

(ii) Financial instruments carried at fair value

	2015 RM'000	2014 RM'000
Financial assets:		
Group		
Quoted investment in money market fund	1,188,945	1,181,759
Quoted shares outside Malaysia	18,459	16,868
Forward currency contracts	9,362	382
Embedded derivatives	1,916	-
Interest rate swaps	2,868	-
Cross currency interest rate swaps	10,878	5,631
Company		
Quoted investment in money market fund	622,907	389,133
Financial liabilities:		
Group		
Forward currency contracts	74,613	30,478
Embedded derivatives	-	8,387
Interest rate swaps	6,286	5,152
Cross currency swaps	4,559	2,856
Cross currency interest rate swaps	194,236	89,805
Company		
Forward currency contracts	73,744	24,377
Interest rate swaps	6,286	5,152
Cross currency interest rate swaps	194,236	89,805

Fair value hierarchy

The following provides the fair value measurement hierarchy of the Group's assets and liabilities.

The different levels have been defined as follows:

- (a) Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

44. FAIR VALUE DISCLOSURES (CONT'D.)

Fair value hierarchy (cont'd.)

	Level	Note	Fair value	
			2015 RM'000	2014 RM'000
Assets measured at fair value:				
Group				
Quoted investment in money market fund	1	13	1,188,945	1,181,759
Quoted shares outside Malaysia	1	13	18,459	16,868
Embedded derivatives	2	14	1,916	-
Forward currency contracts	2	14	9,362	382
Interest rate swaps	2	14	2,868	-
Cross currency interest rate swaps	2	14	10,878	5,631
Non-current assets held for sale	3	18	-	122,597
Company				
Quoted investment in money market fund	1	13	622,907	389,133
Assets for which fair values are disclosed:				
Group				
Finance lease receivables	2	16	3	9,764
Investment properties	3	5	65,087	61,488
Liabilities measured at fair value:				
Group				
Forward currency contracts	2	14	74,613	30,478
Embedded derivatives	2	14	-	8,387
Interest rate swaps	2	14	6,286	5,152
Cross currency swaps	2	14	4,559	2,856
Cross currency interest rate swaps	2	14	194,236	89,805
Liabilities associated to non-current assets held for sale	3	18	-	121,180
Company				
Forward currency contracts	2	14	73,744	24,377
Interest rate swaps	2	14	6,286	5,152
Cross currency interest rate swaps	2	14	194,236	89,805

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

44. FAIR VALUE DISCLOSURES (CONT'D.)

Fair value hierarchy (cont'd.)

	Level	Note	Fair value	
			2015 RM'000	2014 RM'000
Liabilities for which fair values are disclosed:				
Group				
Finance lease payables	2	23	253	1,199
Long term borrowings				
- Fixed rate borrowings	2	22	3,920	7,299
- Fixed rate Sukuk	2	22	<u>189,944</u>	<u>629,874</u>
Company				
Long term borrowings				
- Fixed rate Sukuk	2	22	<u>189,944</u>	<u>629,874</u>

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2014: No transfer in either direction).

Valuation process applied by the Group for Level 3 fair value

Investment properties of the Group, which were categorised as Level 3 fair value, has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

45. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating to enjoy the best terms of borrowing and healthy capital ratios in its subsidiaries to support business and maximise shareholders' value.

The Group's dividend policy is for all its subsidiary companies to declare and pay at least 50% of the subsidiary's net profit as dividends, unless funds are required for capital expenditure or investment purposes. Similarly, the Company has a dividend policy of paying at least 50% of its net profit attributable to shareholders after excluding unrealised profits and after taking into account any significant capital expenditure or Group expansion plan.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term borrowings	3,724,990	2,386,737	439,997	109,982
Long term borrowings	2,289,762	1,803,038	189,944	629,874
Total borrowings	6,014,752	4,189,775	629,941	739,856
Total equity	9,383,871	9,433,057	1,837,542	2,081,390
Gearing ratio	64%	44%	34%	36%

46. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The financial risk management practices of the Group seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The principal aim of the Group's financial risk management practices is to identify, evaluate and manage financial risks with an objective to minimise potential adverse effects on the financial performance of the Group. The financial risk management practices are part of the Group's Enterprise Risk Management Framework.

The Board of Directors has established a risk management framework for subsidiaries within the Group. The Group's risk governance structure comprises the following:

- (i) The Investment and Risk Management Committee at the Board level
- (ii) The Risk Management Committee at corporate management level
- (iii) Risk Management Unit at the respective operating units

Responsibilities of the Investment and Risk Management Committee include:

- (i) to monitor the role, effectiveness and efficiency of the Risk Management Committee and Risk Management Units at operating units;
- (ii) to review the risk profile of the UMW Group and risk mitigation action plans; and
- (iii) to review the risk management policies, procedures and measurement methodologies of the UMW Group and to effect changes thereto, if deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

The Risk Management Committee comprises members of the Management Committee. This Committee identifies and assesses risks, and makes recommendations on risk management to the Investment and Risk Management Committee.

Financial risk management objectives of UMW Group are as follows:

- (i) to minimise exposure to all financial risks including foreign currency exchange, interest, credit and liquidity risks;
- (ii) to accept certain level of financial risks including price risk and credit risk that commensurate with the expected returns on the underlying operations and activities; and
- (iii) to minimise liquidity risk by proper cash flow planning, management and control.

The Group's financial risk management strategies include using:

- (i) derivatives to hedge its exposure to currency, interest and cash flow risks. However, use of derivatives for speculation is specifically prohibited;
- (ii) credit controls that include evaluation, acceptance, monitoring and feedback to ensure that only reasonably credit-worthy customers are accepted; and
- (iii) money market instruments, short term deposits and bank borrowings to manage liquidity risks.

The Group's strategies and practices in dealing with its major financial risks are set out below:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. These foreign exchange risk exposures are mainly in US Dollar, Japanese Yen, Australian Dollar and Euro.

Approximately 16% (2014: 6%) of the Group's trade receivables are denominated in foreign currencies whilst almost 37% (2014: 35%) of trade payables are denominated in the respective functional currencies of the Group entities.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM427,653,000 (2014: RM262,693,000) and RM9,380,000 (2014: RM43,324,000) for the Group and the Company respectively.

Material foreign currency exposures are hedged via forward exchange contracts and cross currency swaps by using foreign exchange facilities maintained with leading banks in Malaysia and overseas. The Forward Exchange Contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Foreign currency risk (cont'd.)

The table below demonstrates the sensitivity of the Group's profit after tax as at year end to a possible reasonable change in the US Dollar, Euro, Australian Dollar and Japanese Yen exchange rates against Ringgit Malaysia with all other variables held constant:

		2015 RM'000	2014 RM'000
Effect on profit after tax			
US Dollar	+ 10%	(45,554)	(30,524)
	- 10%	45,554	30,524
Japanese Yen	+ 10%	(3,160)	(6,779)
	- 10%	3,160	6,779
Australian Dollar	+ 10%	(2,439)	(1,261)
	- 10%	2,439	1,261
Euro	+ 10%	5,331	153
	- 10%	(5,331)	(153)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk in respect of their placements with financial institutions, bank borrowings at floating rates and loans at floating rates given to related parties. Its policy is to:

- (i) have an optimal mixture of short term deposits or placements; and
- (ii) manage its interest cost using a combination of fixed and floating rate debts. Material interest rate exposures are hedged via interest rate swaps.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity of the Group's profit after tax, to possible reasonable changes in interest rates with all other variables held constant, through impact on interest income from placement of surplus funds and interest expense on floating rate borrowings:

		2015 RM'000	2014 RM'000
Effect on profit after tax			
Ringgit Malaysia interest rates	+ 50	(2,802)	(734)
	- 50	2,802	734
US Dollar interest rates	+ 50	(14,058)	(8,320)
	- 50	14,058	8,320

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)For the year ended 31 December 2015

46. FINANCIAL RISK MANAGEMENT (CONT'D.)**(c) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables.

Credit risk is managed through the application of the UMW Group Credit Granting Guidelines. These Guidelines outline the credit granting criteria and approval procedures as endorsed by the Board. A credit committee performs on-going monitoring on compliance and ensures that these authorisation policies and procedures are consistent with business requirements.

Due to its diverse customer base, the Group does not have significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial institution.

The total exposure to credit risk comprise of total loans and receivables as disclosed in Note 16, corporate guarantees and financial indemnity granted by the Group and the Company of RM1,223,700,000 (2014: RM1,075,459,000) and RM860,653,000 (2014: RM824,723,000) respectively.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet financial obligations when due, as a result of shortage of funds arising from mismatch of maturities of financial assets and liabilities.

To ensure a healthy liquidity position, it is the Group's policy to:

- (i) have the right mixture of liquid assets in its portfolio;
- (ii) maintain a healthy gearing ratio;
- (iii) finance long term assets with long term loans; and
- (iv) maintain a balance between flexible and structured financing options to finance its operations and investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	← 2015 →				Total RM'000
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	
Group					
Financial liabilities:					
Trade and other payables	2,241,179	10,444	27,817	11,936	2,291,376
Derivatives:					
- Forward contracts (gross payments)	869	73,744	-	-	74,613
- Interest rate swaps (settled net)	-	6,286	-	-	6,286
- Cross currency swaps	4,559	-	-	-	4,559
- Cross currency interest rate swaps	194,236	-	-	-	194,236
Borrowings	3,849,026	758,546	1,040,813	558,918	6,207,303
Total undiscounted financial liabilities	<u>6,289,869</u>	<u>849,020</u>	<u>1,068,630</u>	<u>570,854</u>	<u>8,778,373</u>
Company					
Financial liabilities:					
Trade and other payables	15,099	6,028	16,539	7,281	44,947
Derivatives:					
- Forward currency contracts	-	73,744	-	-	73,744
- Interest rate swaps	-	6,286	-	-	6,286
- Cross currency interest rate swaps	194,236	-	-	-	194,236
Borrowings	456,937	197,257	-	-	654,194
Total undiscounted financial liabilities	<u>666,272</u>	<u>283,315</u>	<u>16,539</u>	<u>7,281</u>	<u>973,407</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity risk (cont'd.)

	← 2014 →				Total RM'000
	On demand or within one year RM'000	Between one and two years RM'000	Between two and five years RM'000	Over five years RM'000	
Group					
Financial liabilities:					
Trade and other payables	2,207,947	9,650	24,423	14,527	2,256,547
Derivatives:					
- Forward contracts (gross payments)	6,101	-	24,377	-	30,478
- Embedded derivatives	8,387	-	-	-	8,387
- Interest rate swaps (settled net)	628	-	4,524	-	5,152
- Cross currency swaps	-	2,856	-	-	2,856
- Cross currency interest rate swaps	14,026	75,779	-	-	89,805
Borrowings	2,438,412	846,173	704,764	467,385	4,456,734
Total undiscounted financial liabilities	<u>4,675,501</u>	<u>934,458</u>	<u>758,088</u>	<u>481,912</u>	<u>6,849,959</u>
Company					
Financial liabilities:					
Trade and other payables	15,762	5,750	14,463	7,924	43,899
Derivatives:					
- Forward currency contracts	-	-	24,377	-	24,377
- Interest rate swaps	628	-	4,524	-	5,152
- Cross currency interest rate swaps	14,026	-	75,779	-	89,805
Borrowings	113,898	455,629	196,669	-	766,196
Total undiscounted financial liabilities	<u>144,314</u>	<u>461,379</u>	<u>315,812</u>	<u>7,924</u>	<u>929,429</u>

There have been no material changes to the Group's and Company's exposure to the above financial risks or the manner in which it manages and measures the risks for the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)For the year ended 31 December 2015

46. FINANCIAL RISK MANAGEMENT (CONT'D.)**(e) Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in money market fund as they are quoted in the market.

Sensitivity analysis for market price risk

At the reporting date, if the market price of money market fund had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM59,447,000 (2014: RM59,088,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

For the year ended 31 December 2015

47. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2015		2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	3,145,989	368,590	4,167,505	670,702
- Unrealised	291,927	90,323	16,030	32,059
	3,437,916	458,913	4,183,535	702,761
Total share of retained profits/(accumulated losses) from associate companies:				
- Realised	1,799,944	-	1,275,392	-
- Unrealised	(425,144)	-	(26,229)	-
Total share of accumulated losses from joint ventures:				
- Realised	(303,430)	-	(254,255)	-
- Unrealised	(2,652)	-	1,054	-
	4,506,634	458,913	5,179,497	702,761
Add: Consolidation adjustments	253,493	-	(70,649)	-
Total retained profits	4,760,127	458,913	5,108,848	702,761

PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice (“**Notice**”) is issued by **UMW HOLDINGS BERHAD** and its subsidiaries, associates, affiliates and related companies (collectively referred to as “**UMW Group**” or “**we**” or “**us**”) and is applicable to all existing and prospective shareholders and/or investors. This Notice explains how we collect and handle your personal data in accordance with the Personal Data Protection Act, 2010 (“**Act**”). For the avoidance of doubt, all existing and prospective shareholders and/or investors shall be referred to collectively as “**shareholders and/or investors**” or “**you**”. Please note that the UMW Group reserves the right to make any variations and/or modification to this Notice at any time. Any variations and/or modification to this Notice shall be communicated through modes of communications deemed suitable by the UMW Group.

1. Personal Data

As shareholders and/or investors of UMW Group, we may process (to the extent applicable) the following personal data as provided by you and/or a service provider engaged by UMW Group and/or obtained from public domains, regulatory authorities, administrative authorities and/or supervisory authorities which may include, but is not limited to -

- i. your identity including photo, signature, name, contact numbers, email address(es), address(es), identification card/passport number, age, gender, race, nationality, marital status;
- ii. your bank account numbers, CDS account number, such other information that you provide as shareholders and/or investors of UMW Group;
- iii. video and voice recordings (including CCTV recordings and security recordings, images, testimonials, photograph and/or any other recordings of you as obtained when you are in UMW Group’s premises, facilities and offices and/or when you attend any of UMW Group related events, functions, activities and/or meetings);
- iv. information relating to your shareholding interest in the UMW Group or any other companies;
- v. any other personal data that you provide/declare to the UMW Group and/or that are collected from you as shareholders and/or investors of the UMW Group; and
- vi. any other information that you provide or are required to be given to become shareholders and/or investors.

2. Purposes for collecting and further processing (including disclosing) your personal data

Where applicable, we will process your personal data for the following purposes -

- i. to give effect and process your status as shareholders and/or investors of UMW Group;
- ii. to process your request to become shareholders and/or investors;
- iii. issuance of share certificates or securities, if applicable;
- iv. to deliver, communicate and transmit UMW Group’s annual reports, newsletters, latest information and other shareholders and/or investors relation information and materials through modes of communication and delivery we deem appropriate (including without limitation verbally, in hard print, electronically or online);
- v. payment of dividends and other benefits to shareholders and/or investors, if applicable;
- vi. to maintain, upkeep and update our records regarding our shareholders and/or investors;
- vii. statistical analysis and historical data;
- viii. execution of the relevant legal documents and instruments to give effect to your status as shareholders and/or investors of the UMW Group;
- ix. as part of the UMW Group’s internal records management, internal compliance and corporate governance (including auditing, internal investigations, compliance, risk management, conflict of interest reporting, management reporting, and security processes);
- x. verification and identification purposes;
- xi. compliance with laws, regulations, guidelines, codes and statutory requirements;
- xii. to provide you with the services or information requested;
- xiii. for contact purposes;
- xiv. to defend and/or enforce UMW Group’s rights under law and/or obtain legal advice;
- xv. to attend to your enquiries and generally to enable resolution of a concern or complaint;
- xvi. to facilitate your participation in any of UMW Group’s functions, activities, meetings and/or events;
- xvii. administrative and operational purposes;
- xviii. security and access within UMW Group’s premises and facilities;
- xix. inclusion in media engagement and/or any relevant or related events;
- xx. publication in any printed materials, website, electronic media and/or social media platform arising from your participation in any UMW Group related functions, activities, meetings and/or events;
- xxi. to better understand your needs as shareholders and/or investors;
- xxii. for internal investigations, compliance, security and/or audit purposes;
- xxiii. to prosecute, prevent, investigate and/or detect any illegal and/or prohibited activities conduct and/or transactions; and
- xxiv. for any purpose that is incidental, ancillary or in furtherance to the above purposes.

The information you provide is necessary to the UMW Group. If you do not provide all the information as requested, we will not be able to keep your complete record of information, thus affecting the UMW Group’s ability to accomplish the above stated purposes.

3. Disclosure of information

We may disclose your personal data to the following parties (including those overseas) -

- i. entities within the UMW Group;
- ii. potential or actual purchasers, successors-in-title of the business or share (wholly or in part) of the UMW Group (including their advisers and representatives) as a result of a potential, proposed or actual sale of business, disposal, acquisition, merger or re-organisation;
- iii. government departments and agencies, law enforcement agencies, regulatory authorities, statutory authorities and/or industry regulators and to whom we are compelled or required to do so under law;
- iv. third parties appointed by the UMW Group to provide services to the UMW Group or on behalf of the UMW Group (including the UMW Group’s auditors, solicitors, financiers, agents, professional advisors, share registrars and other such service providers);
- v. any person, who is under a duty of confidentiality and/or who has undertaken the responsibility to keep such data confidential;
- vi. any actual or proposed assignee, participant, sub-participant or transferee of any of our rights or obligations; and
- vii. other parties, in respect of whom you have consented to the disclosure of your personal data.

4. Websites

4.1 Information Technology

When visiting the UMW Group’s websites, we may be able to identify you through collection of the following information during your visit to the UMW Group’s websites and/or the fully qualified domain name from which you accessed the UMW Group website, or alternatively, through your internet protocol (“IP”) address -

- i. the date and time in which you accessed UMW Group’s website;
- ii. the URL of any webpage from which you accessed UMW Group’s website; and
- iii. the web browser which you are using and the pages which you have accessed.

The UMW Group’s website may require you to provide a limited amount of information in order to obtain the services you requested and to enable the UMW Group to respond to your messages and requests. Any personal data provided will be used for its intended purpose only, i.e., to respond to your request for services, your messages and requests.

4.2 Links to other sites

Links to other sites may be provided on the UMW Group’s website for your convenience and information. These sites may have their own privacy statement and the UMW Group does not control, recommend or endorse these sites and the UMW Group will not be held responsible for these sites and their contents. As such, the UMW Group encourages you to read the privacy policies and terms of usage of these sites prior to accessing these sites.

5. Access, corrections and complaints

If you would like to make any inquiries or complaints or requests to access, correct or limit processing of your personal data, you may contact our officer below -

Group Secretary
Tel: 603-5163 5000 (from 9am to 5pm on business days excluding public holidays)
Email: gsect.pdpa@umw.com.my

Where you elect to contact our officer via telephone, please also send an e-mail for verification and record purposes. The UMW Group shall proceed to address your concerns as soon as practicable upon receipt of your request. Any request for access or correction of personal data may be subjected to a fee and will be subjected to the prevailing data protection laws in Malaysia.

6. Conflict

In the event of any conflict between this English language version and the Bahasa Malaysia version of this Notice, the terms in this English language Notice shall prevail.

NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan oleh **UMW HOLDINGS BERHAD** dan anak-anak syarikatnya, syarikat-syarikat bersekutunya, syarikat-syarikat berkenaan dan syarikat-syarikat berkaitannya ("**Kumpulan UMW**" atau "**kami**") untuk pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur. Notis ini menerangkan bagaimana kami mengumpul dan mengendalikan data peribadi anda mengikut Akta Perlindungan Data Peribadi 2010 ("**Akta**"). Bagi mengelakkan keraguan, semua pemegang saham dan/atau pelabur yang sedia ada dan bakal pemegang saham dan/atau pelabur akan dirujuk secara kolektif sebagai "**pemegang saham dan/atau pelabur**" atau "**anda**". Sila maklum bahawa Kumpulan UMW berhak untuk membuat apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini pada bila-bila masa. Apa-apa perubahan dan/atau pengubahsuaian kepada Notis ini akan disampaikan melalui mod komunikasi yang dianggap sesuai oleh Kumpulan UMW.

1. Data Peribadi

Sebagai pemegang saham dan/atau pelabur Kumpulan UMW, kami mungkin memproses (setakat mana berkenaan) data peribadi yang berikut, sepertimana yang diberikan oleh anda dan/atau pembekal perkhidmatan yang dilantik oleh Kumpulan UMW dan/atau yang diperolehi daripada domain awam, pihak berkuasa, pihak berkuasa pentadbiran dan/atau pihak berkuasa penyeliaan, yang mungkin termasuk tetapi tidak terhad kepada -

- i. identiti anda termasuk gambar, tandatangan, nama, nombor perhubungan, alamat-alamat e-mel, alamat-alamat, kad pengenalan/nombor passport, umur, jantina, kaum, kewarganegaraan, status perkahwinan;
- ii. akaun bank anda, nombor akaun "CDS", maklumat lain yang anda berikan sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- iii. rakaman video dan suara (termasuk rakaman CCTV dan rakaman sekuriti, imej, testimoni, gambar dan/atau rakaman anda yang diperolehi apabila anda berada di premis, kemudahan dan pejabat Kumpulan UMW dan/atau di mana anda menghadiri mana-mana acara berkaitan, "function", aktiviti dan/atau mesyuarat Kumpulan UMW berkaitan);
- iv. maklumat berkenaan pegangan saham dalam Kumpulan UMW atau syarikat lain;
- v. data peribadi lain yang anda berikan/ishtiharkan kepada Kumpulan UMW dan/atau dikumpulkan dari anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW; dan
- vi. maklumat lain yang anda berikan atau yang perlu diberikan untuk menjadi pemegang saham dan/atau pelabur.

2. Tujuan mengumpul dan seterusnya memproses (termasuk penzahiran) data peribadi anda

Setakat mana bersesuaian, kami akan memproses data peribadi anda untuk tujuan-tujuan berikut -

- i. untuk memberi kesan dan memproses status anda sebagai pemegang saham dan/atau pelabur untuk Kumpulan UMW;
- ii. untuk memproses permintaan anda untuk menjadi pemegang saham dan/atau pelabur;
- iii. penerbitan sijil saham atau sekuriti, jika berkenaan;
- iv. untuk menyampaikan, menghubungi dan menghantar laporan tahunan, surat berita, maklumat terkini Kumpulan UMW dan lain-lain maklumat dan bahan-bahan berkaitan dengan pemegang saham dan/atau pelabur melalui mod komunikasi dan penyampaian yang kami anggap sesuai (termasuk tetapi tidak terhad kepada secara lisan, bahan bercetak, secara elektronik atau "online");
- v. pembayaran dividen dan manfaat lain kepada pemegang saham dan/atau pelabur, jika berkenaan;
- vi. pemeliharaan, penjagaan dan mengemaskini rekod kami mengenai pemegang saham dan/atau pelabur;
- vii. analisis statistik dan penyimpanan rekod sejarah;
- viii. pelaksanaan dokumentasi perundangan dan instrumen untuk memberi kesan kepada status anda sebagai pemegang saham dan/atau pelabur Kumpulan UMW;
- ix. bagi pengurusan rekod dalaman, pematuan dalaman dan pentadbiran korporat Kumpulan UMW (termasuk audit, penyiasatan dalaman, pematuan, pengurusan risiko, laporan konflik kepentingan, laporan pengurusan dan proses-proses sekuriti);
- x. bagi tujuan pengesahan dan pengenalan;
- xi. pematuan undang-undang dan peraturan-peraturan, garis panduan, kod dan keperluan statut;
- xii. memberikan anda perkhidmatan atau informasi yang diminta;
- xiii. tujuan perhubungan;
- xiv. mempertahankan dan/atau menguatkuasakan hak Kumpulan UMW di bawah undang-undang dan/atau mendapatkan nasihat guaman;
- xv. untuk melayani pertanyaan anda dan secara amnya untuk menangani kebimbangan atau aduan anda;
- xvi. untuk memudahkan penyertaan anda dalam mana-mana "function", aktiviti, mesyuarat dan/atau acara Kumpulan UMW;
- xvii. untuk tujuan pentadbiran dan operasi;
- xviii. untuk tujuan sekuriti dan akses dalam premis dan kemudahan Kumpulan UMW;
- xix. penyertaan dalam penglibatan media dan/atau apa-apa acara relevan atau berkaitan;
- xx. penerbitan dalam bahan bercetak, laman sesawang, media elektronik dan/atau laman sosial media berikutan penyertaan anda dalam "function", aktiviti, mesyuarat dan/atau acara berkaitan dengan Kumpulan UMW;
- xxi. untuk lebih memahami keperluan anda sebagai pemegang saham dan/atau pelabur;
- xxii. bagi tujuan penyiasatan dalaman, pematuan, sekuriti dan/atau tujuan audit;
- xxiii. untuk mendakwa, mencegah, menyasat dan/atau mengesan sebarang aktiviti, tingkahlaku dan/atau transaksi haram dan/atau dilarang; dan

- xxiv. bagi apa-apa tujuan lain yang bersampungan, berdampingan atau selanjutan dengan tujuan di atas.

Maklumat ini perlu untuk Kumpulan UMW. Sekiranya anda gagal untuk menyediakan semua maklumat data peribadi seperti yang diminta, kami tidak dapat menyimpan rekod yang lengkap mengenai anda, dan ini akan menjejaskan keupayaan kami untuk mencapai tujuan-tujuan yang dinyatakan di atas.

3. Penzahiran maklumat

Kami mungkin menzahirkan data peribadi anda kepada pihak-pihak berikut (termasuk yang berada di luar negara) -

- i. entiti di dalam Kumpulan UMW;
- ii. pembeli berpotensi atau sebenar, pengganti dalam hakmilik perniagaan atau saham (keseluruhannya atau sebahagian) Kumpulan UMW (termasuk penasihat dan wakil-wakil mereka) akibat daripada potensi, cadangan atau jualan perniagaan sebenar, pelupusan, pemerolehan, penggabungan atau pengorganisasian semula;
- iii. jabatan dan agensi kerajaan, agensi-agensi penguatkuasaan undang-undang, pihak berkuasa, pihak berkuasa berkanun dan/atau pengawal selia industri dan kepada pihak di mana kami dikehendaki berbuat demikian di bawah undang-undang;
- iv. pihak ketiga yang dilantik oleh Kumpulan UMW untuk menyediakan perkhidmatan kepada Kumpulan UMW atau bagi pihak Kumpulan UMW (termasuk juruaudit, peguam, ahli kewangan, ejen, penasihat profesional, pendaftar saham dan lain-lain jenis pembekal perkhidmatan);
- v. mana-mana individu di bawah kewajipan kerahsiaan dan/atau telah mengaku janji untuk memastikan data tersebut dirahsiakan;
- vi. mana-mana pemegang serah hak, peserta, sub-peserta atau penerima pindahan bagi mana-mana hak atau obligasi kami; dan
- vii. pihak-pihak lain di mana anda telah memberikan persetujuan untuk menzahirkan data peribadi anda kepada mereka.

4. Laman Sesawang

4.1 Teknologi maklumat

Sekiranya anda melawat laman sesawang Kumpulan UMW, kami mungkin boleh mengenalpasti anda melalui pengumpulan maklumat berikut semasa anda melawat laman sesawang Kumpulan UMW dan/atau nama domain yang layak sepenuhnya (fully qualified domain name) dari mana anda melayari laman sesawang Kumpulan UMW, atau sebaliknya, melalui alamat protokol internet anda ("IP") -

- i. tarikh dan masa di mana anda melayari laman sesawang Kumpulan UMW;
- ii. mana-mana URL laman sesawang dari mana anda melayari laman sesawang Kumpulan UMW; dan
- iii. pelayar sesawang yang anda gunakan dan halaman yang telah anda akses.

Laman sesawang Kumpulan UMW mungkin memerlukan anda untuk memberikan sejumlah maklumat yang terhad untuk mendapatkan perkhidmatan yang anda minta dan membolehkan Kumpulan UMW memberikan respons kepada pesanan-pesanan dan permintaan-permintaan anda. Apa-apa data peribadi yang diberikan akan digunakan untuk tujuan yang dimaksudkan sahaja, iaitu untuk memberikan respons kepada permintaan anda untuk perkhidmatan-perkhidmatan dan pesanan-pesanan dan permintaan anda.

4.2 Pautan ke laman sesawang lain

Pautan ke laman sesawang lain mungkin disediakan di laman sesawang Kumpulan UMW untuk kemudahan dan maklumat anda. Laman-laman ini mungkin mempunyai pernyataan privasi tersendiri dan Kumpulan UMW tidak mengawal, mengesyorkan atau menyokong laman-laman ini dan Kumpulan UMW tidak akan bertanggungjawab bagi laman-laman ini serta kandungannya. Oleh itu, Kumpulan UMW menggalakkan anda untuk membaca polisi privasi dan terma-terma penggunaan laman-laman ini sebelum mengakses laman sesawang tersebut.

5. Akses, pembetulan dan aduan

Jika anda ingin membuat sebarang pertanyaan, aduan atau permohonan untuk mengakses atau membetulkan atau menghadkan pemrosesan data peribadi anda, anda boleh menghubungi pegawai kami di bawah -

Setiausaha Kumpulan
Tel: 603-5163 5000 (dari 9 pagi ke 5 petang pada hari bekerja tidak termasuk cuti umum)
Emel: gsect.pdp@umw.com.my

Sekiranya anda memilih untuk menghubungi pegawai kami melalui telefon, anda juga diminta menghantar e-mel untuk pengesahan dan tujuan penyimpanan rekod. Kumpulan UMW akan berusaha menangani isu anda secepat mungkin selepas menerima permohonan anda. Sebarang permintaan untuk akses atau pembetulan data peribadi mungkin tertakluk kepada bayaran dan akan tertakluk kepada undang-undang perlindungan data yang berkuatkuasa di Malaysia.

6. Konflik

Sekiranya terdapat sebarang percanggahan di antara Notis versi Bahasa Inggeris dan Notis versi Bahasa Malaysia ini, versi Bahasa Inggeris akan diguna pakai.

**UMW HOLDINGS BERHAD** (90278-P)

(Incorporated in Malaysia)

3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate,
40200 Shah Alam, Selangor Darul Ehsan, Malaysia.**FORM OF PROXY**

I/We, _____ being a member/members of UMW Holdings Berhad,

hereby appoint _____

of _____

or failing him, _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held at the UMW Auditorium, UMW Holdings Berhad, No. 3, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, on Thursday, 19 May 2016 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces provided on how you wish to cast your votes. If you do not do so, your proxy will vote or abstain from voting at his/her discretion. My/Our proxy is to vote as indicated below -

NO.	AGENDA			
1	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon			
	ORDINARY BUSINESS	RESOLUTION	FOR	AGAINST
2	Re-election of Badrul Feisal bin Abdul Rahim retiring pursuant to Article 109 of the Company's Articles of Association	1		
3	Re-election of Directors retiring pursuant to Article 123 of the Company's Articles of Association -			
	1. Rohaya binti Mohammad Yusof	2		
	2. Tan Sri Hasmah binti Abdullah	3		
4	Approval of Directors' Fees to the Non-Executive Directors for the financial year ended 31 December 2015	4		
5	Re-appointment of Auditors for the financial year ending 31 December 2016 and authorising Directors to fix their remuneration	5		
	SPECIAL BUSINESS			
6	Re-appointment of Tan Sri Asmat bin Kamaludin retiring pursuant to Section 129(6) of the Companies Act, 1965	6		
7	Proposed Shareholders' Mandate for recurrent related party transactions	7		

Number of Shares Held	CDS Account No.	Contact No.

For appointment of two (2) proxies, please state number of shares and percentage of shareholding to be represented by each proxy		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		

IMPORTANT -

Please refer to the Personal Data Protection Notice issued pursuant to the Personal Data Protection Act, 2010 ("PDPA Notice") in the annual report concerning the Company's collection of your personal data. You, as a shareholder, hereby declare that you have read, understood and accepted the statements and terms contained in the PDPA Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant that the proxy/proxies has/have given his/her/their consent for his/her/their personal data to be disclosed and processed in accordance with the PDPA Notice.

Signed this _____ day of _____ 2016

Signature of Member(s)/Common Seal

Notes

- (a) A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- (b) A member may appoint any person to be his/her proxy without restriction to the proxy's qualification and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- (c) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) The Form of Proxy must be signed by the appointer or his/her attorney or in the case of a corporation, executed under its common seal or under the hand of the attorney duly authorised in writing.
- (e) All Forms of Proxy must be deposited at the Registered Office of the Company at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- (f) Only members whose names appear in the Record of Depositors and/or Register of Members as at 12 May 2016 will be entitled to attend and vote at the meeting.

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UMW HOLDINGS BERHAD (90278-P)
No. 10, Jalan Utas (15/7),
40200 Shah Alam,
Selangor Darul Ehsan, Malaysia.

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TURKMENISTAN

OMAN



UMW HOLDINGS BERHAD (90278-P)

No. 10, Jalan Utas (15/7),
40200 Shah Alam,
Selangor Darul Ehsan, Malaysia.

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