

**UMW HOLDINGS BERHAD**  
(COMPANY NO. 090278-P)  
(INCORPORATED IN MALAYSIA)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
FOURTH QUARTER ENDED 31<sup>ST</sup> DECEMBER 2010**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT QUARTER ENDED 31/12/2010 RM'000	COMPARATIVE QUARTER ENDED 31/12/2009 RM'000	12 MONTHS CUMULATIVE TO DATE 31/12/2010 RM'000	COMPARATIVE 12 MONTHS CUMULATIVE TO DATE 31/12/2009 RM'000
<b><u>Continuing Operations</u></b>				
Revenue	3,438,131	2,992,338	12,840,639	10,720,861
Operating Expenses	(3,239,840)	(2,768,910)	(11,837,167)	(10,056,826)
Other Operating Income	25,085	42,061	191,623	113,866
<b>Profit From Operations</b>	<b>223,376</b>	<b>265,489</b>	<b>1,195,095</b>	<b>777,901</b>
Finance Costs	(22,302)	(5,869)	(58,554)	(34,799)
Share Of Profits Of Associated Companies	10,897	(19,361)	131,412	70,638
Investment Income	12,685	8,866	44,985	32,764
<b>Profit Before Taxation</b>	<b>224,656</b>	<b>249,125</b>	<b>1,312,938</b>	<b>846,504</b>
Taxation	(100,680)	(68,476)	(351,501)	(199,292)
<b>Profit For The Period</b>	<b>123,976</b>	<b>180,649</b>	<b>961,437</b>	<b>647,212</b>
<b><u>Other Comprehensive Income:</u></b>				
Translation Of Foreign Operations	9,687	(15,095)	(71,020)	(4,576)
Net Asset Accretion From Share Issue Of A Jointly- Controlled Company	-	-	-	2,468
Cash Flow Hedge	(927)	-	201	-
Other Comprehensive Income Net Of Tax	8,760	(15,095)	(70,819)	(2,108)
<b>Total Comprehensive Income For The Period</b>	<b>132,736</b>	<b>165,554</b>	<b>890,618</b>	<b>645,104</b>
<b><u>Profit For The Period Attributable To:</u></b>				
Owners Of The Company	18,451	111,068	512,398	382,395
Non-Controlling Interests	105,525	69,581	449,039	264,817
	123,976	180,649	961,437	647,212
<b><u>Total Comprehensive Income Attributable To:</u></b>				
Owners Of The Company	24,732	96,054	437,571	377,087
Non-Controlling Interests	108,004	69,500	453,047	268,017
	132,736	165,554	890,618	645,104
<b><u>EPS Attributable To Owners Of The Company:</u></b>				
Basic EPS For The Period (Sen)	1.62	10.06	45.01	34.60
Diluted EPS For The Period (Sen)	1.62	9.98	44.86	34.40

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the year ended 31<sup>st</sup> December 2009)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(UNAUDITED) AS AT 31/12/2010	(AUDITED) AS AT 31/12/2009 (RESTATED)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment In Associates	1,432,418	1,453,676
Investment Properties	1,647	1,714
Property, Plant And Equipment	2,902,759	2,780,553
Land Use Rights	17,519	20,333
Leased Assets	194,082	169,940
Deferred Tax Assets	30,375	26,733
Derivative Assets	63,746	-
Intangible Assets	285,690	241,498
Other Financial Assets	359,310	193,580
	<u>5,287,546</u>	<u>4,888,027</u>
<b>Current Assets</b>		
Deposits, Cash And Bank Balances	2,174,607	1,733,290
Trade Receivables	771,702	641,881
Other Receivables	354,081	255,390
Derivative Assets	4,897	-
Inventories	1,395,708	1,303,573
	<u>4,700,995</u>	<u>3,934,134</u>
Non-Current Assets Held For Sale	6,839	3,535
	<u>4,707,834</u>	<u>3,937,669</u>
<b>TOTAL ASSETS</b>	<u><b>9,995,380</b></u>	<u><b>8,825,696</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners Of The Company</b>		
Share Capital	576,687	559,658
Share Premium	716,708	542,045
Capital Reserve	7,375	5,793
Foreign Exchange Reserve	(33,944)	42,666
Share Option Reserve	14,514	41,038
Retained Profits	2,738,131	2,582,659
	<u>4,019,471</u>	<u>3,773,859</u>
Non-Controlling Interests	1,242,277	1,145,909
<b>TOTAL EQUITY</b>	<u><b>5,261,748</b></u>	<u><b>4,919,768</b></u>
<b>Non-Current Liabilities</b>		
Long Term Liabilities	2,024,963	1,850,598
Provision For Liabilities	59,916	65,488
Deferred Tax Liabilities	19,730	22,107
Derivative Liabilities	21,255	-
	<u>2,125,864</u>	<u>1,938,193</u>
<b>Current Liabilities</b>		
Bank Overdrafts	119,937	34,270
Short Term Borrowings	526,881	259,874
Trade Payables	818,506	761,598
Other Payables	811,144	719,874
Derivative Liabilities	4,882	-
Provision For Liabilities	55,615	64,183
Taxation	114,156	71,732
Dividend Payable	156,647	56,204
	<u>2,607,768</u>	<u>1,967,735</u>
<b>TOTAL LIABILITIES</b>	<u><b>4,733,632</b></u>	<u><b>3,905,928</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>9,995,380</b></u>	<u><b>8,825,696</b></u>
<b>Net Assets Per Share (RM)</b>	<b>3.4850</b>	<b>3.3716</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Annual Financial Report for the year ended 31<sup>st</sup> December 2009)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

← ATTRIBUTABLE TO OWNERS OF THE COMPANY →  
NON-DISTRIBUTABLE

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	SHARE OPTION RESERVE RM'000	CASHFLOW HEDGE RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
<b>12 MONTHS PERIOD ENDED</b>										
<b>31<sup>ST</sup> DECEMBER 2010</b>										
At 1 <sup>st</sup> January 2010	559,658	542,045	5,793	42,666	41,038	-	2,582,659	3,773,859	1,145,909	4,919,768
Effects of applying FRS 139	-	-	-	-	-	(201)	17,102	16,901	(6,130)	10,771
Restated balance at 1 <sup>st</sup> January 2010	559,658	542,045	5,793	42,666	41,038	(201)	2,599,761	3,790,760	1,139,779	4,930,539
Changes in equity for the period to 31 <sup>st</sup> December 2010										
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,805	1,805
Increase in share capital of a subsidiary	-	-	-	-	(26,524)	-	-	-	324	324
Reduction of minority interest in subsidiaries	-	-	-	-	-	-	-	-	(11,568)	(11,568)
Issue of ordinary shares pursuant to ESOS	17,029	148,139	-	-	-	-	-	165,168	-	165,168
Effect of exercise of ESOS	-	26,524	-	-	-	-	-	-	-	-
Dividend distributed to equity holders	-	-	-	-	-	-	(374,028)	(374,028)	(341,110)	(715,138)
Total comprehensive income for the period	-	-	1,582	(76,610)	-	201	512,398	437,571	453,047	890,618
At 31 <sup>st</sup> December 2010	576,687	716,708	7,375	(33,944)	14,514	-	2,738,131	4,019,471	1,242,277	5,261,748
<b>12 MONTHS PERIOD ENDED</b>										
<b>31<sup>ST</sup> DECEMBER 2009 (RESTATED)</b>										
At 1 <sup>st</sup> January 2009	546,072	414,651	5,793	50,442	61,169	-	2,444,126	3,522,253	1,083,167	4,605,420
Changes in equity for the period to 31 <sup>st</sup> December 2009										
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	22,706	22,706
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	-	4,551	4,551
Reduction of minority interest in subsidiaries	-	-	-	-	-	-	-	-	(12,803)	(12,803)
Issue of ordinary shares pursuant to ESOS	13,586	107,263	-	-	-	-	-	120,849	-	120,849
Effect of exercise of ESOS	-	20,131	-	-	(20,131)	-	-	-	-	-
Dividend distributed to equity holders	-	-	-	-	-	-	(246,330)	(246,330)	(219,729)	(466,059)
Total comprehensive income for the period	-	-	-	(7,776)	-	-	384,863	377,087	268,017	645,104
At 31 <sup>st</sup> December 2009	559,658	542,045	5,793	42,666	41,038	-	2,582,659	3,773,859	1,145,909	4,919,768

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Annual Financial Report for the year ended 31<sup>st</sup> December 2009)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

	<b>12 MONTHS ENDED 31/12/2010 RM'000</b>	<b>(AUDITED) 12 MONTHS ENDED 31/12/2009 RM'000</b>
<b>Cash Flow From Operating Activities</b>		
Profit Before Taxation	1,312,938	846,504
Adjustments For:		
Non-Cash Items	276,213	227,585
Non-Operating Items	(44,984)	(31,983)
Operating Profit Before Working Capital Changes	1,544,167	1,042,106
Changes In Working Capital:		
Net Change In Current Assets	(294,864)	145,828
Net Change In Current Liabilities	(264,903)	(417,578)
Net Cash Generated From Operating Activities	984,400	770,356
<b>Cash Flow From Investing Activities</b>		
Net Cash Outflow Arising From Equity Investments	(62,251)	(306,665)
Dividends Received	60,674	109,917
(Purchase)/Disposal Of Fixed Assets (Net)	(583,530)	(561,705)
Interest Income	43,907	31,983
Other Investments	(166,866)	(76,944)
Net Cash Used In Investing Activities	(708,066)	(803,414)
<b>Cash Flow From Financing Activities</b>		
Proceeds From Issue Of Shares	165,492	130,658
Dividends Paid	(614,695)	(491,918)
Bank Borrowings (Net)	555,420	582,057
Net Cash Generated From Financing Activities	106,217	220,797
<b>Net Increase In Cash And Cash Equivalents</b>	382,551	187,739
<b>Cash And Cash Equivalents As At 1<sup>st</sup> January</b>	1,699,020	1,519,699
<b>Effects Of Exchange Rate Changes</b>	(26,901)	(8,418)
<b>Cash And Cash Equivalents As At 31<sup>st</sup> December</b>	2,054,670	1,699,020

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Annual Financial Report for the year ended 31<sup>st</sup> December 2009)

## **Note 1 - Accounting Policies**

The interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9, Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Group has adopted all new and revised Financial Reporting Standards ("FRSs"), Issues Committee Interpretations ("IC Interpretations") and Amendments applicable to the Group as at 1<sup>st</sup> January 2010:

The significant accounting policies and methods of computation in the interim financial statements are consistent with those in the annual audited financial statements for the year ended 31<sup>st</sup> December 2009 except for changes in presentation and disclosures, methods of computation and accounting policies resulting from the adoption of the following:

- (a) FRS 7, Financial Instruments: Disclosures;
- (b) FRS 8, Operating Segments;
- (c) FRS 101(revised), Presentation of Financial Statement;
- (d) FRS 139, Financial Instruments: Recognition and Measurement;
- (e) IC Interpretation 9, Reassessment of Embedded Derivatives;
- (f) IC Interpretation 10, Impairment and Interim Financial Reporting;
- (g) Amendment to FRS 117, Leases.

Changes and financial effects resulting from the adoption of the above-stated new and revised FRSs, IC Interpretations and Amendments were disclosed in the Interim Financial Statements for the first quarter ended 31<sup>st</sup> March 2010.

The effects on the comparatives in the Condensed Consolidated Statement of Comprehensive Income for the quarter and financial year ended 31<sup>st</sup> December 2009 on adoption of FRS 101 are as follows:

	<b>Quarter Ended 31<sup>st</sup> December 2009 RM'000</b>	<b>Financial Year Ended 31<sup>st</sup> December 2009 RM'000</b>
Profit for the period as previously stated	180,649	647,212
Other comprehensive income:		
Translation of Foreign Operations	(15,095)	(4,576)
Net asset accretion arising from the share issue of a jointly-controlled entity	-	2,468
<b>Total comprehensive income</b>	<b>165,554</b>	<b>645,104</b>
Total comprehensive income attributable to:		
Owners of the parent	96,054	377,087
Non-controlling interests	69,500	268,017
	<b>165,554</b>	<b>645,104</b>

The following are effects arising from the adoption of FRS139 by the Group:

Statements of Financial Position	Increase/(Decrease)	
	As at 31 <sup>st</sup> December 2010 RM'000	As at 1 <sup>st</sup> January 2010 RM'000
Investment in associates	15,722	23,875
Trade receivables	-	632
Other receivables	709	2,240
Derivative assets	61,970	6,672
Derivative liabilities	6,968	19,169
Other payables - financial guarantee	1,826	3,278
Retained earnings	68,948	17,102
Cash flow hedge reserve	(201)	201
Non-controlling interests	457	(6,130)

Other than the above, the rest of the new and revised FRSs, IC Interpretations and Amendments do not have material impact on the accounting policies, financial position or performance of the Group for the financial year ended 31<sup>st</sup> December 2010.

The Group has not opted for early adoption of the following standards and interpretations that are effective to the Group on 1<sup>st</sup> January 2011:

- |                                      |   |   |
|--------------------------------------|---|---|
| (a) FRS 1                            | - | First-time Adoption of Financial Reporting Standards;                         |
| (b) FRS 3                            | - | Business Combinations (revised);  |
| (c) Amendments to FRS 1              | - | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters; |
| (d) Amendments to FRS 2              | - | Share-based Payment;  |
| (e) Amendments to FRS 5              | - | Non-current Assets Held for Sale and Discontinued Operations;                 |
| (f) Amendment to FRS 7               | - | Improving Disclosures about Financial Instruments ;                           |
| (g) Amendment to FRS 127             | - | Consolidated and Separate Financial Statements;                               |
| (h) Amendments to FRS 132            | - | Classification of Rights Issues;  |
| (i) Amendment to FRS 138             | - | Intangible Assets;  |
| (j) IC Interpretation 12             | - | Service Concession Arrangements;  |
| (k) IC Interpretation 15             | - | Agreements for the Construction of Real Estate;                               |
| (l) IC Interpretation 16             | - | Hedges of a Net Investment in a Foreign Operation;                            |
| (m) IC Interpretation 17             | - | Distributions of Non-cash Assets to Owners;                                   |
| (n) Amendment to IC Interpretation 9 | - | Reassessment of Embedded Derivatives.   |

Except for the new disclosures required under the Amendments to FRS 7, the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

## **Note 2 - Seasonal or Cyclical Factors**

The Group is principally engaged in:

- (a) import, assembly and marketing of passenger and commercial vehicles and related spares and manufacturing of original/replacement automotive parts;
- (b) trading and manufacturing of a wide range of light and heavy equipment including related spares for use in the industrial, construction, mining and agricultural sectors; and

- (c) manufacturing and trading of oil pipes and providing various oil and gas services including drilling and pipe-coating.

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

### **Note 3 - Exceptional Items**

During the current quarter ended 31<sup>st</sup> December 2010, the Group provided approximately RM146 million of impairment loss on its assets including overseas investments. Other than the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows except as disclosed in Note 1 above.

### **Note 4 - Accounting Estimates**

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

### **Note 5 - Issuance or Repayment of Debt and Equity Securities**

On 8<sup>th</sup> October 2010, the Company completed the issuance of Islamic Medium Term Notes ("IMTN2") with a nominal value of RM110 million under the IMTN programme. The IMTN2 has a tenure of five (5) years.

Other than the above, there were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 31<sup>st</sup> December 2010.

During the quarter ended 31<sup>st</sup> December 2010, the issued and paid-up capital of the Company increased from RM574,132,966 to RM576,687,066 as a result of the exercise and allotment of:

- (a) 65,400 option shares of par value RM0.50 each at RM3.335 per share;
- (b) 513,500 option shares of par value RM0.50 each at RM3.33 per share;
- (c) 28,000 option shares of par value RM0.50 each at RM3.325 per share;
- (d) 2,904,100 option shares of par value RM0.50 each at RM4.93 per share; and
- (e) 1,597,200 option shares of par value RM0.50 each at RM5.16 per share.

As at 31<sup>st</sup> December 2010, the total number of unexercised share options was 14,212,000 option shares of par value RM0.50 each.

At the date of this report, 8,828,400 option shares were exercised and allotted subsequent to 31<sup>st</sup> December 2010. The paid-up capital of the Company increased to RM581,101,266 after taking into account these new shares.

### **Note 6 - Dividends Paid**

- (a) A second interim single-tier dividend of 10% or 5.0 sen per share of RM0.50 each (2009 - 20% or 10.0 sen per share of RM0.50 each less 25% income tax) amounting to a net dividend of RM56.2 million (2009 - RM82.1 million) for the financial year ended 31<sup>st</sup> December 2009, was paid on 18<sup>th</sup> February 2010.
- (b) A final single-tier dividend of 18% or 9.0 sen per share of RM0.50 each (2009 - 6.5% or 3.25 sen per share of RM0.50 each less 25% income tax and a single-tier dividend of 17.5% or 8.75 sen per share of RM0.50 each) amounting to a net dividend of RM102.6

million (2009 - RM123.5 million) for the financial year ended 31<sup>st</sup> December 2009, was paid on 10<sup>th</sup> August 2010.

- (c) A first interim single-tier dividend of 20% or 10.0 sen per share of RM0.50 each (2009 - a single-tier dividend of 12% or 6.0 sen per share of RM0.50 each) amounting to a net dividend of RM114.8 million (2009 - RM66.6 million) for the financial year ended 31<sup>st</sup> December 2010, was paid on 7<sup>th</sup> October 2010.

**Note 7 - Segmental Reporting**

	Financial Year Ended 31 <sup>st</sup> December 2010		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
<b>Business Segment</b>			
Automotive	9,941,543	1,380,617	637,167
Equipment	1,589,561	96,005	64,930
Oil & Gas	679,297	(190,938)	(192,016)
Manufacturing & Engineering	641,233	46,717	26,139
Others	73,288	(19,463)	(23,822)
<b>Sub-Total</b>	<b>12,924,922</b>	<b>1,312,938</b>	<b>512,398</b>
Elimination of Inter-Segment Sales	(84,283)	-	
<b>Consolidated Total</b>	<b>12,840,639</b>	<b>1,312,938</b>	

**Note 8 - Subsequent Material Events**

In the opinion of the Directors, there was no material event or transaction during the period from 31<sup>st</sup> December 2010 to the date of this announcement, which affects substantially the results of the operations of the Group for the financial year ended 31<sup>st</sup> December 2010 in respect of which this announcement is made.

**Note 9 - Changes in Composition/Group**

On 29<sup>th</sup> November 2010, UMW Auto Parts Sdn. Bhd. ("UAP"), a wholly-owned subsidiary in the UMW Group, entered into two (2) separate Share Sale Agreements with Pennzoil-Quaker State Company, for the acquisitions of:

- (a) 324,000 ordinary shares of par value RM1.00 each, being the remaining 30% of the issued and paid-up share capital of Lubetech Sdn. Bhd. ("LSB") for a cash consideration of RM5,898,058.25; and
- (b) 500,000 ordinary shares of par value RM1.00 each, being the remaining 50% of the issued and paid-up share capital of UMW-Pennzoil Distributors Sdn. Bhd. ("UPD") for a cash consideration of RM9,101,941.75.

Upon completion of the above acquisitions, both LSB and UPD became wholly-owned subsidiaries of UAP.

Other than the above, there were no changes in the composition of the Group during the quarter ended 31<sup>st</sup> December 2010.



**Note 10 - Contingent Liabilities and Contingent Assets**

Contingent liabilities of the Group have increased from RM283 million to RM477 million since 31<sup>st</sup> December 2009.

**Note 11 - Commitments**

These are in respect of capital commitments:

	RM'000	RM'000
<b>Approved and contracted for:</b>		
Land and buildings	134,819	
Equipment, plant and machinery	284,754	
Others	5,309	424,882
<b>Approved but not contracted for:</b>		
Land and buildings	77,419	
Equipment, plant and machinery	455,484	
Others	3,642	536,545
<b>Total</b>		<b>961,427</b>

**Note 12 - Significant Related Party Transactions**

No.	UMW & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
1.	UMW Advantech Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods	33,208
2.	KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Perodua Group	Associated Company	Sale of Goods	79,700
3.	UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Perodua Group	Associated Company	Sale of Goods and Services	248,623
				Purchase of Goods and Services	291,898
4.	UMW Industrial Power Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods and Services	11,291
5.	UMW Industries (1985) Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods and Services	6,249
6.	U-TravelWide Sdn. Bhd.	Perodua Group	Associated Company	Sale of Services	5,461
7.	UMW Toyota Motor Sdn. Bhd.	UMW Toyotsu Motors Sdn. Bhd.	Associated Company	Sale of Goods and Services	156,753

No.	UMW & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
8.	UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Corporate Shareholders of UMW Toyota Motor Sdn. Bhd.	Sale of Goods and Services	1,058,837
				Purchase of Goods and Services	2,297,724
9.	KYB-UMW Malaysia Sdn. Bhd.	Kayaba Industry Co., Ltd., Japan and its subsidiaries	Corporate Shareholders of KYB-UMW Malaysia Sdn. Bhd.	Sale of Goods and Services	22,725
				Purchase of Assets	9,864
				Sale of Goods and Services	145
10.	Lubetech Sdn. Bhd.	UMW Pennzoil Distributors Sdn. Bhd.	Associated Company	Purchase of Goods and Services	48,086
				Purchase of Services	91,411
11.	UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co., Ltd. and its subsidiaries	Corporate Shareholders of UMW JDC Drilling Sdn. Bhd.	Purchase of Goods and Services	530
				Bare Boat Charter	15,783
12.	UMW Fabritech Sdn. Bhd.	DKLS Construction Sdn. Bhd.	Related company of Corporate Shareholder of UMW Fabritech Sdn. Bhd.	Construction of structures, plant and machinery	25,176
13.	UMW Sher (L) Ltd.	Jaybee Energy Pte. Ltd.	Related company of Corporate Shareholder of UMW Sher (L) Ltd.	Sale of Goods and Services	21,379
				Purchase of Services	14,421
14.	UMW Jaybee Drilling Pvt. Ltd.	Jaybee Energy Pte. Ltd.	Related company of Corporate Shareholder of UMW Jaybee Drilling Pvt. Ltd.	Sale of Goods and Services	2,556
					13,584

### **Note 13 - Review of Performance**

Group revenue of RM3,438.1 million for the fourth quarter ended 31<sup>st</sup> December 2010 exceeded that of the preceding year's corresponding quarter of RM2,992.3 million by RM445.8 million or 14.9%. Improved sales registered by all business segments of the Group resulted in the revenue growth.

Group profit before taxation for the fourth quarter ended 31<sup>st</sup> December 2010 of RM224.7 million was, however, lower than the RM249.1 million registered in the same quarter of 2009 by 9.8%, a decrease of RM24.4 million. While improved automotive sales generated higher profits, impairment losses provided on some of our assets and investments resulted in the lower profit before taxation.

Consequently, net profit attributable to the owners of the Company for the fourth quarter of 2010 decreased from RM111.1 million registered in the same quarter of 2009 to RM18.5 million, a reduction of RM92.6 million or 83.3%.

Group revenue of RM12,840.6 million for the financial year ended 31<sup>st</sup> December 2010 surpassed the RM10,720.9 million recorded in the same period of 2009 by RM2,119.7 million or 19.8%. Generally, strong economic recovery and improved consumer confidence resulted in high demand for our products and services in the Automotive, Equipment and Manufacturing & Engineering segments. However, demand for our oil and gas products and services continued to be adversely affected by the slower recovery in the Oil & Gas industry.

Group profit before taxation for the financial year ended 31<sup>st</sup> December 2010 of RM1,312.9 million improved over the RM846.5 million achieved in 2009 by 55.1%, an increase of RM466.4 million. Higher revenue from three of our four core business segments, improved margins from favourable foreign exchange rates and model mix contributed to the higher profit. However, the anti-dumping and countervailing duties imposed by the United States of America on Oil Country Tubular Goods ("OCTG") pipes imported from China continued to adversely affect the performance of our overseas associate, WSP Holdings Limited ("WSP"). In addition, pre-operating expenses incurred by our jack-up rigs, Naga 2 and Naga 3, also contributed to the loss registered by the Oil & Gas segment.

Net profit attributable to the owners of the Company of RM512.4 million for the financial year ended 31<sup>st</sup> December 2010 improved over the RM382.4 million achieved in the same period of 2009 by RM130.0 million or 34.0%.

Total Toyota and Perodua vehicle sales of 281,958 units represented 46.6% of the Total Industry Volume ("TIV") of 605,156 units reported by the Malaysian Automotive Association for the financial year ended 31<sup>st</sup> December 2010.

### **Note 14 - Comparison with Preceding Quarter's Results**

Group revenue of RM3,438.1 million for the fourth quarter ended 31<sup>st</sup> December 2010 was higher than the RM3,087.3 million registered in the third quarter of 2010 by RM350.8 million or 11.4%. Higher sales registered by all four core business segments contributed to the improved revenue.

However, Group profit before taxation of RM224.7 million for the fourth quarter ended 31<sup>st</sup> December 2010 was RM116.2 million or 34.1% lower than the RM340.9 million recorded in the third quarter of 2010. The reduction in profit was mainly due to provision for impairment loss on some of our assets and investments.

### **Note 15 - Current Prospects**

The Malaysian Automotive Association forecasts the TIV for the year 2011 to be 618,000 units. This is another all-time high as the positive trend continues into 2011 underpinned by positive

consumer sentiment from greater stability in the employment market. Perodua targets to sell 195,000 cars in 2011, an increase of 6,400 cars or 3.4% higher than the 188,600 units sold in 2010. UMW Toyota Motor Sdn. Bhd. aims to maintain its market share although it expects stiff competition arising from the introduction of several new models by other car manufacturers.

Our Oil & Gas segment is expected to return to profitability in 2011 in view of the following:

- (a) Naga 1, our semi-submersible rig, had its contract extended by Petronas Carigali Sdn. Bhd. for another 5 years at a higher operating rate. The extension commenced in November 2010.
- (b) Our premium jack-up rig, Naga 2, has secured a drilling contract with an estimated value of USD183 million over a period of 1,355 days. Naga 2 has been income-generating since September 2010.
- (c) We are now in final negotiations for a drilling contract with a potential customer for our Naga 3 premium jack-up rig.
- (d) United Seamless Tubular Private Limited's new OCTG plant in India is expected to achieve up to 60% capacity utilisation by the end of 2011 from its current 25%.
- (e) WSP has in place a turnaround plan and has been successful in securing new customers in both domestic and international markets.

Our Heavy Equipment Division recently secured an order to deliver 150 units of Komatsu mining equipment in 2011 with a contract value of approximately RM225 million. We are optimistic that demand for our heavy and industrial equipment will be strong as all the economies of the countries where our Equipment segment has presence are expected to register another year of growth in 2011.

Contributions from our Manufacturing & Engineering segment are expected to grow in 2011 as all our new automotive component plants in India will be in full production.

Barring unforeseen circumstances, the Group is expected to achieve a satisfactory performance level for the year 2011.

#### ***Note 16 - Statement on Headline Key Performance Indicators***

Based on the 2010 unaudited results, the Company achieved an annual return on shareholders' funds of approximately 13.1% or 3.1% above its KPI of a minimum of 10%. Similarly, total dividend payout of approximately 76.2% of the unaudited net profit attributable to shareholders (after excluding unrealised profits) for the financial year ended 31<sup>st</sup> December 2010, exceeded its KPI of at least 50% by 26.2%.

The Headline KPIs of the Company for the financial year ending 31<sup>st</sup> December 2011 are as follows:

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

#### ***Note 17 - Variance from Profit Forecast and Profit Guarantee***

This is not applicable to the Group.

**Note 18 - Taxation**

	Quarter Ended 31 <sup>st</sup> December 2010 RM'000	Financial Year Ended 31 <sup>st</sup> December 2010 RM'000
Current period's provision	101,503	357,787
Add/(Less): Under/(Over) provision in prior periods	-	-
Deferred taxation	101,503 (556)	357,787 (6,019)
Total	100,947	351,768

The effective tax rates for the current quarter and financial year ended 31<sup>st</sup> December 2010 were 47.1% and 29.8%, respectively. The effective tax rates were higher than the statutory tax rate of 25% primarily due to:

- certain expenses including impairment losses were not allowable for tax purposes;
- higher tax rates for certain overseas subsidiaries; and
- non-recognition of deferred tax asset by loss-making entities.

**Note 19 - Profit on Sales of Investment and/or Properties**

There was no sale of unquoted investment or properties during the current quarter and financial year ended 31<sup>st</sup> December 2010.

**Note 20 - Purchase or Disposal of Quoted Securities**

- Total purchase consideration, sale proceeds of quoted investments and profit/loss arising from the sale therefrom were as follows:

	Quarter Ended 31 <sup>st</sup> December 2010 RM'000	Financial Year Ended 31 <sup>st</sup> December 2010 RM'000
Total purchases	64,158	390,186
Total sale proceeds	118,195	300,998
Total gain arising from sale	103	285

- Quoted investments as at 31<sup>st</sup> December 2010 were as follows:

	Quoted Outside Malaysia RM'000	Quoted Within Malaysia RM'000
At cost	50,705	230,704
Provision for (diminution)/accretion in value	(1,761)	259
At net book value	48,944	230,963
Market value as at 31 <sup>st</sup> December 2010	48,944	230,963

The investment in shares quoted outside Malaysia is in respect of the Group's investment in a company listed on the Bombay Stock Exchange and the National Stock Exchange in India. This strategic investment is intended to be held on a long term basis.

**Note 21 - Corporate Proposals**

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

**Note 22 - Group Borrowings and Debt Securities**

	RM'000	RM'000	'000
(a) Short term borrowings			
- Unsecured			
Short term loans and trade facilities	338,658	497,816	USD41,655 SGD10,082 INR5,971
Finance lease payable	90		
Portion of long term loans payable within 12 months	159,068		
- Secured			
Short term loans and trade facilities	16,748	29,065	USD1,962 AUD661 INR126,526
Finance lease payable	819		
Portion of long term loans payable within 12 months	11,498		
<b>Total</b>		<b>526,881</b>	USD94,709 SGD10,548 AUD2,324 INR132,497 KINA2,188
(b) Long term borrowings			
- Unsecured			
Long term loans	1,872,560	1,713,847	USD402,083 INR8,365
Finance lease payable	355		
Portion of long term loans payable within 12 months	(159,068)		
- Secured			
Long term loans	322,072	311,116	USD75,004 AUD9,292 SGD844 INR557,888 JPY1,301,500 KINA4,043
Finance lease payable	542		
Portion of long term loans payable within 12 months	(11,498)		
<b>Total</b>		<b>2,024,963</b>	USD425,995 AUD7,640 SGD934 INR566,253 JPY1,301,500 KINA1,855

**Note 23 - Financial Instruments****(a) Outstanding derivatives as at 31<sup>st</sup> December 2010**

<b>Derivatives</b>	<b>Notional Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Maturity</b>
Interest Rate Swaps	37,032	(4,059)	1 year to 3 years
Interest Rate Swaps	162,471	(17,196)	More than 3 years
Cross Currency cum Interest Rate Swaps	601,182	63,746	More than 3 years
Foreign Currency Forward Contracts	786,400	(4,298)	Less than 1 year
Embedded Derivatives	312,297	4,312	Less than 1 year

During the financial year ended 31<sup>st</sup> December 2010, there were no significant changes to the Group's exposures to credit risk, market risk and liquidity risk since the last financial year. In addition, there have been no changes to the Group's financial risk management objectives, policies and processes since the previous financial year end.

**(b) Description of the nature of all outstanding derivatives as at 31<sup>st</sup> December 2010**

- (i) An interest rate swap with a notional principal of USD47 million that fixed the obligation of a jointly-controlled entity in India to pay interest at a fixed rate of 7.04% per annum. The interest rate swap will mature on 30<sup>th</sup> September 2015.
- (ii) An interest rate swap with a notional principal of USD20 million that fixed the obligation of a jointly-controlled entity in India to pay interest at a fixed rate of 9.05% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> October 2012.
- (iii) An interest rate swap with a notional principal of USD10 million that fixed the obligation of a jointly-controlled entity in India to pay interest at a fixed rate of 10.41% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 4<sup>th</sup> November 2013.
- (iv) A cross currency cum interest rate swap that entitles a jointly-controlled entity in India to convert JPY3,253.8 million to INR1,335.3 million and fixed the entity's obligation to pay interest at a fixed rate of 9.35% per annum. The swap will mature on 31<sup>st</sup> March 2020.
- (v) A cross currency cum interest rate swap that entitles the Company to convert RM500 million to USD143.3 million and swaps the Company's obligation to pay interest at a fixed rate of 4.55% per annum to a USD floating rate. The swap will mature on 15<sup>th</sup> September 2014.
- (vi) An interest rate swap with a notional principal of USD143.3 million that fixed the obligation of the Company to pay interest at a fixed rate of 3.96% per annum. The interest rate swap will mature on 14<sup>th</sup> September 2014.
- (vii) An interest rate swap with a notional principal of USD14.9 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 7.1% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 14<sup>th</sup> July 2014.

- (viii) An interest rate swap with a notional principal of USD3.25 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 6.8% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> July 2014.
- (ix) An interest rate swap with a notional principal of USD2 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 9.45% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 15<sup>th</sup> June 2015.
- (x) An interest rate swap with a notional principal of USD7 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 7.2% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> July 2014.
- (xi) An interest rate swap with a notional principal of USD4 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 5.15% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> July 2014.
- (xii) An interest rate swap with a notional principal of USD2.26 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 9.55% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 4<sup>th</sup> August 2015.
- (xiii) A cross currency cum interest rate swap that entitles the Company to convert RM110 million to USD35.6 million and swaps the Company's obligation to pay interest at a fixed rate of 4.03% per annum to a USD floating rate. The cross currency swap will mature on 8<sup>th</sup> October 2015.
- (xiv) Foreign currency forward contracts

Currency	Contract Amounts '000	Equivalent Amount in RM'000	Expiry Dates
Japanese Yen	1,128,978	42,314	04/01/2011 - 29/04/2011
United States Dollar	227,130	708,978	03/01/2011 - 30/06/2011
Euro	5,953	25,130	28/01/2011 - 03/06/2011
Swedish Krone	14,719	6,526	10/01/2011 - 29/04/2011
Thai Baht	27,500	2,877	28/01/2011 - 14/02/2011
Singapore Dollar	269	644	14/01/2011

The above contracts were entered into with a view to minimise the entity's exposure to losses resulting from adverse fluctuations in interest rates and foreign currency exchange rates on the existing bank loans, trade receivables and trade payable.



#### **Note 24 - Material Litigation**

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

#### **Note 25 - Dividend**

- (a) The Board is pleased to recommend a final single-tier dividend of 13% or 6.5 sen per share of RM0.50 each (2009 - 18% or 9.0 sen) for the financial year ended 31<sup>st</sup> December 2010. The amount of net dividend payable is approximately RM75.9 million (2009 - RM102.6 million). The proposed final dividend, if approved by shareholders, will be paid on 10<sup>th</sup> August 2011.
- (b) The annual dividend for the financial year ended 31<sup>st</sup> December 2010 would be 30.0 sen or 60% per share of RM0.50 each, amounting to approximately RM347.3 million of net dividend (2009 - 20.0 sen or a gross dividend of 40% per share of RM0.50 each, amounting to a net dividend of RM225.5 million). This payout represents approximately 76.2% of the 2010 net profit attributable to shareholders of UMW (net of unrealised gains) against our target headline KPI for dividends of at least 50%, as stated in Note 16 above.

#### **Note 26 - Earnings Per Share**

Basic earnings per share for the quarter and financial year ended 31<sup>st</sup> December 2010 are calculated by dividing the net profit attributable to shareholders of RM18,451,000 and RM512,398,000, respectively, by the weighted average number of ordinary shares in issue as at 31<sup>st</sup> December 2010 of 1,138,483,144 shares of RM0.50 each.

Diluted earnings per share for the current quarter and financial year ended 31<sup>st</sup> December 2010 are calculated by dividing the adjusted net profit attributable to shareholders of RM18,451,000 and RM512,398,000, respectively, by the adjusted weighted average number of ordinary shares in issue and issuable of 1,142,286,329 shares of RM0.50 each.

	<b>No. of Shares of RM0.50 Each</b>
Weighted average number of shares as at 31/12/2010	1,138,483,144
Add: Dilutive ESOS	3,803,185
Adjusted weighted average number of shares	1,142,286,329

#### **Note 27 - Realised and Unrealised Profits/Losses**

On 25<sup>th</sup> March 2010, Bursa Securities issued a directive that requires all listed companies to disclose a breakdown of the unappropriated profits or accumulated losses into realised and unrealised profits or losses. The breakdown of retained profits of the Group as at 30<sup>th</sup> September 2010 and 31<sup>st</sup> December 2010, pursuant to the format prescribed by Bursa Securities, is as follows:

	As at 30 <sup>th</sup> September 2010 RM'000	As at 31 <sup>st</sup> December 2010 RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	1,784,196	1,944,099
- Unrealised	(34,006)	(33,275)
	1,750,190	1,910,824
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,052,190	949,371
- Unrealised	(10,479)	(14,419)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(34,240)	(47,174)
- Unrealised	8,403	9,824
	2,766,064	2,808,426
Less: Consolidation adjustments	110,262	(70,295)
Total Group retained profits as per consolidated accounts	2,876,326	2,738,131

**Note 28 - Audit Qualification**

The audit report in respect of the annual financial statements for the financial year ended 31<sup>st</sup> December 2009 was not qualified.

**By Order Of The Board**

**SUSEELA MENON**  
Secretary  
(MAICSA 7028386)

Shah Alam  
24<sup>th</sup> February 2011