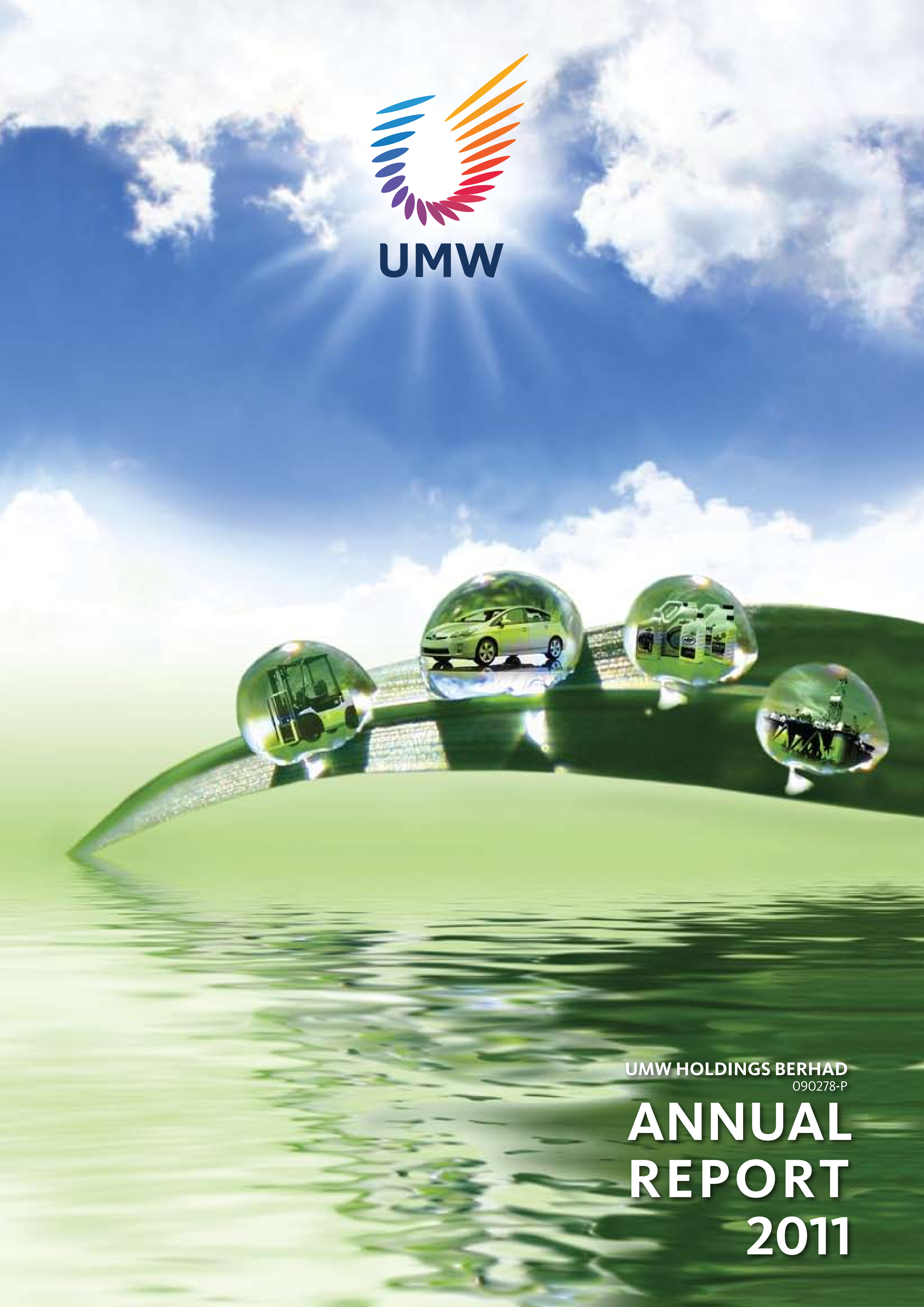

UMW

UMW HOLDINGS BERHAD
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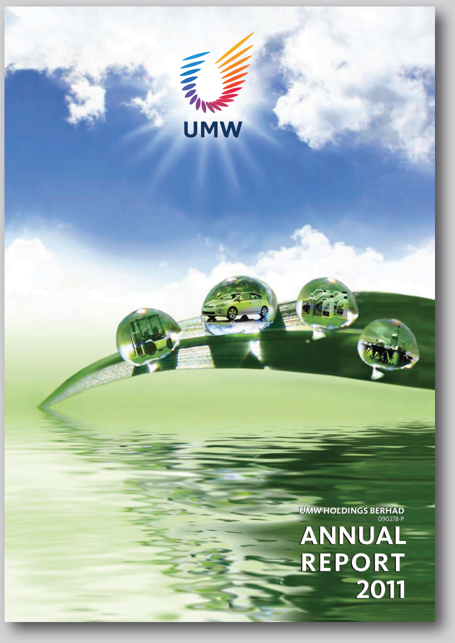
ANNUAL REPORT 2011

OUR BUSINESS

We are an international conglomerate that develops industries, manages partnerships and facilitates growth.

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.



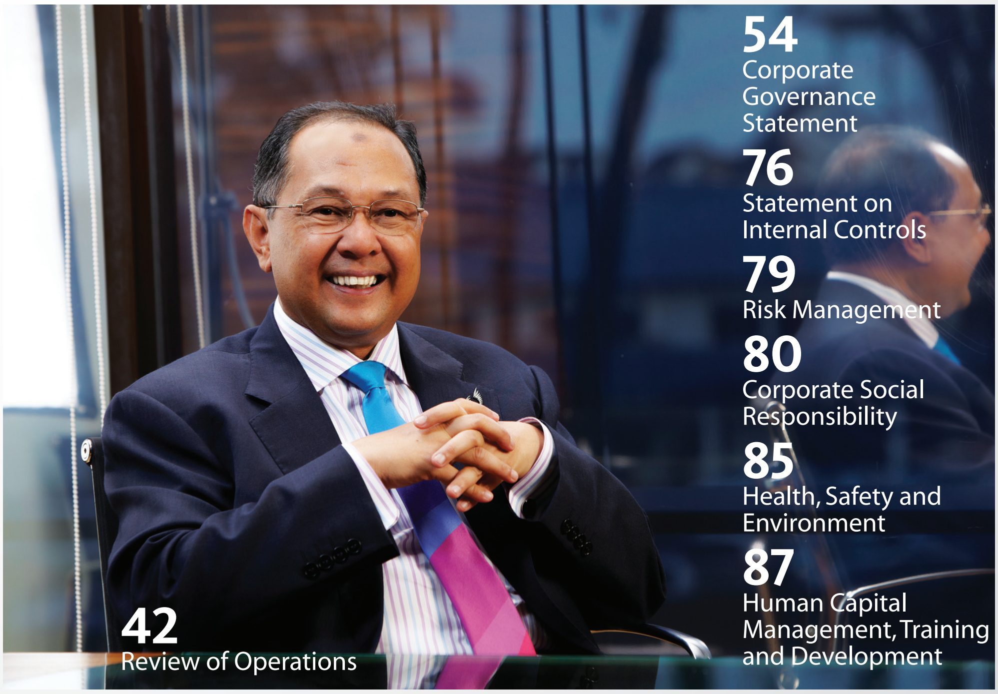
COVER RATIONALE

At UMW, we strive for perfect harmony in both our environment and our businesses. The droplets resting on the lush, green leaf reflect our four core businesses, which have been nurtured throughout the years. UMW's leadership continues to provide care and stimulates the growth of its people, community and its environment.

Hand-in-hand, our stalwart leaders and capable people deliver the best products and services to our customers. Together, they are the very foundation for the UMW Group's rapid growth.

Today, UMW is the envy of many of its corporate peers, in AUTOMOTIVE, EQUIPMENT, MANUFACTURING & ENGINEERING and OIL & GAS, placing great emphasis on the environment through our numerous CSR programmes.

CONTENTS



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth 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, 21 June 2012 at 10.00 a.m. for the following purposes -

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To declare a final single-tier dividend of 7.5 sen per share of RM0.50 each for the year ended 31 December 2011, giving a total gross dividend of 31.0 sen per share of nominal value RM0.50 each for the year. **Ordinary Resolution 2**

3. To re-elect the following Directors who are retiring in accordance with Article 123 of the Company's Articles of Association -

   (a) Dr. Leong Chik Weng **Ordinary Resolution 3**

   (b) Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani **Ordinary Resolution 4**

   (c) Dato' Siow Kim Lun @ Siow Kim Lin. **Ordinary Resolution 5**

4. To approve Directors' fees of RM1,007,200 for the year ended 31 December 2011. **Ordinary Resolution 6**

5. To re-appoint Messrs. Ernst & Young as Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications -

Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** the mandate granted by the shareholders of the Company on 23 June 2011 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries ("the UMW Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.1.1(b)(i) of Part A of the Circular to Shareholders dated 29 May 2012 ("the Circular") with the related parties mentioned therein, which are necessary for the UMW Group's day-to-day operations, be and is hereby renewed, **AND THAT** approval be and is hereby given for a new mandate for the UMW Group to enter into an additional recurrent related party transaction of a revenue or trading nature as set out in Section 2.1.1(b)(ii) of Part A of the Circular with the related party mentioned therein, which is necessary for the UMW Group's day-to-day operations, provided that -

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and in the annual reports for subsequent financial years during which the shareholders' mandate is in force, based on the type of the recurrent transactions, the names of the related parties involved in each type of the recurrent transaction and their relationship with the Company;

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the ordinary resolution for the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at a general meeting, the mandate is again renewed;

(b) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965, but such period shall not extend to any extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or

(c) revoked or varied by a resolution passed by the shareholders of the Company in general meeting,

whichever is the earliest,

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

AND THAT the estimates given on the recurrent related party transactions specified in Section 2.1.1(b) of Part A of the Circular being provisional in nature, the Directors or any of them be and are hereby authorised to agree to the actual amount or amounts thereof, provided always that such amount or amounts comply with the review procedures set out in Section 2.1.3 of Part A of the Circular." **Ordinary Resolution 8**

Proposed Renewal of Authority for the Company to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back")

"**THAT** subject to the Companies Act, 1965 ("the Act"), the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulating authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time, through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that -

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company as at the point of purchase; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase,

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner -

(a) cancel all the shares so purchased; or

(b) retain the shares so purchased in treasury for distribution as dividends to shareholders and/or resell the shares on the market of Bursa Securities and/or subsequently cancel the treasury shares; or

(c) retain part of the shares so purchased as treasury shares and cancel the remainder; and

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Bursa Securities MMLR and any other relevant authority for the time being in force,

AND THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until -

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest,

AND THAT the Directors of the Company and/or any of them be authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities." **Ordinary Resolution 9**

Proposed Revised/Additional Remuneration for Non-Executive Directors

"**THAT** the proposed revised/additional remuneration for Non-Executive Directors ("NEDs"), be and is hereby approved with effect from 2012, as follows -

(a) Directors' Fees
- Non-Executive Chairman - RM230,000 per annum (RM18,250 monthly allowance and RM11,000 annual fees);
- NEDs - RM110,000 per annum (RM8,000 monthly allowance and RM14,000 annual fees) for each NED,

(b) Directors' Fees for UMW Oil & Gas Corporation Sdn. Bhd., the holding company of UMW's Oil & Gas businesses
- Non-Executive Chairman - RM96,000 per annum;
- NEDs - RM48,000 per annum for each NED,

(c) Per Diem Allowance
- Outstation trips - RM500 per day for NEDs not including Singapore and Brunei (excluding out-of-pocket expenses),

(d) Benefits-In-Kind
- Handphone and subsidy for bill at RM300 per month for NEDs other than the Non-Executive Chairman,

AND THAT the Board be and is hereby authorised to carry out the implementation thereof."

Ordinary Resolution 10

7. To consider and, if thought fit, to pass the following resolution as a Special Resolution, with or without modifications -

Proposed Amendments to the Articles of Association of the Company ("Proposed Amendments")

"**THAT** the proposed amendments to the Articles of Association of the Company as set out in Section 2 of Part C of the Circular to Shareholders dated 29 May 2012 ("the Circular"), be and are hereby approved and adopted, **AND THAT** the Directors of the Company be and are hereby authorised to carry out all the necessary formalities to give effect to the Proposed Amendments as set out in the Circular."

Special Resolution

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of the shareholders at the Thirtieth Annual General Meeting, the Final Dividend comprising a single-tier dividend of 7.5 sen per share of RM0.50 each, for the financial year ended 31 December 2011, will be paid on 10 August 2012 to shareholders whose names appear in the Record of Depositors at the close of business on 24 July 2012.

A Depositor shall qualify for entitlement to the dividend only in respect of -

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 20 July 2012 (in respect of shares which are exempted from mandatory deposit);

(b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 24 July 2012 in respect of ordinary transfers; and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

FADZILAH BINTI SAMION
Secretary (MACS 01262)

29 May 2012
Shah Alam, Selangor Darul Ehsan.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

Notes

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(ii) A proxy need not be a member of the Company but, in accordance with Section 149 of the Companies Act, 1965 and the Articles of Association of the Company, if not a member of the Company, he/she must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies, Companies Commission of Malaysia, in a particular case.

(iii) 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.

(iv) The proxy form must be signed by the appointer or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or attorney duly authorised in that behalf.

(v) All proxy forms should 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.

Explanatory Notes on Special Business

Ordinary Resolutions

(i) Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The Board proposes to renew the mandate granted by the shareholders of the Company at the AGM of the Company held on 23 June 2011 and to seek a new mandate for an additional recurrent related party transaction. The Proposed Shareholders' Mandate will enable the Company and its subsidiaries ("the UMW Group") to enter into any recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the UMW Group, involving related parties, as detailed in the Circular to Shareholders dated 29 May 2012.

(ii) Proposed Renewal of Authority for the Company to Purchase Its Own Shares ("Proposed Renewal of Share Buy-Back")

The Proposed Renewal of Share Buy-Back, if approved by shareholders, will provide a mandate for the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

(iii) Proposed Revised/Additional Remuneration for Non-Executive Directors

The responsibilities and conditions to be fulfilled by Directors of public-listed companies, whether Executive or Non-Executive, have become more and more onerous in recent times. The degree of care, diligence and caution required in the exercise of their duties and knowledge required to do this is very high. The regulatory requirements have to be followed diligently by Directors as non-compliance comes with personal liability and high penalties for Directors.

The participation of Directors in the affairs of subsidiary/associated companies within the UMW Group too has increased considerably of late, in compliance with the regulatory and policy guidelines imposed by the regulatory authorities and in view of the increased businesses of the Group.

As the UMW Group is highly diversified, Directors need to focus on each business to fulfill their responsibilities and accountability and therefore require knowledge and exposure on each of the Company's business. Moreover, UMW's presence overseas has increased substantially in the last few years, thereby adding considerably to Directors' focus areas.

Directors' remuneration has not been revised since 2008 despite their increased responsibilities and involvement.

Special Resolution

(i) Proposed Amendments to the Articles of Association of the Company ("Proposed Amendments")

The Proposed Amendments, if passed, will align the Company's Articles of Association with the enhancements made to Paragraphs 7.03 and 7.21A of Chapter 7 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to issuance of shares to Directors and qualification and rights of proxy to speak at general meetings, respectively. Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Details of Directors seeking re-election or re-appointment as mentioned in the Notice of Annual General Meeting are set out in their respective profiles which appear in the Directors' Profile on pages 12 to 17 of this annual report. Directors' interests in the securities of the Company are disclosed on page 93 of this annual report.

FINANCIAL CALENDAR

Year Ended 31 December 2011

Financial Year Ended/Ending	**31 Dec 2011**	**31 Dec 2012**
Announcement Of Results		
First Quarter	25 May 2011	29 May 2012
Second Quarter	19 Aug 2011	Aug 2012
Third Quarter	24 Nov 2011	Nov 2012
Fourth Quarter	24 Feb 2012	Feb 2013
Issue Of Annual Report And Financial Statements	31 May 2011	May 2012
Annual General Meeting	23 June 2011	June 2012
Dividends		
Interim		
- Declaration	19 Aug 2011	Aug 2012
- Payment	7 Oct 2011	Oct 2012
Second Interim		
- Declaration	24 Nov 2011	Nov 2012
- Payment	10 Feb 2012	Feb 2013
Final		
- Declaration	21 June 2012	June 2013
- Payment	10 Aug 2012	Aug 2013

SUMMARY OF GROUP RESULTS

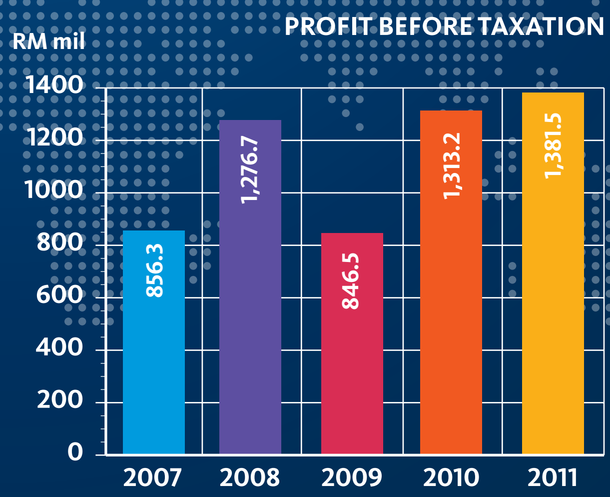
Year Ended 31 December 2011

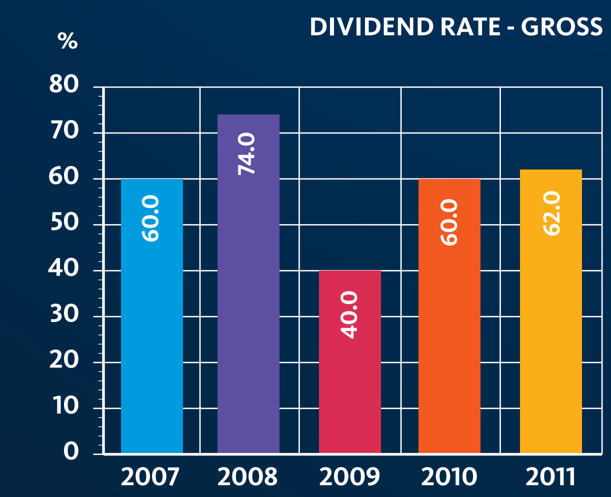
	2011 RM'000	**2010 RM'000**
Revenue	13,535,753	12,820,229
Profit Before Taxation	1,381,486	1,313,219
Net Profit For The Year	969,513	972,821
Share Capital	584,147	576,687
Reserves	3,665,017	3,450,406
Basic Earnings Per Share	43.0 sen	46.3 sen
Dividend Per Share		
- Gross	31.0 sen	30.0 sen
- Net	31.0 sen	30.0 sen
Net Assets Per Share	RM3.64	RM3.49

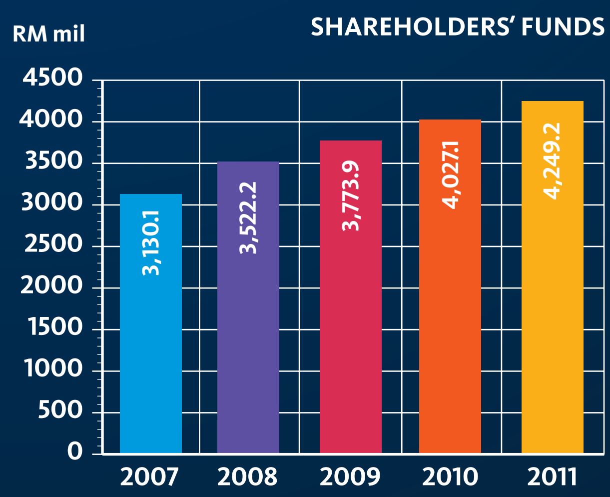
FIVE-YEAR GROUP SUMMARY RESULTS

Year Ended 31 December		2007	2008	2009	2010	2011
Revenue	RM million	9,976.2	12,769.6	10,720.9	12,820.2	**13,535.8**
Profit Before Taxation	RM million	856.3	1,276.7	846.5	1,313.2	**1,381.5**
Profit Attributable To Equity Holders Of The Company	RM million	469.1	565.8	382.4	526.9	**502.1**
Shareholders' Funds	RM million	3,130.1	3,522.2	3,773.9	4,027.1	**4,249.2**
Return On Shareholders' Funds	%	16.5	17.0	10.5	13.5	**12.1**
Return On Total Assets	%	13.2	16.3	9.6	13.1	**13.1**
Dividend Rate - Gross	%	60.0	74.0	40.0	60.0	**62.0**
Dividend Yield	%	5.07	6.02	3.38	4.55	**4.36**
Dividend Payout Ratio	%	50.8	57.7	59.0	75.8	**72.7**
Basic Earnings Per Share*	Sen	44.6	52.3	34.6	46.3	**43.0**
Net Assets Per Share*	RM	2.91	3.22	3.37	3.49	**3.64**
Share Price at year end*	RM	7.80	5.15	6.35	7.02	**7.00**
Market Capitalisation at year end	RM million	8,378.0	5,624.3	7,107.6	8,096.9	**8,178.1**

** After taking into account the effects of the UMW Share Split that was completed in March 2008.*







BOARD OF DIRECTORS

TAN SRI ASMAT BIN KAMALUDIN
Group Chairman
Non-Independent Non-Executive Director

DATUK SYED HISHAM BIN SYED WAZIR
President & Group CEO
Non-Independent Executive Director

DR. LEONG CHIK WENG
Independent Non-Executive Director

DATO' DR. NIK NORZRUL THANI BIN N.HASSAN THANI
Non-Independent Non-Executive Director

DATO' SIOW KIM LUN @ SIOW KIM LIN
Independent Non-Executive Director

DATO' MOHD. NIZAM BIN ZAINORDIN
Non-Independent Non-Executive Director

KHALID BIN SUFAT
Independent Non-Executive Director

WAN KAMARUZAMAN BIN WAN AHMAD
Non-Independent Non-Executive Director

CORPORATE INFORMATION

BOARD COMMITTEES

Audit Committee
Dato' Siow Kim Lun (Chairman)
Dato' Mohd. Nizam bin Zainordin
Khalid bin Sufat

Nomination Committee
Khalid bin Sufat (Chairman)
Tan Sri Asmat bin Kamaludin
Dato' Siow Kim Lun

Remuneration Committee
Dr. Leong Chik Weng (Chairman)
Dato' Dr. Nik Norzrul Thani bin N. Hassan Thani
Khalid bin Sufat

Investment & Risk Management Committee
Dr. Leong Chik Weng (Chairman)
Dato' Mohd. Nizam bin Zainordin
Dato' Siow Kim Lun
Datuk Syed Hisham bin Syed Wazir

Whistle Blowing Committee
Dato' Siow Kim Lun (Chairman)
Dato' Mohd. Nizam bin Zainordin
Khalid bin Sufat

Group Secretary
Fadzilah binti Samion (MACS 01262)

Registered Office
UMW Holdings Berhad (090278-P)
3rd Floor, The Corporate,
No. 10, Jalan Utas (15/7),
Batu Tiga Industrial Estate,
40200 Shah Alam,
Selangor Darul Ehsan,
Malaysia.
Telephone : (+603) 51635000
Facsimile : (+603) 55193890

Share Registration Office
Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia.
Telephone : (+603) 20849000
Facsimile : (+603) 20949940

Auditors
Ernst & Young
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia.
Telephone : (+603) 74958000
Facsimile : (+603) 20955332

Principal Bankers
Affin Bank Berhad
Alliance Bank Malaysia Berhad
AmBank Group
Asian Finance Bank Berhad
Bank Islam Malaysia Berhad
Bank of India
Bank of Tokyo-Mitsubishi UFJ (Labuan)
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
CIMB Bank Berhad
Citibank Berhad
Deutsche Bank (Malaysia) Berhad
Hong Leong Bank Berhad
HSBC Bank Australia Limited
HSBC Bank Malaysia Berhad
Malayan Banking Group
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Banking Group
Standard Chartered Group
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited, Offshore Labuan
The Royal Bank Of Scotland, Offshore Labuan

Stock Exchange Listing
Main Market
Bursa Malaysia Securities Berhad

Website
www.umw.com.my

BOARD OF DIRECTORS

Standing from Left to Right :
Dato' Siow Kim Lun, Khalid bin Sufat

Seating from Left to Right :
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani, Wan Kamaruzaman bin Wan Ahmad, Datuk Syed Hisham bin Syed Wazir, Tan Sri Asmat bin Kamaludin, Dr. Leong Chik Weng, Fadzilah binti Samion (Group Secretary), Dato' Mohd. Nizam bin Zainordin

DIRECTORS' PROFILE

TAN SRI ASMAT BIN KAMALUDIN

Age 68, Malaysian
Group Chairman, Non-Independent Non-Executive Director
Member of Nomination Committee

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

MEMBERSHIP OF ASSOCIATIONS
- None

DATE APPOINTED TO THE BOARD
- 20 February 2001 (Group Chairman)

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.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- Compugates Holdings Berhad
- Lion Industries Corporation Berhad
- Malaysian Pacific Industries Berhad
- Panasonic Manufacturing Malaysia Berhad
- Permodalan Nasional Berhad
- Scomi Group Berhad
- Scomi Marine Berhad
- Symphony House Berhad
- TASCO Berhad
- The Royal Bank of Scotland Berhad
- YTL Cement Berhad

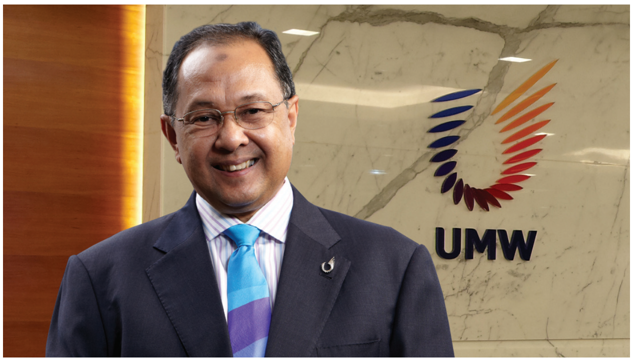
INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
- 20,000 shares (indirect holding) in UMW Holdings Berhad

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
- None, except by virtue of being a nominee Director of Permodalan Nasional Berhad

CONFLICT OF INTERESTS WITH THE COMPANY
- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 10 out of 10 Board meetings held



DATUK SYED HISHAM BIN SYED WAZIR

Age 57, Malaysian
President & Group CEO
Non-Independent Executive Director
Member of Investment & Risk Management Committee and UMW Employee Share Option Committee

QUALIFICATIONS
- Master of Business Administration, Ohio State University
- Bachelor of Science in Mechanical Engineering, Plymouth University
- Ordinary National Diploma in Engineering, Hastings College of Further Education

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of the Institute of Motor Industry, United Kingdom
- Member of Beta Gamma Sigma of Ohio University
- Member of the Ohio University Alumni Society in Malaysia

DATE APPOINTED TO THE BOARD

- 1 October 2010 (President & Group CEO)

WORKING EXPERIENCE AND OCCUPATION

- Datuk Syed Hisham bin Syed Wazir has had vast exposure in the motor industry at senior management level. Prior to joining UMW, he was the Chief Operating Officer of Naza Kia Sdn. Bhd. and Naza Kia Services Sdn. Bhd. from 2009 to 2010. Datuk Syed Hisham started his career in the automotive field in 1983, when he joined HICOM Berhad and was later seconded to Perusahaan Otomobil Nasional Berhad ("PROTON") as Marketing Service Deputy Manager, before serving the Business Division of the company as Senior Manager. He was promoted to General Manager of Proton Corporation Sdn. Bhd., a subsidiary of PROTON, engaged in the distribution and marketing of PROTON cars for the domestic and overseas markets. Datuk Syed Hisham was subsequently appointed as Director of Proton Cars (UK) Pte. Ltd. from 1997 to 1998 and from 1998 to 2000, he served as General Manager, International Business of DRB-HICOM Export Corporations Sdn. Bhd. In 2001, he became General Manager, Marketing Division of Honda Malaysia Sdn. Bhd. before being appointed as President/ Chief Operating Officer from 2003 to 2005. In 2005, he was appointed Managing Director of Edaran Otomobil Nasional Berhad, where he served until 2009.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

- None, except by virtue of being a nominee Director of Permodalan Nasional Berhad

CONFLICT OF INTERESTS WITH THE COMPANY

- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held

DR. LEONG CHIK WENG

Age 49, Malaysian
Independent Non-Executive Director
Chairman of Remuneration Committee, Investment & Risk Management Committee and UMW Employee Share Option Committee

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 29 November 2007

WORKING EXPERIENCE AND OCCUPATION

- After graduation, Dr. Leong Chik Weng joined Raychem Corporation in Menlo Park, California, where he was subsequently promoted as Technical Director. In 1997, he was appointed Consultant to Guidant Corporation, Santa Clara, California, 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.

DIRECTORS' PROFILE (CONT'D.)

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- A-Rank Berhad
- Chemical Company of Malaysia Berhad
- OLDTOWN Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
- None

CONFLICT OF INTERESTS WITH THE COMPANY
- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 9 out of 10 Board meetings held

DATO' DR. NIK NORZRUL THANI BIN N.HASSAN THANI
Age 51, Malaysian
Non-Independent Non-Executive Director
Member of Remuneration Committee

QUALIFICATIONS
- Ph.D in Law, School of Oriental and African Studies, University of London
- Masters in Law, Queen Mary and Westfield College, University of London
- Read law at the University of Buckingham
- Post-Graduate Diploma in Syariah Law and Practice (with Distinction), International Islamic University of Malaysia

MEMBERSHIP OF ASSOCIATIONS
- Fellow of the Chartered Institute of Marketing, United Kingdom
- Fellow of the Financial Services Institute of Australia

DATE APPOINTED TO THE BOARD
- 13 August 2008

WORKING EXPERIENCE AND OCCUPATION
- Currently, Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani is a practising lawyer and Chairman of Zaid Ibrahim & Co., the largest law firm in Malaysia. Prior to joining Zaid Ibrahim & Co., he was with Baker & McKenzie (International Lawyers), Singapore. Dato' Dr. Nik Norzrul is a Barrister of 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 in 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
- Fraser & Neave Holdings Berhad
- Manulife Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
- None, except by virtue of being a nominee Director of Permodalan Nasional Berhad

CONFLICT OF INTERESTS WITH THE COMPANY
- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 9 out of 10 Board meetings held

DATO' SIOW KIM LUN

Age 61, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee and Whistle Blowing Committee
Member of Nomination Committee and Investment & Risk Management Committee

QUALIFICATIONS

- Bachelor of Economics (Honours), Universiti Kebangsaan Malaysia
- Masters degree in Business Administration, Catholic University of Leuven
- Advanced Management Program, Harvard Business School

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 10 July 2009

WORKING EXPERIENCE AND OCCUPATION

- Dato' Siow Kim Lun 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 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 has served as the Director of its Issues & Investment Division and Director of its Market Supervision Division. He has also served as a member of the Listing Committee of Bursa Malaysia Securities Berhad from 2007 to 2009. Currently, Dato' Siow is also a Director of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") and a Commission Member of Suruhanjaya Pengangkutan Awam Darat.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Citibank Berhad
- Eita Resources Berhad
- Hong Leong Assurance Berhad
- WZ Steel Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

- None, except by virtue of being a Director of KWAP

CONFLICT OF INTERESTS WITH THE COMPANY

- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held

DATO' MOHD. NIZAM BIN ZAINORDIN

Age 48, Malaysian
Non-Independent Non-Executive Director
Member of Audit Committee, Investment & Risk Management Committee and Whistle Blowing Committee

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

- Felow of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants
- Certified Financial Planner

DIRECTORS' PROFILE (CONT'D.)

DATE APPOINTED TO THE BOARD

- 13 August 2008

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

- Lanjut Golf Berhad
- Pengurusan Pelaburan ASN Berhad
- Pengurusan Pelaburan ASW 2020 Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

- None, except by virtue of being a nominee Director of PNB

CONFLICT OF INTERESTS WITH THE COMPANY

- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 9 out of 10 Board meetings held

KHALID BIN SUFAT

Age 56, Malaysian
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee, Remuneration Committee and Whistle Blowing Committee

QUALIFICATIONS

- Association of Chartered Certified Accountants, United Kingdom
- Malaysian Institute of Certified Public Accountants

MEMBERSHIP OF ASSOCIATIONS

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

DATE APPOINTED TO THE BOARD

- 1 September 2010

WORKING EXPERIENCE AND OCCUPATION

- Khalid bin Sufat had 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 Group Managing Director 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

- Bina Puri Holdings Berhad
- Chemical Company of Malaysia Berhad
- Kuwait Finance House (Malaysia) Berhad
- Tradewinds (M) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
- None

CONFLICT OF INTERESTS WITH THE COMPANY
- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 8 out of 10 Board meetings held

WAN KAMARUZAMAN BIN WAN AHMAD
Age 51, Malaysian
Non-Independent Non-Executive Director

QUALIFICATIONS
- Bachelor of Economics (Honours), University of Malaya

MEMBERSHIP OF ASSOCIATIONS
- None

DATE APPOINTED TO THE BOARD
- 1 January 2011

WORKING EXPERIENCE AND OCCUPATION
- After graduation, Wan Kamaruzaman bin Wan Ahmad joined Malayan Banking Berhad ("MBB"). During his term with MBB, he held numerous positions mostly in the Treasury Department with postings as Chief Dealer to Hamburg branch, Germany, and as Treasury Manager to London branch, UK. Between 1994 to 2005, he served the Affin Group in various senior positions, i.e., as Director and Chief Executive Officer in Affin Trust Management Berhad, Affin Fund Management Sdn. Bhd., Affin Moneybrokers Sdn. Bhd. and Affin Futures Sdn. Bhd. In 2005 to 2006, he was appointed the Executive Director of Finance of Kemuncak Facilities Management Sdn. Bhd. and later, as Chief Financial Officer in Izoma (M) Sdn. Bhd. from 2006 to 2007. Currently, Wan Kamaruzaman is the General Manager, Treasury Department in Kumpulan Wang Simpanan Pekerja ("KWSP").

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
- None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
- None, except by virtue of being a nominee Director of KWSP

CONFLICT OF INTERESTS WITH THE COMPANY
- None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 10 out of 10 Board meetings held

MANAGEMENT COMMITTEE

From Left To Right:

Megat Shahrul Azmir bin Nordin, Nik Juliah binti Nik Jaafar, Azmin bin Che Yusoff, Ismet bin Suki, Datuk Syed Hisham bin Syed Wazir, Chew Chee Loon, Rohaizad bin Darus, Badrul Feisal bin Abdul Rahim

AUDIT COMMITTEE REPORT

CHAIRMAN	MEMBERS	SECRETARY
Dato' Siow Kim Lun *(Independent Non-Executive Director)*	**Dato' Mohd. Nizam bin Zainordin** *(Non-Independent Non-Executive Director)* **Khalid bin Sufat** *(Independent Non-Executive Director)*	**Fadzilah binti Samion** *(Group Secretary)*

The Audit Committee of the Board was established in 1992 with the primary objective of assisting the Board of UMW Holdings Berhad in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, and management and financial reporting practices of the Group.

MEMBERSHIP

Composition

The Audit Committee comprises three (3) Non-Executive Directors (the majority being Independent Directors), namely, Dato' Siow Kim Lun, Dato' Mohd. Nizam bin Zainordin and Khalid bin Sufat. Khalid bin Sufat was appointed to the Audit Committee on 17 January 2012 in place of Dr. Leong Chik Weng. Fadzilah binti Samion assumed the position of Secretary on 4 July 2011, in place of Suseela Menon.

Dato' Mohd. Nizam bin Zainordin and Khalid bin Sufat are Fellow Members of the Association of Chartered Certified Accountants (United Kingdom) and both are also members of the Malaysian Institute of Accountants. Dato' Mohd. Nizam bin Zainordin is also a Certified Financial Planner. Dato' Siow Kim Lun, coming from a non-financial background, attended various seminars on financial-related matters, to enhance his knowledge and enable him to discharge his duties as Chairman of the Audit Committee.

The term of office and performance of the Audit Committee and each of the members is reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference. The evaluation in respect of the performance of the Audit Committee as a whole, the Chairman of the Audit Committee and individual Audit Committee members for year 2010 - 2012 will be conducted in 2013.

TERMS OF REFERENCE

Functions

The Audit Committee's functions are as follows and to review, evaluate and report to the Board on these matters -

1. To consider the 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 -

    - any changes in 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 the Internal Audit Division ("IAD") is adequately resourced and has appropriate standing within the Group, and to formulate the terms of reference of the IAD.

6. To review the IAD's annual audit plan and all reports generated by the IAD and to issue instructions for further action to be taken by the IAD, and provide general guidance to the IAD.

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 that may arise within the Group.

10. To verify and confirm the allocation of share options pursuant to the UMW Employee Share Option Scheme ("UMW ESOS") as being in compliance with the criteria set out in the By-Laws of the UMW ESOS.

11. To consider other topics as defined by the Board.

Meetings, Quorum and Procedures

The Audit Committee meets on a quarterly basis to carry out its functions although additional meetings may be called at any time as and when necessary. The quorum for each meeting is two (2) and the majority of members present to form a quorum in respect of such meetings must be Independent Non-Executive Directors.

The President & Group CEO, the Executive Director of Group Finance and Administration, the Head of the Group Internal Audit Division and senior management may attend Audit Committee meetings, on the invitation of the Audit Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Audit Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Audit Committee members on significant audit and accounting areas which they noted in the course of their audit. The Aduit Committee met with the external auditors twice during the year under review, without the presence of any executive or Executive Board member.

The Audit Committee decides on its own administrative procedures to effectively discharge its responsibilities.

AUDIT COMMITTEE REPORT (CONT'D.)

During the year ended 31 December 2011, the Audit Committee met six (6) times, i.e., on 23 February 2011, 19 April 2011, 24 May 2011, 18 August 2011, 23 November 2011 and 8 December 2011. Dato' Siow Kim Lun, Dr. Leong Chik Weng and Dato' Mohd. Nizam bin Zainordin attended all six (6) meetings held in the year under review. Attendance at meetings is not applicable in respect of Khalid bin Sufat as his appointment took effect only on 17 January 2012.

Reports/Minutes

Minutes of each meeting are kept by the Secretary as evidence that the Audit Committee has discharged its functions. The Chairman of the Committee reports to the Board after each Audit Committee meeting. The approved minutes of Audit Committee meetings are forwarded to Board members for information and significant issues are discussed at Board Meetings.

Summary of Activities

The following activities were carried out by the Audit Committee during the financial year ended 31 December 2011 -

1. Reviewed the quarterly financial statements of the Company for the fourth quarter of 2010 on 23 February 2011 and the financial statements for the first, second and third quarters of 2011 on 24 May 2011, 18 August 2011 and 23 November 2011, respectively, prior to recommending them for Board approval.

2. Reviewed the annual audited financial statements of the UMW Group for the year ended 31 December 2010 on 19 April 2011 with the external auditors to ensure compliance with all legal and regulatory requirements prior to submission to the Board for approval and for announcement to Bursa Malaysia Securities Berhad.

3. Reviewed the annual audit plans and budget to ensure adequate scope and comprehensive coverage over the activities of the UMW Group.

4. Reviewed the effectiveness of the audit process, resource requirements of the IAD for the year and assessed the performance, effectiveness and efficiency of the IAD.

5. Reviewed and discussed the reports of the Chairman of the Management Audit Committee.

6. Reviewed the internal audit reports covering the performance of companies/branches audited in the fourth quarter of 2010 and in the first, second and third quarters of 2011, and the reports generated in the financial year ended 31 December 2011 by the IAD, the audit recommendations made and management's response to these recommendations, and ensured that material findings were adequately addressed by management.

7. Monitored corrective actions taken on the outstanding audit issues to ensure that all key risks and lapses in controls, have been addressed.

8. Reviewed the IAD's staffing requirements and the internal auditors' skills and core competencies.

9. Reviewed the 2011 Audit Planning Memorandum prepared by the external auditors to ensure adequate scope and comprehensive coverage over the activities of the UMW Group.

10. Considered new and amended Financial Reporting Standards ("FRS") and Issues Committee ("IC") Interpretations applicable to the UMW Group in the financial year 31 December 2011, reviewed changes in accounting policies and its effect on the financial performance and position of the UMW Group and ensured full compliance with all FRS applicable to UMW.

11. Discussed the audit timetable and the proposed audit fees for the UMW Group for the financial year 2011.

12. Reviewed the status of annual audit reports and management letter on issues raised by the external auditors.

13. Evaluated the performance of the external auditors and make recommendations to the Board on their appointment, scope of works and audit fees.

14. Reviewed the Statement on Internal Controls in respect of the year ended 31 December 2010, including the Statement on Risk Management and the Terms of Reference from Ernst & Young in undertaking the review of the statement.

15. Reviewed the UMW Group's Enterprise Risk Management framework ("ERM") and status of ERM activities of the Group in 2011.

16. Reviewed the related party transactions entered into by UMW Holdings Berhad and/or its Group of Companies with related parties.

17. Reviewed the Circular to Shareholders relating to renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature and renewal of shareholders' authority for the Company to purchase its own shares, prior to recommending it for Board approval.

18. Reviewed the revised UMW Group Financial Limits of Authority Guidelines.

19. Carried out ad-hoc and special assignments as instructed by the Board.

INTERNAL AUDIT DIVISION

The IAD is independent of business operations and has a group-wide mandate set out in its Audit Charter. IAD carries out its functions in accordance with an annual internal audit plan approved each year by the Audit Committee. The IAD performs routine audit on and reviews all operating units within the UMW Group with emphasis on principal risk areas. The IAD reports directly to the Audit Committee of the Board on major findings and any significant control issues and concerns. The Head of the IAD attends all Audit Committee meetings.

During the financial year ended 31 December 2011, the IAD carried out audits of 216 business units in the UMW Group. A total of 40 reports relating to the audit of companies/branches in the fourth quarter of 2010 and the first, second and third quarters of 2011, generated in the financial year, were reviewed by the Audit Committee.

The total cost incurred by IAD for the internal audit function for 2011 was RM5,797,009 (2010: RM4,556,177).

Details of the activities of the IAD are set out in the Statement on Internal Controls on pages 76 to 78 of this annual report.

NOMINATION COMMITTEE REPORT

CHAIRMAN	MEMBERS	SECRETARY
Khalid bin Sufat *(Independent Non-Executive Director)*	**Tan Sri Asmat bin Kamaludin** *(Non-Independent Non-Executive Director)* **Dato' Siow Kim Lun** *(Independent Non-Executive Director)*	**Fadzilah binti Samion** *(Group Secretary)*

The Nomination Committee is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill Board vacancies at the holding company level as well as in its subsidiaries and associated companies. Nominations may come from a wide variety of sources, including current Directors, senior employees of the Group, customers, shareholders, industry associations, recruiting firms and others.

MEMBERSHIP

Composition

The Nomination Committee comprises three (3) Non-Executive Directors (the majority being Independent Directors), namely, Khalid bin Sufat, Tan Sri Asmat bin Kamaludin and Dato' Siow Kim Lun. Khalid bin Sufat assumed the position of Chairman of the Nomination Committee on 1 April 2011 in place of Dato' Siow Kim Lun , following a re-composition of the Nomination Committee. Fadzilah binti Samion assumed the position of Secretary on 4 July 2011, in place of Suseela Menon.

TERMS OF REFERENCE

Functions

The Nomination Committee's primary functions are as follows -

1. To identify and recommend new nominees to the Boards of UMW Holdings Berhad and its subsidiaries and associated companies, whether to be filled by Board members, shareholders or executives. The Committee also considers candidates for directorships proposed by the President & Group CEO and, within the bounds of practicability, by any other senior executive or any Director or shareholder.

2. To make recommendations to the Board on -

   - Directors to fill seats on Board Committees;
   - Plans for succession for Directors and senior management and ensuring that there is an appropriate balance of skills on the Board;
   - Re-appointment of Directors retiring by rotation pursuant to the provisions of the Articles of Association of the Company and the regulations of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
   - Re-appointment of Non-Executive Directors at the conclusion of a specified term of office, generally ten (10) years; and
   - Re-appointment of Non-Executive Directors upon attainment of the age of 70 years pursuant to Section 129(6) of the Companies Act, 1965.

3. To assist the Board in annually reviewing the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

4. To annually carry out the process for evaluating the effectiveness of the Board as a whole, the performance and contribution of the Chairman and individual Directors, including Independent Non-Executive Directors, as well as the President & Group CEO and to identify areas for improvement.

   In reviewing the performance of the Board as a whole and the contribution of the Chairman and individual Directors, performance was assessed and measured against, amongst others, the Group's strategic plan, principal duties expected of the Board, the Chairman and individual Directors, obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution. Board self-assessment allows the Board to collectively identify opportunities to improve processes.

   The evaluation process takes into account whether -

   - Adequate time has been allocated by Non-Executive Directors on matters pertaining to the Group's operations;
   - Full consideration to succession planning has been given, taking into account challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;
   - Review of the structure, size and composition (including skills, knowledge and experience) of the Board has been undertaken and changes recommended, where necessary;
   - Appropriate recommendations have been made to the Board for the re-election/re-appointment of Non-Executive Directors who have served a term of office of ten (10) years or who have reached the age of 70 years; and
   - Review of the leadership needs of the Group, executive and non-executive, has been undertaken to ensure continued ability to compete effectively in the market place.

5. To review management's proposals for the appointment, dismissal, transfer and promotion of the senior-most executives in the Group (to/in Grades 22 and above).

Selection Process

The following selection process applies -

1. Potential candidates are referred to the Nomination Committee for consideration by the Committee and subsequently for recommendation to the Board.

2. The Nomination Committee will determine appropriate means for seeking additional candidates, including engagement of outside consultants to assist the Committee in the identification of candidates.

3. Shareholders who wish to suggest candidates should submit their suggestions in writing to the Chairman of the Board, Nomination Committee, President & Group CEO or Company Secretary, providing relevant information about the candidates.

4. The Nomination Committee shall decide on the appropriate means for the review and approval of individual candidates. In the event of a vacancy, the members of the Nomination Committee shall initiate efforts to identify appropriate candidates.

5. In formulating its recommendation, the Nomination Committee will consider not only the findings and conclusions of its evaluation process, but also the current composition of the Board, the attributes and qualifications that should be represented on the Board and whether the candidate can provide such additional attributes, capabilities or qualifications.

NOMINATION COMMITTEE REPORT (CONT'D.)

Meetings, Quorum and Procedures

Meetings are held as and when necessary. The President & Group CEO attends and makes presentations at meetings. The quorum for each meeting is two (2). The Nomination Committee will decide its own procedures and other administrative arrangements.

During the year ended 31 December 2011, the Nomination Committee met six (6) times, i.e., on 11 March 2011, 21 April 2011, 4 July 2011, 16 August 2011, 9 November 2011 and 8 December 2011. All three (3) members attended all six (6) meetings held in the year under review.

Reports/Minutes

Minutes of each meeting are kept by the Secretary as evidence that the Nomination Committee has discharged its functions. The Chairman of the Nomination Committee reports to the Board after each Committee meeting.

Summary of Activities

The following activities were carried out by the Nomination Committee during the financial year ended 31 December 2011 -

1. Reviewed and recommended the following for the Board's approval;

    - Extension of service of retiring employees in key management positions;
    - Contract of service for employees in key management positions;
    - Directors retiring by rotation and re-election to the Board;
    - Suitable candidates for the positions of Executive Directors;
    - Directors filling seats on the Boards of companies in the Group; and
    - Directors filling seats on Board Committees.

2. Conducted the Board's effectiveness assessment and recommended improvement plans for the same.

3. Reviewed management's proposals on appointment and promotions of senior management personnel of the Group.

REMUNERATION COMMITTEE REPORT

CHAIRMAN	MEMBERS	SECRETARY
Dr. Leong Chik Weng *(Independent Non-Executive Director)*	**Dato' Dr. Nik Norzrul Thani bin N. Hassan Thani** *(Non-Independent Non-Executive Director)* **Khalid bin Sufat** *(Independent Non-Executive Director)*	**Fadzilah binti Samion** *(Group Secretary)*

The Remuneration Committee is responsible for developing the Group's remuneration policy framework and determining the remuneration package for Executive Directors and members of the senior management of the Group.

MEMBERSHIP

Composition

The Remuneration Committee comprises three (3) members all of whom are Non-Executive Directors, namely, Dr. Leong Chik Weng, who is also the Chairman of the Committee, Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani and Khalid bin Sufat. Fadzilah binti Samion assumed the position of Secretary on 4 July 2011, in place of Suseela Menon.

TERMS OF REFERENCE

Functions

The Remuneration Committee's primary functions include -

1. To review and recommend to the Board the remuneration of Executive Directors and all executives in Grades 22 and above, including the extension of service and compensation and benefits package of such executives who have attained the retirement age of 55 years.

2. To recommend to the Board after reviewing management's proposals, the -

    - framework for remuneration of Directors, covering fees, allowances and benefits-in-kind for Directors of all boards and committees;
    - overall annual salary increment guidelines/limits for all non-unionised staff;
    - annual bonus limits/guidelines;
    - ex-gratia for unionised staff; and
    - remuneration, benefits and other terms and conditions of employment, which have to be introduced as part of the Group's overall human resource development plan. This would include matters such as pegging the Group's salaries in line with industry standards and major changes in benefits package.

REMUNERATION COMMITTEE REPORT (CONT'D.)

Meetings, Quorum and Procedures

Meetings are held as and when necessary. The quorum for each meeting is two (2). The President & Group CEO attends and makes presentations at meetings, whenever business is not related to Executive Directors' remuneration. The Remuneration Committee decides its own procedures and other administrative arrangements.

During the year ended 31 December 2011, the Remuneration Committee met nine (9) times, i.e., on 11 March 2011, 30 March 2011, 21 April 2011, 4 July 2011, 16 August 2011, 12 September 2011, 9 November 2011, 23 November 2011 and 8 December 2011. Dr. Leong Chik Weng and Khalid bin Sufat attended all nine (9) meetings whilst Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani attended eight (8) out of the nine (9) meetings held in the year under review.

Reports/Minutes

Minutes of each meeting are kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee reports to the Board after each Remuneration Committee meeting.

INVESTMENT & RISK MANAGEMENT COMMITTEE REPORT

CHAIRMAN	MEMBERS	SECRETARY
Dr. Leong Chik Weng *(Independent Non-Executive Director)*	**Dato' Mohd. Nizam bin Zainordin** *(Non-Independent Non-Executive Director)* **Dato' Siow Kim Lun** *(Independent Non-Executive Director)* **Datuk Syed Hisham bin Syed Wazir** *(Non-Independent Executive Director)*	**Fadzilah binti Samion** *(Group Secretary)*

The Investment & Risk Management Committee ("IRMC") was established on 20 May 2010. The IRMC is responsible for reviewing project feasibility and financials in detail with management prior to submission to the Board for approval. The IRMC also assists the Board in monitoring the performance of projects against original targets, and also review possible risk factors affecting projects and recommending measures to manage such risks.

MEMBERSHIP

Composition

The IRMC comprises four (4) Directors (the majority being Non-Executive Directors), namely, Dr. Leong Chik Weng, who is also the Chairman of the Committee, Dato' Mohd. Nizam bin Zainordin, Dato' Siow Kim Lun and Datuk Syed Hisham bin Syed Wazir. Fadzilah binti Samion assumed the position of Secretary on 4 July 2011, in place of Suseela Menon.

TERMS OF REFERENCE

The Terms of Reference of the IRMC were revised in August 2011 in an effort to further enhance the Committee's functions.

Functions

The IRMC's primary functions are as follows -

1. Investment/Divestment

- To review and evaluate all non-motor investment and divestment proposals with management and to decide on projects to be submitted to the Board for approval, together with additional recommendations thereon, if any.
- In order to arrive at a sound recommendation, the Committee is authorised to call for any additional information that may be required, including research or survey materials or presentations from relevant external experts, make site visits, meet relevant persons connected with the project and take any other steps necessary for the purpose of gauging the long-term merits of the investment/divestment.
- To approve any investment/divestment proposal that involves a sum of below RM10 million.
- To conduct periodic monitoring of all approved projects against original targets and to make periodic reports thereon to the Board.

INVESTMENT & RISK MANAGEMENT COMMITTEE REPORT (CONT'D.)

- In the case of projects that do not meet targets for a prolonged period of time, to make recommendations to the Board on its further continuation or termination.
- To recommend to the Board any proposal for amending the present investment/divestment guidelines, policies or strategies.
- To look into any other relevant matters pertaining to investment/divestment proposals.

2. Risk Management

- To monitor the consistent enforcement of Enterprise Risk Management ("ERM") policy across the UMW Group.
- To review and endorse the risk parameters, risk appetite, risk profiles, risk treatment options, risk action plans and key risk indicators.
- To provide guidance and advice on appropriateness of risk treatment options selection and risk action plans development.
- To provide half-yearly reports to the Board on ERM.

Meetings, Quorum and Procedures

The IRMC meets at least four (4) times a year although additional meetings may be called at any time as and when necessary. The quorum for each meeting shall be two (2) Non-Executive Directors. The IRMC will decide its own procedures and other administrative arrangements.

During the year ended 31 December 2011, the IRMC met six (6) times, i.e., on 9 February 2011, 31 March 2011, 24 May 2011, 5 July 2011, 16 August 2011 and 10 November 2011. Dato' Mohd. Nizam bin Zainordin, Dato' Siow Kim Lun and Datuk Syed Hisham bin Syed Wazir attended all six (6) meetings held whilst Dr. Leong Chik Weng attended five (5) out of the six (6) meetings held in the year under review.

Reports/Minutes

Minutes of each meeting are kept by the Secretary as evidence that the IRMC has discharged its functions. The Chairman of the IRMC reports to the Board after each IRMC meeting. The approved minutes of the IRMC meetings are forwarded to Board members for information and significant issues are discussed at Board meetings.

WHISTLE BLOWING COMMITTEE REPORT

CHAIRMAN	MEMBERS	SECRETARY
Dato' Siow Kim Lun *(Independent Non-Executive Director)*	**Dato' Mohd. Nizam bin Zainordin** *(Non-Independent Non-Executive Director)* **Khalid bin Sufat** *(Independent Non-Executive Director)*	**Ahmad Al Juhari bin Darman** *(Head of Group Internal Audit Division)*

The Whistle Blowing Committee of the Board ("WBC") was established in 2011 in addition to the Whistle Blowing Committee comprising senior management, which was established in 2009 to look into suspected wrongdoings by staff and management (Grade 22 and below). The WBC is responsible for the review, investigation and disposal of complaints received against senior management staff of the Group with the rank of Executive Director in Grade 23 and above and any members of the Board. The WBC shall exercise its powers and carry out its duties and responsibilities as may be required from time to time, guided by the Whistle Blowing Policy and General Guidelines of the Group.

MEMBERSHIP

Composition

The WBC comprises three (3) Non-Executive Directors (the majority being Independent Directors), namely Dato' Siow Kim Lun, who is also the Chairman of the Committee, Dato' Mohd. Nizam bin Zainordin and Khalid bin Sufat.

TERMS OF REFERENCE

Functions

The WBC's primary functions include -

1. To receive, review and investigate complaints obtained through the whistle blowing mechanism including the disposal of complaints received against any member of the senior management staff of the Group in Grade 23 and above and any member of the Board.

2. To designate an Investigating Officer ("IO") to investigate any complaints received through the whistle blowing mechanism and to supervise the IO.

3. To discuss the investigation reports prepared by the IO and to make appropriate recommendations to the Board for further action, where applicable.

Meetings

Meetings shall be held as and when necessary as called for by the Chairman of the WBC.

WHISTLE BLOWING COMMITTEE REPORT (CONT'D.)

Quorum

The quorum necessary for each meeting shall be two (2). Each member of the WBC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that has the majority votes shall be the decision of the WBC. In the event of an equality of votes, the Chairman of the Committee shall be entitled to a casting vote. A duly convened meeting of the WBC at which a quorum is present, shall have the authority to exercise all or any of the powers and discretions vested in or exercisable by the Committee.

Since establishment, the WBC met twice, i.e., on 24 November 2011 and 7 December 2011. Dato' Siow Kim Lun and Khalid bin Sufat attended both meetings whilst Dato' Mohd. Nizam bin Zainordin attended one (1) out of the two (2) meetings held in the year under review.

Authority

The WBC is authorised to -

1. Carry out its duties and responsibilities guided by the Whistle Blowing Policy and General Guidelines of the Group.

2. Seek, obtain and access any information it requires from any employee of the Group in order to perform its duties.

3. Obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.

4. Call any employee to be questioned at a meeting of the WBC as and when required.

5. The Chairman, with the consent of the WBC, shall identify and appoint an IO and delegate its authority to the IO during the performance of the investigation.

6. The WBC is only accountable to the Board and shall report to the Board.

7. The IO is only accountable to the WBC and shall report to the WBC.

TYPES OF COMPLAINTS TO BE INVESTIGATED

All complaints must be directed to any of the member of the Board or WBC either in writing duly signed by the whistle blower or verbally in person by the whistle blower. The identity of the whistle blower will be kept confidential and the Board will give due protection to the whistle blower that he or she will not be victimised by the superior. To discourage malicious complaints, the WBC will not investigate into anonymous complaints unless the Committee takes the view that the complaints relate to specific wrongdoings of a serious nature which merit investigation.

REPORTS

In all cases, a report on the outcome of any investigation will be made by the IO to each member of the WBC for deliberation and decision. After deliberation and decision by the WBC, the Secretary of the Committee shall prepare a report to be circulated to all members of the Board for information or action of the Board as the case may be. The Chairman of the WBC shall report to the Board on the recommendations made by the Committee and the Board shall, upon receiving the recommendation from the Committee, have the final decision on the matter raised.

MINUTES

Minutes of each meeting shall be kept by the Secretary as evidence that the WBC has deliberated and disposed of each legitimate complaint made to the Committee. The Secretary shall minute the proceedings and decisions of all meetings of the WBC, including recording the names of those present and in attendance. Minutes of the Committee meetings shall be circulated promptly to all members of the WBC for clearance. The Chairman of the WBC shall report to the Board after each Committee meeting.

PROCEDURES

The procedures on disclosure of any wrongdoing by a whistle blower are stipulated in the Whistle Blowing Policy and General Guidelines of the Group.

UMW GROUP STRUCTURE

UMW

UMW HOLDINGS BERHAD
090278-P

UMW CORPORATION SDN. BHD.
009825-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.
Perodua Auto Corporation Sdn. Bhd.
Perodua Manufacturing Sdn. Bhd.
Perodua Engine Manufacturing Sdn. Bhd.

UMW OIL & GAS BERHAD
798108-A

OIL & GAS

UMW Australia Ventures Sdn. Bhd.

UMW Oil & Gas Corporation Sdn. Bhd.

UMW Middle East Ventures Holding W.L.L., Bahrain
Arabian Drilling Services L.L.C, Oman

UMW PETROPIPE (L) LTD.
LL03753

UMW AUSTRALIA VENTURES (L) LTD.
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.

UMW MALAYSIAN VENTURES SDN.BHD.
834177-K

OIL & GAS

UMW Synergistic Generation Sdn. Bhd.
(formerly known as Synergistic Generation Sdn. Bhd.)
UMW SG Power Systems Sdn. Bhd.
(formerly known as SG Power Systems Sdn. Bhd.)
UMW SG Engineering & Services Sdn. Bhd.
(formerly known as SG Engineering & Services Sdn. Bhd.)

OIL & GAS

UMW Petrodril (Malaysia) Sdn. Bhd.
UMW Pressure Control Sdn. Bhd.
UMW Petrodril Siam Co., Ltd., Thailand

UMW Fabritech Sdn. Bhd.

UMW Oilfield International (M) Sdn. Bhd.

UMW Oilpipe Services Sdn. Bhd.
UOT (Thailand) Limited, Thailand
Oil-Tex (Thailand) Company Limited, Thailand

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

UMW Drilling Co. Ltd.

UMW JDC Drilling Sdn. Bhd.

UMW Standard Drilling Sdn. Bhd.

EQUIPMENT

UMW Equipment Sdn. Bhd.

UMW (East Malaysia) Sdn. Bhd.

UMW Niugini Limited, Papua New Guinea

UMW Machinery Limited, Myanmar

UMW Engineering Services 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

OIL & GAS

UMW China Ventures (L) Ltd.
WSP Holdings Limited, China
First Space Holdings Limited, British Virgin Islands
Wuxi Seamless Oil Pipe Co., Ltd., China

UMW Oilfield International (L) Ltd.
Tubulars International Pte. Ltd., Singapore

UMW ACE (BVI) Ltd., British Virgin Islands
Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd., China

UMW Linepipe (L) Ltd.
Shanghai BSW Petro-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 Ltd., China
(formerly known as CNOOC Tube Cote Coating Tianjin Pipe Co., Ltd.)
Tangrong Tube-Cote (Sanxi) Pipe Coating Co., Ltd., China

UMW Naga Two (L) Ltd.
UMW Standard 1 Pte. Ltd., Singapore
UMW Standard 3 Pte. Ltd., Singapore

UMW Naga Three (L) Ltd.

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

Vina Offshore Holdings Pte. Ltd., Singapore
UMW Deepnautic Pte. Ltd., Singapore
UMW Helmsion Engineering Pte. Ltd., Singapore

Multicoat Coating Technologies Private Limited, India
Multicoat Surfaces Private Limited, India

UMW India Ventures (L) Ltd.
UMW Sher (L) Ltd.
Jaybee Drilling Private Limited, India
United Seamless Tubulaar Private Limited, India

UMW Oilpipe Services (Turkmenistan) Ltd., Turkmenistan

UMW Singapore Ventures Pte. Ltd., Singapore
UMW Marine and Offshore Pte. Ltd., Singapore
Offshore Construction Services Pte. Ltd., Singapore
Sichuan Haihua Petroleum Steelpipe Co., Ltd., China

UMW Offshore Investment (L) Ltd.

MANUFACTURING & ENGINEERING

UMW Advantech Sdn. Bhd.

UMW Auto Parts Sdn. Bhd.
Lubetech Sdn. Bhd.
UMW Pennzoil Distributors 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

MK Autocomponents Limited
Sathya Auto Private Limited, India
Castwel Auto Parts Private Limited, India

MK Automotive Industries Limited
UMW Dongshin Motech Private Limited, India

SUPPORT OPERATIONS

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

U-Insurance Sdn. Bhd.

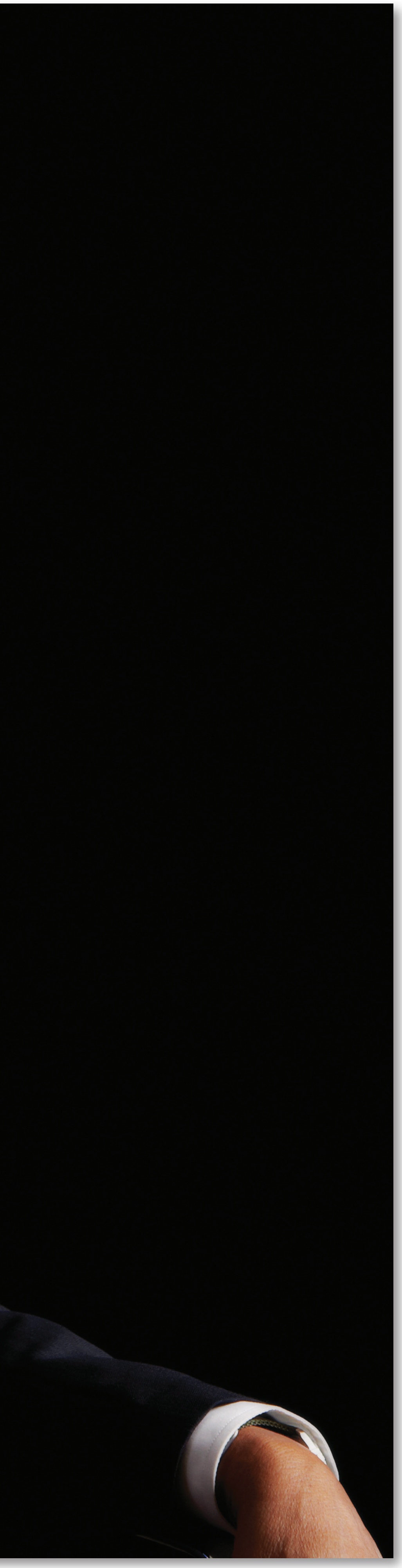
U-TravelWide Sdn. Bhd.

U E-Technologies Sdn. Bhd.

Inobel Sdn. Bhd.

UMW-PNSB Development Sdn. Bhd.

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



CHAIRMAN'S STATEMENT

Dear Shareholders

UMW GROUP ACHIEVED ITS 11TH RECORD YEAR IN 2011, WITH REVENUE AND PROFIT BEFORE TAX SURPASSING THE PREVIOUS YEAR'S RESULTS FOLLOWING IMPROVED CONTRIBUTIONS FROM OUR CORE BUSINESSES.

TAN SRI ASMAT BIN KAMALUDIN
Group Chairman

Domestic demand continued to be favourable in 2011 amidst a weak recovery in the global economy. Malaysia achieved a gross domestic product ("GDP") of 5.1% for 2011, supported by both private and public sector spending. The strength of the economy and accommodating interest rate environment sustained

Launch of the new Toyota Hilux

ASSB's 1 millionth production line-off ceremony

demand in the Automotive segment as well as fuelled the Equipment Division business. The Oil & Gas ("O&G") Division, meanwhile, saw additional contributions from its three offshore rigs, NAGA 1, NAGA 2 and NAGA 3, having secured contracts for drilling services. UMW's Automotive Division, like the broader sector, was affected by the disasters in Japan and Thailand but still managed to preserve its domestic market share in terms of vehicle sales. Automotive continued to be the biggest contributor towards Group revenue and profit.

FINANCIAL PERFORMANCE

For the financial year ended 2011, the Group achieved a revenue of RM13.5 billion, exceeding the RM12.8 billion recorded in the previous year, representing a growth of 5.5%. While the Automotive Division contributed the bulk of the earnings, the higher revenue was mainly due to greater contributions from the Equipment, M&E and O&G Divisions.

The Group also registered better profit before taxation of RM1.38 billion for 2011, a 5.3% increase over the RM1.31 billion registered in 2010, thanks to significantly higher profit contributions from the Automotive segment. Net profit attributable to shareholders in 2011, meanwhile, stood at RM502.1 million, or 4.7% lower than the previous year's RM526.9 million.

Earnings per share ("EPS") for the year ended 31 December 2011 were lower at 43.0 sen versus the previous year's EPS of 46.3 sen.

DIVISION HIGHLIGHTS

AUTOMOTIVE

The total industry volume ("TIV") fell marginally to 600,123 units for the year ended 31 December 2011 compared to 605,156 units in 2010. The decline was partly due to two unexpected natural disasters - the earthquake that hit East Japan in March 2011 followed by the tsunami, as well as the massive flooding in Thailand in the fourth quarter of 2011. As a result, there were shortages of completed vehicles and parts globally and manufacturers around the world had to scale back production.

To mitigate the effects of the disasters, UMW Toyota Motor Sdn. Bhd. ("UMW Toyota Motor") made some adjustments to its production plan while Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua") picked up sales in the second half of the year following the introduction of the new variants for MyVi. As such, Toyota and Perodua continued to dominate the industry with a combined market share of 44.8% of TIV of 600,123 units, according to figures released by the Malaysian Automotive Association ("MAA"). The two auto makers sold a total of 268,651 vehicles in 2011.

During the year under review, Toyota Vios and Hilux were the best-selling models, following the introduction of the facelift versions coupled with affordable prices. MyVi remained as the top-selling model for Perodua since 2006. In 2011, Perodua introduced the MyVi second generation with the new 1.3, 1.5 SE and 1.5 Extreme variants.

Vehicle sales are expected to return to normal in 2012 with MAA forecasting an increase in TIV to 615,000 units, or 2.5% higher than 2011. This is on the back of a stable domestic economy coupled with tax incentives for hybrid and electric vehicles. The tax incentives, in particular, are expected to boost sales for Toyota Prius and Lexus CT200h. Both UMW Toyota Motor and Perodua will continue their efforts to improve efficiency and enhance productivity.

EQUIPMENT

Orders for our heavy equipment were driven by the timber industry as the sector saw an unusually high demand for timber from Japan for its reconstruction programmes following the March 2011 earthquake and tsunami. The Equipment Division also sold RM52.5 million worth of fire trucks and successfully secured contracts valued at RM300 million for the delivery of 200 units of Komatsu mining equipment in Myanmar in 2011.

Overall, the heavy equipment business performed well during the year under review with new record in revenue, driven by the Malaysian and Myanmar operations. The better performance of the Malaysian operations was fuelled by the implementation of various projects under the Government Transformation Programme coupled with the active forestry, agriculture (palm oil) and mining (iron ore) sectors.

Komatsu excavator

Our Myanmar operations also achieved strong revenue despite having a challenging year in terms of transformation of political and government systems and the renewal of trade sanctions on the country by the United States of America and the European Union. Nonetheless, profit margin for Komatsu machines sourced from Japan was squeezed by the stronger Japanese Yen against the US Dollar. Papua New Guinea operations, meanwhile, registered lower sales revenue and a loss before taxation due to provision made for the repair and maintenance contract.

Our Singapore operations continued to achieve higher revenue with better profitability on the back of higher gross profit margin. The stronger sales were driven partly by active sales coverage of the market by zones, projects and industry, which captured sales opportunity in the market. Our Singapore unit has been growing its fleet management rental business for both Komatsu and Toyota/BT as there is a growing preference among large companies to focus more on their core competency and outsource their non-core activities to suppliers. Furthermore, demand for the used equipment business is growing within Singapore and the ASEAN region. In December 2011, our Singapore business in joint cooperation with Komatsu Limited, Japan, launched the new Komatsu Hybrid Excavator.

MANUFACTURING & ENGINEERING

Demand for automotive parts was affected by the slowdown in vehicle sales due to the tsunami in Japan, while Kayaba products saw weaker demand following the substitution of hydraulic with electric power steering system for certain new vehicle models.

Repsol brand launch in Shah Alam

However, KYB-UMW Malaysia Sdn. Bhd. and KYB-UMW Steering Malaysia Sdn. Bhd. continued to be the largest shock absorber and power steering pump manufacturers in the country, respectively, and market leaders in the original equipment and replacement markets.

Despite lower contributions from this segment, revenue from the M&E Division was boosted by additional revenue from the new plants in India and China, coupled with higher sales of lubricant products. It was a strategy well executed by the Group when it decided to establish itself in the international lubricant market. The new blending plant in Xinhui, Guangdong Province, China, with an annual output capacity of 50 million litres, was completed after only 12 months and commenced operations in January 2011. The plant, which blends and distributes REPSOL and GEP branded lubricants, rapidly expanded the distribution network to South, West and Central China, Hongkong and Macau.

Meanwhile, our three automotive component manufacturing companies in India - UMW Dongshin Motech Private Limited ("UMW Dongshin"), Sathya Auto Private Limited ("Sathya Auto") and Castwel Auto Parts Private Limited, are well-placed within the automotive hubs to tap the country's robust demand for vehicles. Some of their reputable clients include General Motors, TATA Motors ("TATA") and Volkswagen ("VW"). UMW Dongshin started providing parts to VW and TATA in 2011 while Sathya Auto supplied 100% of the jack requirement of Hyundai India.

OIL & GAS

For the year ended 31 December 2011, the O&G Division successfully achieved a turnaround in terms of operating performance, primarily due to contributions from its three offshore

NAGA 1

drilling rigs. From a loss position in 2010, the Division generated an operating profit in 2011. The earnings generated from the drilling rigs helped to buffer some of the impact of losses from our overseas associated companies, which faced slow demand for oil and gas pipes in 2011. In particular, our overseas associate, WSP Holdings Limited was still adversely affected by the anti-dumping and countervailing duties imposed by the United States of America on Oil Country Tubular Goods imported from China.

Our semi-submersible rig, NAGA 1 secured a five-year contract extension at a higher daily operating rate from Petronas Carigali Sdn. Bhd. ("Petronas Carigali") effective November 2010 for a total of USD250 million. NAGA 2, our premium jack-up rig offered a full-year contribution after it commenced drilling operations in September 2010 for the Pangkah WHP-B Development Drilling Programme in the Ujung Pangkah Field, located in Pangkah PSC-Offshore, Indonesia. The 3.7 years drilling contract worth USD183.12 million was awarded by HESS (Indonesia-Pangkah) Limited. Meanwhile, NAGA 3, another one of our premium jack-up drilling rigs, secured a drilling contract from Petronas Carigali and has been generating income since March 2011. The contract worth USD41.5 million is for Petronas Carigali's domestic operations within the Malaysian waters and for a period of one (1) year with two (2) one-year extension options, effective January 2011. The contract has been extended for another two (2) years at a higher daily operating rate effective 22 March 2012 at a value of approximately USD105 million.

Our land rigs in Oman, Ghazal I, III and IV, also offered full-year contributions in 2011 while Ghazal V, which became operational in July 2011, provided additional earnings. The Ghazal III and IV rigs were for two (2) contracts with Petroleum Development, Oman, for the provision of onshore drilling services in Lekhwair, Oman.

The prospects of the O&G Division are expected to improve in 2012 and the segment is anticipated to contribute positively to the Group with continued contributions from the Group's drilling rigs. The Division is also in the course of being restructured and rationalised to optimise its potential.

CORPORATE SOCIAL RESPONSIBILITY

UMW is unwavering when it comes to Corporate Social Responsibility ("CSR") and is determined to make meaningful changes for the communities that it operates in. As such, CSR efforts are not limited to provision of financial assistance alone but include the time and effort accorded by our dedicated employees. UMW's Community Champions, an employee-volunteer programme, has so far captured 7,501 hours in service for the community between June 2009 and December 2011.

As the premier partner of Yayasan PINTAR (Promoting Intelligence, Nurturing Talent, Advocating Responsibility), UMW has allocated RM300,000 for its seven (7) adopted PINTAR schools, which will be used to improve the quality of education. In addition, we have provided MERCY Malaysia with a grant worth RM1.8 million via the UMW-MERCY CSR partnership that started in December 2008. The funds are utilised for various community health projects in Sabah and Sarawak, which have so far benefitted almost 9,000 people in the remote rural areas. Our Community Champions are also deployed to serve in MERCY missions in Sabah and Sarawak.

In 2011, UMW continued to participate in various disaster relief activities. The Group contributed a total of RM500,000 to the Malaysian Red Crescent Society International Relief Fund as part of the support to help Japan in its recovery efforts after the massive earthquake and subsequent tsunami. Our Community Champions, meanwhile, were also involved in post-flood relief activities in Johor.

In support towards the environment, the UMW Green Challenge Programme, initiated in February 2009, is aimed at promoting environmental awareness among lower secondary students. For the 2010/2011 session, participants from schools around Kuala Lumpur and Selangor were invited to undertake the challenge of reducing their schools' carbon footprints. SMK Subang Utama and SMK Bukit Indah emerged as winners and were rewarded with cash prizes.

Meanwhile, UMW Toyota Motor, for the 11th consecutive year, organised the Toyota Eco Youth Programme, supported by a non-profit organisation, the Global Environment Centre. Since the programme started in 2001,

UMW Group contributed a total of RM500,000 to the Malaysian Red Crescent Society International Relief Fund

UMW Toyota Motor has invested over RM4.0 million to ensure its successful implementation. UMW Toyota Motor also organised the 20th Toyota Classics concert on 10 November 2011, which collected a total of RM318,500 from ticket sales and corporate donations, and proceeds were donated to three (3) charitable organisations.

DIVIDEND

The Board is pleased to recommend a final single-tier dividend of 15%, or 7.5 sen (2010: 13% or 6.5 sen) per share of RM0.50 each, amounting to a total net dividend payout of approximately RM87.6 million (2010: RM75.9 million) for the financial year ended 31 December 2011. The proposed final dividend, if approved by shareholders, will be paid on 10 August 2012.

This would bring the total single-tier dividend for the financial year ended 31 December 2011 to 31.0 sen or 62% per share of RM0.50 each, amounting to approximately RM362.2 million of net dividend (2010: 30 sen or 60% per share of RM0.50 each, total net dividend totalled RM347.3 million). This payout represents approximately 72.7% of the 2011 net profit attributable to shareholders of UMW (net of unrealised gains) against our target headline Key Performance Indicator for dividends of at least 50%.

PROSPECTS AND FUTURE DIRECTION

While the Euro Zone debt crisis remains a risk to the recovery of the global economy, Malaysia's GDP is anticipated to grow by around 4% to 5% in 2012. The strength of the country's economy, coupled with the Government's liberalisation in policies and transformation initiatives towards achieving a developed and high-income nation, will help sustain employment, as well as demand for goods and services. On the back of such scenario, UMW is cautiously optimistic of the prospects in 2012 and is prepared to seize the opportunities that arise from an improving business environment.

Further implementation of the Economic Transformation Programme will benefit all sectors including the Automotive Industry. MAA's forecasted improvement in TIV to 615,000 units in 2012, is based on the extension of tax incentives for hybrid and electric cars by another two (2) years to 2013, introduction of several new and exciting models by car manufacturers, and positive consumer sentiments, thanks to employment stability.

Riding on these positive sentiments, Perodua and UMW Toyota Motor collectively target to sell a total of 281,000 units or 45.7% of the total TIV in 2012, which represents an increase of 3.9% over the 270,440 units sold in 2011. The higher vehicle sales expectation is based on strong demand for the new MyVi model launched in June 2011, full model change for Lexus GS series and Camry, introduction of a new hybrid car, Prius C, and improved model for Vios, Hilux and Fortuner. Profit margins, nevertheless, are likely to be dampened by more costly importations and higher advertising and promotional expenses for new product launches.

The Equipment Division is anticipated to sustain its revenue at the 2011 level, as higher revenue from the strong demand for our mining equipment is likely to be offset by lower revenue contributions from the timber industry, which is expected to return to "normal" in 2012, and expected lower demand for fire trucks following high delivery in 2011. Depending on economic conditions, the Malaysian operations may launch the Komatsu hybrid hydraulic excavator model HB205-1 (20-tonne hydraulic excavator) in 2012. Profitability is expected to improve as no further impairment is expected from UMW Niugini Limited's maintenance and repair contract in 2012.

Performance for the M&E Division is likely to improve in 2012 due to higher capacity utilisation of our automotive component plants in India, improved plant capacity utilisation of up to 64% for our new lubricant plant in Xinhui, China, and increased sales of Repsol and Pennzoil lubricant products. The shock absorber business is anticipated to see marginal growth while demand for power steering pumps is expected to decline further due to the change from hydraulic power steering system to electronic power steering system for the new MyVi model introduced by Perodua in 2011. KYB-UMW Group will continue efforts to achieve greater cost efficiency and productivity with the aim of enhancing profitability.

The O&G Division is expecting significant improvement in operating profit in 2012 on the back of full-year contribution from NAGA 3, additional contributions from the new workover rig Gait V and the semi-submersible rig, Hakuryu 5, as well as full-year contribution from Ghazal V, and from the installation and commissioning of equipment and facilities for the Garraf Power Plant in Iraq which is expected to be substantially completed in 2012. However, the dry-docking of NAGA 1 for several months in 2012 will have some impact, albeit not significantly, on the operating profit. The changes in fair value of our overseas quoted investments as well as hedging instruments used to hedge various financial risks may impact the overall performance of the O&G Division in 2012.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere appreciation to all our employees for their commitment, dedication and untiring efforts which have resulted in yet another record year for the Group. However, I urge them to continue to remain vigilant to the challenges ahead and I look forward to their continuous support in the years to come.

My gratitude also goes to my fellow colleagues on the Board for their valuable advice, guidance, dedication and efforts in overseeing the businesses of the Group and towards achieving the Group's goals.

Last but not least, I wish to thank our principals, customers, shareholders, suppliers, bankers and business associates for their kind support and cooperation over the years.

ASMAT BIN KAMALUDIN
Group Chairman

29 May 2012

REVIEW OF OPERATIONS

2011 EMERGED AS ANOTHER RECORD YEAR FOR THE UMW GROUP AMIDST A FRAGILE RECOVERY IN THE GLOBAL ECONOMY. THE OUTSTANDING PERFORMANCE WAS DRIVEN BY THE STRENGTH OF ITS CORE BUSINESSES, AND SUPPORTED BY THE GROUP'S SOLID AND PRUDENT MANAGEMENT.

DATUK SYED HISHAM BIN SYED WAZIR
President & Group CEO

AUTOMOTIVE

Based on statistics released by the Malaysian Automotive Association ("MAA"), the year saw a Total Industry Volume ("TIV") of 600,123 units, slightly lower than the 605,156 vehicles sold in 2010. Vehicle sales were affected by production disruptions caused by the unexpected earthquake and subsequent tsunami in Japan as well as the massive floods in Thailand. While both UMW Toyota Motor Sdn. Bhd. and Perusahaan Otomobil Kedua Sdn. Bhd. sold less vehicles, in tandem with the broader industry, both companies still sustained their respective leadership in the market and collectively controlled 44.8% of TIV.

UMW Toyota Motor Sdn. Bhd. ("UMW Toyota Motor")

Despite the slowdown in vehicle sales, the Toyota marque remained at the top in the non-national car category for the twenty-second consecutive year, securing 14.8% market share. Vios and Hilux were still the most popular models in their respective categories, having sold 29,820 units and 21,471 units, respectively, in 2011. Camry also performed very well with 7,575 units sold during the year. UMW Toyota Motor had several new launches in 2011, including Vios improved model, Hilux BMC, Innova BMC, Fortuner BMC and Lexus CT200h.

UMW Toyota Motor remains committed towards its goals of achieving high quality standards and customer service levels, which require things to be done right from the beginning until the end of the value chain. UMW Toyota Motor continues to incorporate Quality Management practices, methodology and mindset amongst each and every employee, while focusing on our customers and managing costs through streamlining of processes, reduction of wastage and increase in productivity.

Launch of Lexus CT 200h

UMW Toyota Motor emerged as winner of the CEO Awards 2010

Assembly Services Sdn. Bhd. ("ASSB")

ASSB, which is involved in vehicle assembly, saw slower production volume and registered lower earnings contributions, which were partly eroded by investments to enhance the production line for Camry. ASSB continued to show commitment towards enhancing customer service by offering quicker solutions to customer issues while implementing Plant Management Requirement steps to improve safety, quality, machine maintenance, cost, production control and logistics, environment and human resource. It also continued the five-year Jiritsuka Plan as part of Kaizen initiatives to enhance manufacturing capabilities. The Kaizen scope involves the overall plant re-layout by "Smooth Flow" concept, Shipping Operation Management, Standardised Work implementation, Pull System using Kanban and Floor Management Development System.

Automotive Industries Sendirian Berhad ("AISB")

AISB is the manufacturer of exhaust systems, instrumental panel reinforcement, catalytic convertors, seat frames and thermostat pipes. It continued to control the original equipment ("OEM") exhaust market, with a share of over 97%, despite seeing a slight decline in sales in line with the industry. In 2011, it secured a contract to supply exhaust systems to BMW Malaysia, initially for the 5-series and then the X1 series. This is a significant milestone for AISB as it successfully penetrated the premium car segment. AISB was also successful in meeting Volkswagen's quality system assessment, which is a mandatory requirement before becoming a supplier to the auto maker.

AISB also continued to dominate in the catalytic convertor canning business with the contract to supply Proton's new Turbo and CVT engines. In its continuous efforts to become a full-fledged exhaust system manufacturer, AISB invested in a computer aided design software, which will boost design accuracy and improve efficiency. Proton's GSC exhaust system is the first to benefit from this software. In recognition of its services, AISB was given the Continuous Improvement Effort Award by its customer, Honda Malaysia Sdn. Bhd. in 2011.

The new MyVi 1.3 and MyVi 1.5

Toyota Boshoku UMW Sdn. Bhd. ("TBU")
TBU is in the business of assembling seats, door trims and leather seat covers. While performance was slightly affected, it managed to sustain its market share at 12%, similar to the previous year. Together with UMW Toyota Motor, it invested in the Plant 2 renovation and Camry's completely knocked down preparation, which was launched in November 2011.

During the year under review, TBU carried out a one-year ICT programme with an affiliate company to focus on product development. It was also accredited with Integrated Quality Management System (ISO9001 and ISO14001).

Perusahaan Otomobil Kedua Sdn. Bhd. Group ("Perodua")
Perodua's overall performance was marginally lower due to supply chain interruption as a result of the tsunami in Japan. The national auto maker sold 179,989 units, representing 30% of TIV. Nonetheless, the impact was mitigated with the continuous strong sales of MyVi, which is Perodua's top-selling model since 2006. Strong demand for MyVi was driven by Perodua's launch of the new MyVi 1.3, MyVi 1.5 SE and 1.5 Extreme variants in the second half of the year.

During the year, it also introduced an additional variant of the Alza - the Alza M2 - to commemorate the visit of the former Prime Minister, Tun Dr. Mahathir Mohamed to Perodua's headquarters and plant in Mukim Sg. Choh, Rawang, after 10 years. Since the launch of the new MyVi and Alza, Perodua has received up to 31 December 2011, a total of 50,843 bookings for the new MyVi 1.3 and 19,621 bookings for the MyVi 1.5 SE and 1.5 Extreme variants while all 500 units of the limited edition Alza were sold out. As demand for compact cars remained strong in 2011, MyVi and Alza continued to dominate their respective market segments. Meanwhile, Viva experienced stagnant growth partly due to more stringent loan approval process imposed by financial institutions, as Viva's target customers are usually first-time buyers.

In 2011, Perodua continued to garner recognition for its vehicles with the following awards and accreditation-

- Alza received the "Best Model of the Year Award" at the Frost & Sullivan Malaysia Excellence Awards.
- Viva (1.3l and below) accepted the "Value-for-Money Car of the Year Award" at the Frost & Sullivan Malaysia Excellence Awards.
- MyVi was awarded the "Best Local Assembly Compact Car Award" at the Auto Industry Awards 2011 organised by Asian Auto.
- MyVi 1.3 premium and MyVi 1.5 conformed to the safety standards and were given the 4-star rating in the Malaysian Vehicle Assessment Programme (MyVAP) certification by the Malaysian Institute of Road Safety Research (MIROS).
- Alza received the "Compact MPV of the Year 2011 & 2012 Award" at the LIVE LIFE DRIVE Car of the Year 2011 & 2012.
- MyVi was given the "Supermini of the Year 2011 & 2012 Award" at the LIVE LIFE DRIVE Car of the Year 2011 & 2012.
- MyVi received the "Supermini/Small Sedan Category" at the AUTOCAR Asean Car of the Year 2011 Awards.
- MyVi accepted the "People's Choice Award 2011" at the NST/Maybank Car of the Year Award 2011.

In 2011, Perodua joined the social media foray with the launch of the "Perodua Facebook", which allowed the auto maker to announce promotional campaigns and activities, as well as to provide opportunity for customer feedback. Perodua also launched the "Perodua Tweckbot", a twitter-based free safety check for customers to request for the auto maker's mobile team to carry out the 20-point check on their vehicles during festive season period. The locations included Klang Valley, Penang, Ipoh and Johor Bahru.

In 2011, Perodua acquired a landbank in Ayer Keroh, Melaka with plans to set up a new 3S (sales, service and spare parts) centre. By 31 December 2011, the auto maker also completed the 3-year rear seat belt installation programme for Perodua vehicles, which was a Corporate Responsibility project that cost RM25 million. A total of 236,993 vehicles were fitted with rear seat belts over the three-years period.

EQUIPMENT
The Equipment Division achieved a 30.1% jump in revenue over the previous year, thanks to an unusually high demand for our heavy equipment from the timber industry, which was spurred by Japan's reconstruction programmes following the earthquake and tsunami in March 2011 and the excellent performance from Myanmar. On top of that, the Division sold a total of RM52.5 million worth of fire trucks during the year and secured contracts for the delivery of 200 units of Komatsu mining equipment in Myanmar. However, a substantial provision for maintenance and repair contract of an overseas subsidiary led to the reduction in the Equipment Division's profit before tax for 2011 compared to the previous year.

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 "Heavy Equipment Group")
The Heavy Equipment Group is involved in importation, distribution, repair, maintenance and service of all types of industrial and heavy equipment and related spares in

Singapore, Brunei, Papua New Guinea and the Republic of the Union of Myanmar. For the year under review, the Heavy Equipment Group had an outstanding performance with new records in revenue and profit before tax contributed by the Malaysian and Myanmar operations. The Group achieved a significant increase in revenue of 40.2% compared to 2010.

The Malaysian operations posted a hefty profit before tax, spurred by the vibrant forestry, palm oil plantations and iron ore sectors, as well as the implementation of various government transformation projects, coupled with the stronger Malaysian Ringgit. Myanmar operations also registered higher revenue and profit before tax despite the uncertain environment due to changes within the political and government systems, resumption in trade sanctions on the country by the United States of America and the European Union, as well as the stronger Japanese Yen against the US Dollar that dampened the profit margin of Komatsu machines sourced from Japan.

The Malaysian economy remains supportive of growth while the buoyant mining and gas sectors in Myanmar would bode well for the respective business units.

Despite the strong contributions from the Malaysian and Myanmar operations, the Heavy Equipment Group registered a much lower profit before tax due to losses suffered by its Papua New Guinea operations. The Papua New Guinea business is expected to consolidate following the expiry of the "Maintenance and Repair Contract" with Morobe Mining Joint Venture in June 2012.

INDUSTRIAL EQUIPMENT

UMW Industries (1985) Sdn. Bhd. ("UMW Industries")

UMW Industries, which specialises in material handling and industrial floor cleaning equipment business, represents some of the world's most recognised names in industrial equipment, including Toyota material handling equipment, BT and Raymond warehouse trucks, and Tennant industrial sweepers and scrubbers. In 2011, UMW Industries maintained its forklift market share of more than 50% in Malaysia's material handling equipment business.

The company launched Tennant T16 battery-operated rider scrubber in 2011, which is a combination of advanced Tennant technologies and quality construction that delivers clean and safe floors. The new product is ideal for manufacturing plants, warehouses, car parks and retail stores.

UMW Industries continued to understand its customers' needs by offering value added products. In 2011, it organised many activities like technical workshop for fleet customers to train customers' technical personnel, safety campaigns at customers' site to raise awareness as well as Regional Customer Day at branches to promote warehouse safety awareness and safe forklift operations.

Tennant T16 industrial rider scrubber

In recognition of the company's achievement, UMW Industries received the President's Award 2010 from Toyota Material Handling Company for the second time. UMW Industries is a Diamond Member of the Toyota Material Handling International Premier Club. Its four (4) branches in Kuching, Sibu, Kota Kinabalu and Tawau received the Toyota Industries Corporation's "After-Sales Service Evaluation & Certification Programme" re-certification from August 2011 to July 2016.

UMW Industrial Trading (Shanghai) Co., Ltd., China ("UMW Industrial Trading") / UMW Industrial Equipment (Shanghai) Co., Ltd., China ("UMW Industrial Equipment")

While more competitively-priced Chinese brands continue to dominate demands, the company has capitalised on its excellent after-sales service and support to make further inroads into the market. The company has also benefitted from the high demand and good resale value for its used trucks.

In 2011, the Toyota 8 series battery forklift was launched in Shanghai and Hangzhou. The forklifts have been designed for greater safety and easier operability, as well as being energy-saving and eco-friendly.

UMW Industrial Power Sdn. Bhd. ("UMWIP")

UMWIP, which distributes engines, generator sets, air and gas compressors in Malaysia, achieved better earnings in both topline and bottomline. Revenue improved in the year under review, predominantly due to contributions from Mitsubishi Marine Engine, generator sets and oil and gas compressors. Operating profit registered a 38% jump from the previous year, while profit before tax improved 29% year-on-year.

Mitsubishi Marine Engine saw higher than expected demand from the shipbuilding industry while current buoyant activities in the oil and gas sector spurred stronger demand for compressors. Demand for marine engines improved in 2011 with UMWIP's market share maintained at 15%. The Oil and Gas Industry is expected to remain buoyant due to the PETRONAS RM300 billion five (5) years capital expenditure.

In 2011, UMWIP embarked on a 5S implementation programme, which increased employee engagement and improved productivity, safety and quality. The company is expected to receive certification from Malaysia Productivity Corporation in the first half of 2012.

SINGAPORE EQUIPMENT OPERATIONS

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

UMW EEPL is an exclusive distributor of Komatsu construction equipment and Toyota/BT/Raymond material handling equipment with its related spare parts. In 2011, it achieved higher profitability on the back of better margins and higher revenue, owing to increased sales volume and

Toyota 8 Series forklift

expanded market share. In particular, the distributor increased the number of forklifts sold by 18%.

UMW EEPL launched the new Komatsu Hybrid Excavator in December 2011 in a joint cooperation with Komatsu Limited, Japan. Komatsu has always made huge investments in the latest technology in its Research and Development activities. As a leading equipment company of the construction equipment manufacturing industry, Komatsu is determined to meet the needs of time by practically proposing innovative equipment designed to reduce environmental impact, including carbon dioxide reduction in its global efforts. The new Hybrid is powered by the Komatsu Hybrid System which utilises a newly-developed electric motor that turns the upper structure, power generation motor, capacitor and diesel engine. The hybrid model saves about 25% of fuel consumption relative to the standard hydraulic excavator.

During the year, UMW EEPL conducted active sales coverage of the market based on zones, projects and industry while offering customer support programmes to strengthen business relationships. It also grew its Fleet Management rental business for both Komatsu and Toyota/BT equipment, as well as expanded the tyre, battery and lubricant business into the non-industrial and construction sectors. The used equipment business was also enlarged due to strong demands within Singapore.

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

UMW ESV is in the business of trading of industrial and heavy equipment and related parts, and after-sales service in Vietnam. It posted higher revenue due to better sales of Toyota units, and achieved better profitability.

In 2011, the company held a number of advertising and promotional campaigns to boost sales. It conducted more training for sales and service staff as well as upgraded workshop and service facilities, which created awareness of its presence as the official distributor of Toyota/BT trucks in Vietnam and helped boost the confidence of customers towards UMW ESV.

OIL & GAS

For the year ended 31 December 2011, the Oil & Gas Division turned in a positive operating performance, mainly due to the contributions from its three (3) offshore rigs.

OIL & GAS EXPLORATION OPERATIONS

UMW Standard Drilling Sdn. Bhd. ("UMWSD") / UMW Standard 1 Pte. Ltd. ("UMWSD1") / UMW Standard 3 Pte. Ltd. ("UMWSD3")

UMWSD provides contract offshore drilling business and operations and other engineering services for oil and gas exploration, appraisal, development and production in Malaysia and overseas. UMWSD currently manages and operates jack-up rigs, NAGA 2 and NAGA 3. Both UMWSD1 and UMWSD3 build, own and operate drilling rigs and related activities in the upstream oil and gas sector. Currently, UMWSD1 is the owner of NAGA 2 while UMWSD3 owns NAGA 3.

UMWSD turned around during the year under review with a profit before tax versus a loss before tax in 2010, on the back of strong revenue that quadrupled from the year before. Similarly, UMWSD1 returned to the black in 2011, as it posted a profit before tax during the year under review versus a loss before tax in 2010. This was attributable to improved turnover, which more than doubled from the previous year. UMWSD3, meanwhile, registered its earnings for the first time after NAGA 3 was leased for a contract worth USD41.5 millon from Petronas Carigali Sdn. Bhd. ("Petronas Carigali") effective January 2011.

UMWSD foresees ample opportunities available for drilling rigs, especially demand for the jack-up rig, in the next five (5) to ten (10) years on the back of firm oil prices as well as continuous development by PETRONAS on its marginal fields, brown fields and small fields in local waters. The jack-up rigs are becoming the more preferred type of rigs in the Asia-Pacific region. The companies are planning to expand its rig fleet base via acquisition or building new rigs. The companies also intend to capture those opportunities via a bare boat charter with an option to purchase arrangement, while bidding for drilling contracts/jobs in the South-East Asia region. This arrangement will enable the companies to leverage on the international drilling contractors' jack-up rig on a bare boat charter basis to secure contracts. There is an option for the jack-up rig to be purchased after one or two years.

UMW Drilling Co. Ltd. ("UDC") / UMW JDC Drilling Sdn. Bhd. ("UMW JDC")

UDC is a 50% asset owner of semi-submersible rig NAGA 1 in Malaysia and the intended business of UDC is to provide contract drilling and engineering services for the oil and gas industry and to acquire drilling rigs and vessels for sale or lease to third parties. UMW JDC, meanwhile, offers drilling services to the upstream oil and gas sector, and operates NAGA 1. UMW JDC is a 85%

joint venture unit with Japan Drilling Company Ltd.

For the year under review, the two (2) companies performed positively in both revenue and profit before tax despite the stiff competition in the market. For 2012, earnings might be slightly impacted, as NAGA 1's operations would be temporarily suspended for about eight months for deepdish installation and equipment upgrading. NAGA 1's current five (5) years extension of contract, valued at approximately USD250 million and awarded by Petronas Carigali, expires in 2015. Demand for drilling rigs is expected to be high and steady for the next five (5) to ten (10) years on the back of PETRONAS' marginal fields, brown fields and small fields in the local waters. UDC continues to conduct efficient preventive maintenance and rig life enhancement programmes to avoid delays, as well as increase variable deck load and upgrade equipment capacity to enhance NAGA 1's future marketability.

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

Set up in 1989, Jaybee Drilling is a rig operator of Sher 1, Sher 2 and Sher 3 drilling rigs in Assam, India. UMW Sher is the asset owner of all new assets required for the operations of onshore drilling activities undertaken by Jaybee Drilling. In 2011, Jaybee Drilling's revenue fell marginally but contribution to profit before tax more than doubled due to significantly improved operating margins. UMW Sher also recorded significantly improved profits.

The Indian market is expected to be buoyant in 2012 fuelled by strong demand for petroleum and natural gas, which correspondingly increases the demand for drilling rigs and related services. Furthermore, discoveries at RIL's NEC and Krishna-Godavari blocks might lead to long-term intensified drilling activities from 2013 onwards with expected drilling requirements of around 80 wells. Competition in drilling business has become stiffer with the increase of drilling companies, which leads to falling day rate. To remain competitive in the market, Jaybee Drilling continues to take measures to increase efficiency and reduce wastages. It is also focused on providing integrated services to meet the growing demand.

NAGA 3

Arabian Drilling Services L.L.C, Oman ("ADS")

ADS, which offers onshore drilling services to local, regional and international clients, currently owns four (4) American-made super-single onshore drilling rigs. In 2011, revenue contribution improved significantly on year-on-year basis but thin operating margins pressured profitability. Its market share of the onshore drilling services was still relatively small at 5%. Ghazal I, a 750 hp rig, is on a 1-year dry lease contract with Academy Drilling, USA while Ghazal III and IV, both 1,000 hp rigs, have been on long-term contracts with Petroleum Development of Oman, a Shell operating company, since May 2010. Ghazal V is leased to MEDCO of Oman since May 2011.

ADS expects business environment to be supportive of growth in 2012 given that oil prices are forecasted to hover between USD90 and USD100. The 2012 Omani Budget foresees a RO850 million deficit for the year while the Government is anticipated to increase spending by 9% for infrastructure projects. Meanwhile, Petroleum Development Oman is likely to issue tenders for at least eight (8) rigs in 2012. ADS will continue efforts to increase efficiency and utilisation while reducing wastages to reduce cost.

UMW Petrodril (Malaysia) Sdn. Bhd. ("UMW Petrodril") / UMW Pressure Control Sdn. Bhd. ("UMW Pressure Control") / UMW Petrodril Siam Co. Ltd., Thailand ("UMW PSC")

UMW Petrodril provides hydraulic workover units ("HWUs") and currently owns and operates four (4) HWUs including UP GAIT I, UP GAIT II, UP GAIT III and UP GAIT V. Under UP GAIT III, the company offers and markets an umbrella package comprising the HWU, a support work-barge, GULFDRILL 9 and the pedestal platform crane on an integrated basis. UMW Petrodril is also the agent for a variety of offshore drilling and workover-related products and services, such as Dril-Quip's deepwater subsea production equipment and accessories.

UMW Petrodril delivered a positive performance for year ended 31 December 2011 and expects prospects to remain firm, following continuous growth from PETRONAS. The national petroleum company is likely to launch its Brownfield Rejuvenation Programme and boost its deepwater programmes, coupled with plans to invest over RM200 billion between 2011 and 2015 to replace ageing oil and gas structures and boost output from domestic fields. In 2012, UMW Petrodril intends to form alliance with CDS to offer sidetrack services while introducing and upgrading new technologies and services. It continues to improve inventory management through just-in-time delivery of consumables and spares, as well as include Data Acquisition System to HWU.

MANUFACTURE OF OCTG AND LINE PIPES

Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd., China ("Zhongyou BSS")

Zhongyou BSS's core business is in manufacturing and sales of large diameter Longitudinal Submerged Arc Welded and Spiral Submerged Arc Welded steel pipes and Bend-pipes for transmission of oil and gas. The Bend-pipes production line was completed in February 2010.

Through R&D, Zhongyou BSS developed offshore pipes for undersea pipelines. The company also established a monitoring system for cost control and continued to optimise production, which resulted in improved cost competitiveness, better productivity and lower cost of production.

The plant secured first order of 8,916MT for Sino-Myanmar Pipeline Project (China-Section) in July 2011.

A month later, the LSAW plant of BSS successfully completed trial production of H-Grade "Offshore Riser" pipes with steel grade of X80, that meets the technical requirements of DNV-OS-F101.

Shanghai BSW Petro-Pipe Co., Ltd., China ("Shanghai BSW")
Shanghai BSW's core business is in the manufacturing of Spiral Submerged Arc Welded pipes and the provision of external and internal coating for line pipes.

Demand for line pipes is promising with major projects from CNPC and the general market, due to the increasing need for oil-related products in China.

WSP Holdings Limited, China ("WSP")
WSP Holdings Limited is listed on the New York Stock Exchange. The company develops and manufactures seamless OCTGs, including seamless casings, tubings and drill pipes used for onshore and offshore oil and gas exploration, drilling and extraction, and other pipes and connectors. It offers a wide range of American Petroleum Institute ("API") and non-API seamless OCTG products, including products that are used in extreme drilling and extraction conditions. These products are used in China's major oil fields and are exported to oil-producing regions throughout the world.

The company has intensified their marketing activities and continue to look for new customers in the Middle-East, South America and Central Asia. Their new finishing mills in Thailand and Houston are expected to start commercial production in first quarter of 2012, thus being able to again export pipes into the United States.

United Seamless Tubulaar Private Limited, India ("USTPL")
USTPL is a manufacturer of high grade OCTG, comprising casings, drill pipes and line pipes. Its plant in India was operational since January 2011 with a capacity of 300,000 metric tonnes per annum. The factory's capacity was running between 33% and 42% during the year under review and this is expected to increase to 63% in 2012. About 88% of production is exported to the USA. The USA anti-dumping regulations on Chinese oil and gas products has indirectly boosted USTPL's operations in the USA. In January 2011, it received the American Petroleum Institute ("API") certification as well as ISO9001 and ISO/TS29001.

FABRICATION OF OIL AND GAS AND OTHER STRUCTURES

UMW Fabritech Sdn. Bhd. ("UMW Fabritech")
UMW Fabritech provides sandblasting, priming, coating, testing, inspection, maintenance and repair services for equipment and tubes as well as fabrication services to the oil and gas industry. It owns two yard facilities in Kemaman, Terengganu and Lumut, Perak. UMW Fabritech is also the sole coating licence holder for SAKAPHEN special coating in South-East Asia. Its Kemaman yard was the only contributor to Fabritech's earnings in 2011 as the Lumut yard has yet to be commercialised. In 2012, the Lumut yard is expected to be leased to UMW Synergistic Generation Sdn. Bhd. (formerly known as Synergistic Generation Sdn. Bhd.) for business expansion. The operating environment for oil and gas service providers remained positive on the back of PETRONAS' expansion plans.

UMW Helmsion Engineering Pte Ltd, Singapore ("UMW Helmsion")
UMW Helmsion is principally involved in repair and fabrication of steel structures for lifting, handling and hoisting for the marine, oil and gas, construction and other related industries. The company contributed positively to the Group in 2011 due to increase in order books as well as better profit margins. Demand for its products was strong during the year on the back of buoyant oil and gas, and industrial sectors, which is expected to continue into 2012.

Vina Offshore Holdings Pte. Ltd., Singapore ("Vina Offshore")
Vina Offshore provides procurement and supply of material and equipment, construction process skids and modules, steel structures, process piping, supply and inspection services of lifting accessories and equipment for the Oil and Gas Industry. Its performance was enhanced during the year under review due to increase in demand for its maintenance services.

Offshore Construction Services Pte. Ltd., Singapore ("Offshore Construction")
Offshore Construction provides fabrication services to the marine industry, turnkey projects and other engineering services. In 2011, the lack

UMW Oil & Gas Division manufactures a complete range of seamless and welded pipes

UMW Petrodril's Hydraulic Workover Unit

of new contracts in the market as well as stiff price competition eroded its profitability but this was mitigated by the successful orders for two (2) ship repairs in the fourth quarter of 2011. The company remained prudent in its management of resources and continued to implement cost reduction measures, while enhancing product quality by upgrading its machineries and equipment.

PROVISION OF OILFIELD SERVICES

UOT (Thailand) Limited, Thailand ("UOT")

UOT is a machine shop operator that repairs damaged threads and manufactures threads for OCTG and accessories. Drilling activities in Thailand dropped in 2011 due to delay of new rigs coming onstream at the beginning of the year, caused by the effects of typhoon and monsoon. Its Sattahip plant saw reduced drilling activities for the offshore Northern Gulf of Thailand while the Songkhla plant received more demand. UOT still maintained its market share in 2011 of 80%. In December 2011, UOT-Songkhla plant qualified for the TT-390 license from NOV Grant Prideco. In 2012, drilling activities are expected to hover around the same level as 2011. UOT aims to get the approval from PTT for its Chinese Line Pipe, which will be sold to Thailand, Myanmar, Cambodia, Laos and Vietnam.

UMW Oilpipe Services Sdn Bhd ("UOS")

UOS owns and operates Malaysia's premium threading plant for OCTG. Its two threading facilities - East Plant and West Plant - are strategically located inside the Asian Supply Base, Labuan Federal Territory. Located one kilometer apart, both plants stand on seven acres of land and house facilities that effectively enable them to meet the threading needs of drilling companies and contractors operating in Sabah, Sarawak and Brunei. UOS, which is the market leader in OCTG in East Malaysia, with a market share of 70%, performed positively during the year under review, riding on the increase in demand for oil and gas threaded pipes and services in East Malaysia. In particular, demand for drilling requirement and pipes by local oil and gas companies increased significantly in the second half of 2011.

In recognition of its excellent safety performance, UOS received a Zero Lost-Time-Injury Certificate of Appreciation from Prime Sourcing International, a wholly-owned subsidiary of PETRONAS, on 5 December 2011. In addition, due to its stringent Quality Management System and machine capabilities, UOS was licensed in 2011 for additional thread pattern of DINO VAM and VAM HP from VAM Services France. During the year, the company embarked on a 5S programme with assistance from UMW Training & Development Department. The programme, which focuses on organisation, cleanliness and standardisation of plant operations, is expected to improve overall efficiency, quality standards and safety. It has so far completed the Seiri and Seiton phases and is moving forward with the Seiso phase. UOS plans to seek NPC certification by mid-2012. Prospects going forward remained favourable in view of the number of activities being planned by local oil and gas players in Sabah, Sarawak and Brunei.

UMW Oilfield Services (Tianjin) Co., Limited, China ("UOS Tianjin")

UOS Tianjin is a premier OCTG accessory threading plant, focusing on premium connections since its inception in July 2003, as well as perforated pipe drilling and drilling tools rental programme. Despite stiff competition amidst a saturating market, UOS Tianjin has sustained its market share and remained as one of the two major players in the industry. The company introduced the Drill Tools Repair Rental in 2011, which is a comprehensive service focused on cost-savings and carefree programmes for customers. It also received new premium connection licenses including Tenarishydril-PH6, TPCO-TPJC/G2/CQE/TPBM and Baosteel-BTFJ. The market is anticipated to remain steady in 2012 based on the national oil demand growth forecast of 6.5%.

UMW Synergistic Generation Sdn. Bhd. (formerly known as Synergistic Generation Sdn. Bhd.)("SGSB")

SGSB is a total power solutions provider and is very active in three main market sectors, namely oil and gas, public utilities, and industrial application and building construction. The company's earnings improved in 2011, in the wake of an increase in oil and gas projects, in particular the contract for the Garraf Power Plant in Iraq, which was awarded by Petronas Carigali Iraq Holdings B.V. During the year, it completed the ISO Audit for ISO9001 certification.

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

STPPC was set up in March 2002 and its business scope mainly covers anti-abrasion internal coating, hardbanding and related products and services for drill pipes, tubings, casings and line pipes. It has received certification for ISO9001:2000 quality system and NS-1 certificate and its products were also testified by China National Petroleum corporation. The company had also obtained Shanghai's Hi-Tech Enterprise and Hi-Tech Foreign Investment Enterprise status and enjoy lower corporate tax rate until 2013. In the year under review, it achieved a 10% increase in production output and 8% increase in production value. It is expanding its coating businesses and diversifying into different markets that will contribute to stable increase in sales. During the year, it tested, produced and improved several classes of new coating products in preparation for production diversification. The company further improved its production and logistic operation efficiency during the year.

Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China ("JTSC")
JTSC was established in October 2003 and is involved in the provision of anti-abrasion internal coating, hardbanding and related products and services for drill pipes, tubings, casings and line pipes. It has been certified by ISO9001:2000 quality system and passed all tests by China National Petroleum Corporation. The company faces stiff competition as more coating companies enter the market. As a result, its production output has reduced by 32% in 2011 and only achieved 87.7% of the profit target set by the Board. The company tried to diversify its products, to avoid being overly dependent on a single product and has managed to secure an order for tubing coating. This order has laid the foundation for expansion into other types of coating services.

UMW Oilpipe Services (Turkmenistan) Ltd.,Turkmenistan ("UOS Turkmenistan")
UOS Turkmenistan provides inspection and repair and maintenance services for OCTG. It is also involved in trading of pipes. Amidst stiff competition in 2011, the company managed to improve its profit margin by implementing cost reduction measures. The business environment in Turkmenistan remains challenging in 2012 given the slow development within the Oil and Gas Industry.

SUPPLY OF OILFIELD PRODUCTS

UMW Oilfield International (M) Sdn. Bhd. ("UOIM") / UMW Oilfield International (L) Ltd. ("UOIL")
UOIM and UOIL are involved in the marketing, importation, exportation and distribution of equipment and component parts, offering technical support, consultancy services and general services related to the Oil and Gas Industry. Both companies showed positive contributions during the year under review, buoyed by strong oil prices.

The increase in both WTI and Brent crude oil prices in 2011 has sparked off more upstream activities, leading to more tenders for contracts. The demand for oil and gas remained strong in China, Japan and Korea. This contributed to the increase in OCTG demand for the United States of America due to higher rig count in the third quarter of 2011, which rose 6% from the second quarter and up by 17% since the beginning of the year. With oil drilling, particularly in the shale oil fields, continuing to increase, OCTG prices progressed moderately during the quarter. Additionally, an increase in drilling permits indicates that the rig count should continue to increase over the next quarter and OCTG demand is expected to remain at a high level entering into 2012.

PFP Holdings Pty. Ltd., Australia ("PFP Holdings")
PFP Holdings supplies a complete range of piping and pressure vessel components, including pipes, flanges and fittings to the oil and gas, and mining sectors, with operations in Australia, Singapore, Malaysia, China and Taiwan. The company, which saw improved performance in 2011, is one of the leading companies in Australia for the supply of piping, valving and pressure vessel components, with offices in Perth, Brisbane and Melbourne. It stands as the number two supplier in both sides of the business - carbon versus stainless steel and duplex stainless steel. In terms of market share, PFP Holdings captured approximately 25% share with its current business scope in trading of carbon, stainless steel and duplex stainless steel.

In 2011, PFP Holdings received the American Petroleum Institute ("API") and ISO certifications. For 2012, the Gorgon project that encompasses eleven gas fields in Western Australia offers many opportunities with the scope of piping and pressure vessel components estimated to be worth about AUD888 million.

MANUFACTURING & ENGINEERING ("M&E")
During the year under review, the M&E Division contributed towards the higher revenue of the Group.

UMW Advantech Sdn. Bhd. ("UMW Advantech")
UMW Advantech is engaged in the manufacturing and distribution of filters, plastic engineering products and spare parts for various automotive and industrial applications. During the year under review, revenue fell slightly by 9.7% due to the divestment of the special equipment business in 2010. Nevertheless, profit before tax rose 9.2% due to a one-off gain of RM2.3 million on disposal of property. The company maintained its position as the sole local supplier of filtration products to local Original Equipment Market supplier, controlling an estimated market share of 40%. Filtration products accounted for 54% of the company's revenue.

In 2011, UMW Advantech introduced the Plastic Intake Manifold, which was used in the Proton Exora CFE model. UMW Advantech continued its annual cost-cutting activities via alternative sourcing and material substitution with estimated savings of RM2.3 million for 2011. It also consolidated its factory operations from two locations to a single location and adopted lean manufacturing system based on the Toyota Production System.

Repsol brand is involved in the motorsports industry, particularly MotoGP Championship

Lubetech Sdn. Bhd. ("Lubetech") / UMW Pennzoil Distributors Sdn. Bhd. ("UPD")

The UMW Group acquired Lubetech and UPD at the end of 2010 in a move to strengthen the Pennzoil lubricant distribution business and establish itself in the international lubricant arena. Following the successful acquisition, both Lubetech and UPD contributed higher revenue for year ended 31 December 2011, driven by greater demand for lubricants. Profit margins, however, were eroded by the higher cost of raw materials.

KYB-UMW's range of product

UMW Lubricant International Sdn. Bhd. ("UMW Lubricant")

UMW Lubricant is involved in investment holding and trading, marketing and blending of lubricants. The company has joined forces with Repsol YPFS.A ("Repsol") to penetrate the Malaysian market, along with Singapore, Brunei, Papua New Guinea, Myanmar and China. UMW Lubricant is appointed as the exclusive principal agent for Repsol-branded automotive, motorcycle, industrial lubricating oils, and selected ancillary products. Repsol is a renowned brand in Spain, having been involved in the motorsports industry, particularly MotoGP Championship for over 40 years. Although Repsol is well-known for its motorcycle lubricants due to the success of Team Repsol Honda in the MotoGP, the Repsol brand in actuality covers a comprehensive range of lubricants for passenger cars and commercial vehicles as well as the industrial markets. The brand was launched on 19 October 2011 and made its maiden appearance during the MotoGP in Sepang on 23 October 2011.

Lubritech Limited, China ("Lubritech Limited")

Following the completion of its plant, Lubritech started its sales and operations in January 2011 by distributing Repsol and GEP lubricant brands in China, expanding rapidly its network to China South, China West and China Central, Hongkong and Macau. It captured more than 20 new Repsol distributors and 500 workshops. The company also signed a toll blending/bottling contract with Shell and Petronas. It has been selected as the only outsourced lubricant plant for Shell in Southern China. The company has also started its industrial and specialty lubricant business which will focus on more niche and higher value market segments.

KYB-UMW Malaysia Sdn. Bhd. ("KYB-UMW Malaysia") / KYB-UMW Steering Malaysia Sdn. Bhd. ("KYB-UMW Steering")

KYB-UMW Malaysia and KYB-UMW Steering maintained their leadership position as the largest shock absorber and power steering pump manufacturers in the country, respectively, and market leader in both the original equipment and replacement markets. The OEM business was affected by the earthquake and tsunami in Japan as well as the floods in Thailand while replacement sales for both the domestic and export markets recorded a growth of 7.5%. Power steering pump business is expected to decline further due to customers' preference for electric power steering system over hydraulic power steering system. Translated earnings were impacted by the stronger ringgit against the US Dollar and Euro.

To drive sales in 2011, the KYB-UMW Group increased its product range for the domestic and export replacement markets. It continued on improving productivity and efficiency by working with the Toyota Kaizen team to improve production system and reduce quality defects. The KYB-UMW Group also separated its flexible production line to two dedicated production lines to increase capacity.

The shock absorber business is expected to grow marginally while demand for power steering pump is anticipated to decline further in lieu of the change from hydraulic power steering system to the electric power steering system for the new MyVi, introduced by Perodua in April 2011. The shock absorber business will continue to record moderate growth due to continued growth in demand for new vehicles and replacement parts. The export replacement market is expected to be stronger due to access to new markets in China.

Its commitment towards quality and the environment continued to be recognised as the KYB-UMW Group was recommended for continued certification under OHSAS 18001:2007 and ISO14001:2004 by Moody International, and TS16949 by NQA. It received the "Top Vendor Award 2010/2011" from Hong Leong Yamaha Motor Sdn. Bhd.

Sathya Auto Private Limited, India ("Sathya Auto")

The Indian operation is focused on the manufacture and sales of auto components in India. While revenue was almost unchanged in the year ended 31 December 2011, operating profit improved due to cost-savings initiatives. Nevertheless, it incurred a pretax loss due to unrealised foreign exchange loss. Its market share of auto components in India remained stable at 25% in both 2010 and 2011. Sathya Auto supplied 100% of the jack requirement for Hyundai India. During 2011, its Plant 2 received the ISO/TS16949:2009 certificate for

Quality Management System, which is valid from 25 May 2011 until 24 May 2014.

UMW Dongshin Motech Private Limited, India ("UMW Dongshin")
UMW Dongshin was set up in 2010 as the OEM for stamped body parts catered for automakers in India. In its second year of operation, it saw higher turnover as it started to deliver parts to Volkswagen and TATA Motors ("TATA"). To increase the level of efficiency, it implemented various cost reduction activities like alternate sourcing for raw materials, fasteners, import substitute as well as optimisation of inputs and processes.

Despite the short time of operation, UMW Dongshin has already gained recognition in the market. General Motors ("GM") presented the company the "Best Supplier of the Year Award" for year 2010 and 2011, which decision was made on a global platform at the GM Detroit headquarters in the United States of America. In addition, UMW Dongshin was upgraded by TATA to become a Tier 1 supplier from Tier 2 previously for the Indian auto maker's Nano project.

Castwel Autoparts Private Limited, India ("Castwel")
Castwel produces aluminium die casting components for car manufacturers in India. It supplies fully machined parts and sub-assemblies to the automotive, tractor and farm equipment, two-wheeler and telecommunication industries with multi-national customers such as Valeo, Bosch, Sona Koyo, Knorr-Bremse, Rane, TAFE, Taeyang Metal Industries, etc.

Although it made losses in 2011, Castwel is expected to bounce back in 2012 with its new plant fully operational and aided by the robust growth of the Indian Automotive Industry. Building presence in India offers immense potential for Castwel's further expansion, particularly when India is poised to be a global hub for small car manufacturers.

SUPPORT OPERATIONS

Toyota Capital Malaysia Sdn. Bhd. ("TCAP")
TCAP provides innovative auto-financing and leasing products to support vehicle sales of UMW's Automotive segment including Toyota, Lexus, Perodua, Hino and Daihatsu. The company continued to strengthen its collaboration with distributors and its sales network, which helped to improve TCAP's market share.

In July 2011, TCAP introduced a new initiative, a Fleet Management Programme that finances and manages corporate fleet of vehicles. Fleet Management has great potential, mirroring similar fleet management concept that has successfully been developed in countries like Australia and the United States of America.

TCAP continued to expand into Perodua's business by offering various Hire Purchase products including Islamic-based product, Al-Ijarah Thumma Al-Bay (AITAB) to support vehicle sales of the national brand. The company also started to grow its industrial hire purchase programme to support Hino and Daihatsu commercial vehicle sales. As at end of December 2011, the customer base has increased by 22% to more than 73,000 customers from 60,000 customers in 2010. The company maintained a steady loan growth over the year, achieving 19% growth in total managed assets from RM2.7 billion to RM3.2 billion.

The auto-financing market is expected to be challenging to TCAP, as competition intensifies amidst stringent loan approval guidelines. The company will continue to move forward by accelerating its Fleet Management as well as develop more innovative financial products to cater for various customer needs. TCAP will continuously seek out process improvements via Kaizen and strengthening IT support facilities to achieve higher level of customer satisfaction.

U E-Technologies Sdn. Bhd. ("UET")
The UMW Group has continued to improve its operations through the effective use of Information technology by its subsidiary, UET. The Enterprise Risk Management system infrastructure was successfully commissioned in the year under review. This automated web-based system replaces the old manual system, and enhances the Group's capability to efficiently monitor and manage its business risk exposure.

U-TravelWide Sdn. Bhd. ("U-TravelWide")
U-TravelWide achieved a positive year in 2011 with higher sales revenue and profit before tax. The company won the "Outstanding Sales Achievement, in Diamond Category" award from Malaysia Airlines for 2011 for the 7th consecutive year. U-TravelWide forsees a positive year ahead with the business climate for the travel industry in general, anticipated to be favourable.

UMW-PNSB Development Sdn. Bhd. ("UMW-PNSB")
Having obtained new title deeds from the Selangor State Government in 2010, UMW-PNSB received more enquiries on the company's land from interested parties. During the year, UMW-PNSB entered into a Sale and Purchase Agreement with a local company for the disposal of two (2) plots of industrial land in Serendah, of a combined size of 38.5 acres. The company is currently awaiting approval for the transfer of the said land from the State Authority.

To date, 145.5 acres of industrial land have been disposed, and several real estate agents have been appointed to market the remaining unsold land to potential buyers. The company will also continue its collaboration with the Selangor State Investment Centre and Malaysian Industrial Development Authority to market the land to local and foreign investors.

U-Insurance Sdn. Bhd. ("U-Insurance")
U-Insurance is an authorised insurance agent for conventional and Takaful insurance for Etiqa Insurance Berhad ("Etiqa"), MSIG Insurance (M) Berhad and Takaful Ikhlas Sdn. Bhd. It has strategic alliances with local and international brokers to extend insurance services to the UMW Group of Companies, both local and abroad. U-Insurance continued to be profitable with higher coverage for marine, motor, fire and Directors' and Officers' liability insurance policies. U-Insurance received the "Top PNB Corporate Agent - Champion" award from Etiqa in the year under review.

CORPORATE GOVERNANCE STATEMENT

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Board of Directors strongly believes that sound corporate governance practices are fundamental towards enhancing long-term performance, continued growth, success and reputation of the UMW Group. Accordingly, the Board ensures that the highest standards of corporate governance are applied and maintained group-wide.

An effective corporate governance structure and culture which includes amongst others, ethical conduct, business integrity, commitment to values, delivering sustainable values and managing stakeholders' expectations, is vital in achieving the Group's corporate vision and objectives. The Group, realising the importance of corporate governance, will continuously provide relevant programmes to educate and enhance governance awareness amongst its employees.

The commitment of the Board, management and staff of the Group in enhancing shareholder value by way of upholding the highest standards of corporate governance, is affirmed and remains resolute at all times. The Group's corporate governance model adopts the following requirements and guidelines -

- Malaysian Code on Corporate Governance (Revised 2012) ("the Code");
- Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("Bursa Securities MMLR");
- Green Book on Enhancing Board Effectiveness ("Green Book") by the Putrajaya Committee on Government-Linked Companies ("GLC") High Performance;
- Corporate Governance Guide ("CG Guide") by Bursa Securities; and
- Minority Shareholder Watchdog Group ("MSWG") Corporate Governance Guidelines.

The Board also subscribes to internal guidelines on Corporate Disclosure Policies and Procedures based on the best practices recommended by Bursa Securities, to provide the Group with appropriate guidance in discharging its disclosure obligations and to ensure that the Group moves beyond making the minimum mandatory disclosure requirements. As the Group has significant presence in the countries it operates, it abides by the guidelines of the relevant regulators and authorities.

The Group continued to receive recognition for its excellence in corporate governance practices in 2011, after a number of accolades received in the preceding years. In recognition of its commitment to the highest standards of corporate governance, board independence, consistent dividend policy, prompt disclosure and transparency and excellent financial and risk management, the Group received the following awards -

Malaysian Business - CIMA Enterprise Governance Award 2011

- Merit Award in the Overall category
- First Runner-Up Award in the Corporate Social Responsibility category.

Malaysian Corporate Governance Index 2011 ("MCG Index 2011") from MSWG

- Distinction (A+) Award. UMW was ranked 11th in the MCG Index 2011 out of the top 100 public-listed companies assessed by MSWG.

As part of UMW's continuous effort and commitment towards promoting the highest level of professionalism and ethics in the conduct of the Group's businesses, a Whistle Blowing Policy and General Guidelines was introduced in 2009. A Whistle Blowing Committee comprising senior management was formed to look into suspected wrongdoings by staff and management.

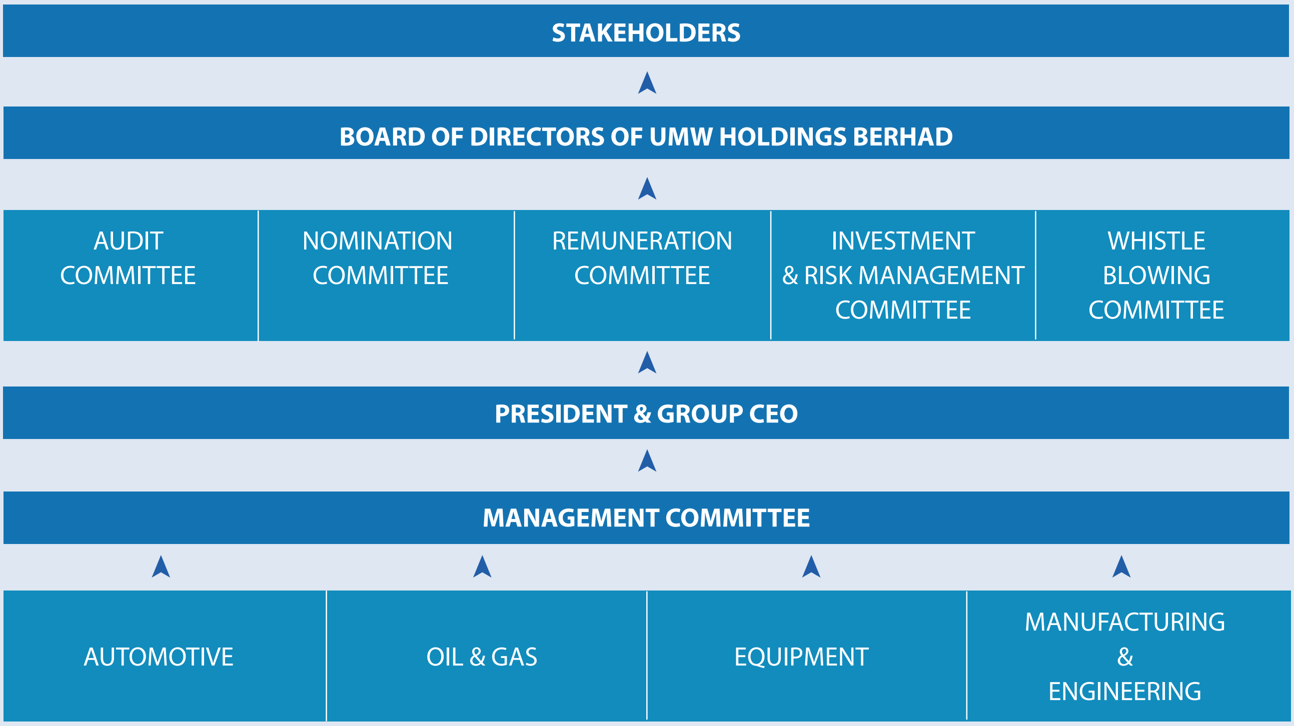
The governance framework of the Group has been further strengthened with the establishment of a Whistle Blowing Committee of the Board in 2011, comprising three (3) Non-Executive Directors, majority of whom are independent. The Committee is responsible for the review, investigation and disposal of complaints received against senior management staff of the Group with the rank of Executive Director in Grade 23 and above and any member of the Board. The Committee exercises its powers and carries out its duties and responsibilities in accordance with the Whistle Blowing Policy and General Guidelines of the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

GOVERNANCE FRAMEWORK

As market anticipation and interpretation of corporate governance have evolved beyond transparency, accountability and integrity, the Board will continue to review, deliberate and enhance the Group's corporate governance framework to ensure its relevance and ability to meet future challenges.



Our corporate governance framework shows the way we manage our strategic and operational activities. The roles of stakeholders, the Board, the Committees of the Board and management are distinctly different but complimentary in attaining the core objectives of the Group. The holding company formulates strategies to optimise Group performance and overseeing activities at the consolidated level, while the four core businesses retain the necessary authority and responsibility for conducting their own operations.

COUNTRIES OF UMW'S OPERATIONS

- Australia
- China
- Hong Kong
- India
- Indonesia
- Malaysia
- Myanmar
- Oman
- Papua New Guinea
- Singapore
- Taiwan
- Thailand
- Turkmenistan
- Vietnam

The Board is pleased to share the manner in which the principles of the above guidelines have been applied in the Group. This Statement on Corporate Governance serves to outline how the Group has applied the principles and best practices set out in the Code.

BOARD OF DIRECTORS

The Board is the pillar of the Group's corporate governance practices and oversees how the management serves and protects the long-term interests of stakeholders. The Board provides strategic direction, oversees the investment of the Group and guides the Group in promoting its core values, policies and objectives. The Group believes that an active, well-informed and independent Board is necessary in ensuring sound corporate governance practices which are pre-requisites towards the Group's continued growth, success and excellent reputation.

Board Composition and Balance

The Board consists of eight (8) members, comprising seven (7) Non-Executive Directors, including the Chairman, and one (1) Executive Director designated as President & Group Chief Executive Officer ("President & Group CEO").

Three (3) of the Board members are Independent Directors and they represent minority shareholders' interests in the Company. The number of Independent Directors complies with the requirements of the Bursa Securities MMLR, which states that at least three (3) members or one-third of the Board shall be Independent Directors. They also fulfill the criteria of independence as defined in the Bursa Securities MMLR. Their presence provides a check and balance in the discharge of the Board function. Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently of management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making.

The Board is committed to ensure diversity and completeness in its deliberations. This can be seen through the diverse composition of the Board, made up of industry leaders from diverse sectors and backgrounds such as legal, accounting and finance, engineering, business management, public administration and also in the Group's core businesses.

A familiarisation programme on the Group's businesses and corporate governance practices is arranged for new Directors upon their appointment to facilitate effective discharge of their duties.

The size and composition of the Board are reviewed from time to time. Wan Kamaruzaman bin Wan Ahmad was appointed as Non-Independent Non-Executive Director on 1 January 2011. Wan Kamaruzaman is a nominee of the Employees Provident Fund Board, another major shareholder of the Company after Permodalan Nasional Berhad.

The Board considers and confirms that the present size of the Board is deemed appropriate to oversee the overall businesses of the Group.

The present composition of the Board and profile of each Director are set out in the Corporate Information and Directors' Profile on page 9 and pages 12 to 17 of this annual report, respectively.

Directors' Code of Ethics and Board Charter

The Directors' Code of Ethics ("the Code of Ethics") 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 and the Companies Act, 1965. The principles on which the Code of Ethics relies are those that concern transparency, integrity, accountability and corporate social responsibility. In the case of UMW, being a GLC, the Code of Ethics complements the main policy thrusts of the GLC Transformation Manual launched on 29 July 2005 by the Putrajaya Committee of GLC High Performance.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Board Charter, which was adopted by the UMW Board in 2008, 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 and that the principles and practices of good corporate governance are applied in all their dealings in respect of and on behalf of the Company. In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

Under the Board Charter, 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 -

- Establishing and reviewing the strategic direction of the Company;
- Overseeing and evaluating the conduct of the Company's businesses;
- Identifying principal risks and ensuring that risks are properly managed;
- Establishing a succession plan;
- Ensuring the existence of a good investor relations programme and shareholder communication policy; and
- Reviewing the adequacy of the internal control policy.

Apart from these core responsibilities, the Board takes full independent responsibility and accountability for the smooth functioning of core processes involving Board governance, financial reporting, risk management, business values and ethical oversight. To facilitate the effective discharge of these responsibilities, dedicated Board Committees have been established with clear terms of reference and/or clear written procedures determining which issues require a decision of the full Board and which issues can be delegated to the Board Committees or the management.

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

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

Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's long-term strategic objectives and direction, reviews and approves the Group's annual budget, business and strategic plans and monitors the achievement of the Group's corporate objectives. It also oversees the management of the Group's business affairs and conduct periodic reviews of the Group's financial performance and implementing policies relating to financial matters, which include risk management and internal control and compliance.

The Board's approval is also required for major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends and major corporate policies on key areas of operations, the release of the Group's financial results and interested persons' transactions of a material nature.

The Board is responsible for exercising reasonable care towards protecting the Company's resources and safeguarding the Company's assets. The Board is accountable for the Company's activities, strategy and financial performance. Proposed strategies for the financial year and ensuing years are presented to the Board for approval. The Board is provided sufficient information to enable them to discharge their duties in the best interests of the Company.

The Business Plan, Budget and cash flow of the Company are prepared by the respective operating units and support services and reviewed by the Management Committee prior to the Board's approval. The financial performance of the Company is reviewed and reported on a quarterly basis by both management and the Board.

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

Principle Responsibilities of the Board

The responsibility in governing, guiding and monitoring the entire performance of the Group rests entirely on the Board. The Board is led by the Chairman, whose principal responsibility is to ensure the effective running of the Board and is independent of management. Except for matters reserved for shareholders, the Board is the ultimate decision-making body of the Group.

Separation of Duties and Responsibilities of Chairman and President & Group CEO

The Board believes in and practices a separation of duties and responsibilities between the 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 Chairman to assume the formal role of an independent leader in setting the policy framework of the Company and effective conduct of the Board. He ensures and facilitates 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 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.

The Chairman, Tan Sri Asmat bin Kamaludin, is a Non-Independent Non-Executive Director, being a nominee of Permodalan Nasional Berhad. Tan Sri Asmat has always been a Non-Executive Director since his appointment to the Board on 20 February 2001. At annual general meetings ("AGM") and other shareholders' meetings, the Chairman plays a pivotal role in accommodating constructive dialogue between shareholders, the Board and management.

The President & Group CEO, Datuk Syed Hisham bin Syed Wazir, heads the Management Committee, the highest management body in the Group, since his appointment to the Board on 1 October 2010. He is accountable to the Board and ultimately to the shareholders. He is primarily responsible for the day-to-day operations of the Group, which includes implementation of policies, strategies and decisions adopted by the Board. He is under the control of 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 before his appointment to the Group contribute significantly towards the attainment of the Group's goals and objectives.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Roles of Independent Non-Executive Directors and Senior Independent Non-Executive Director

Independent Non-Executive Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. The Board recognises the importance of the role of the Independent Non-Executive Directors, particularly in ensuring that strategies proposed by management are fully deliberated and examined objectively, taking into perspective, among others, the long-term interests of shareholders as well as other stakeholders and the community at large. Non-Executive Directors help the Board to think through projects, challenge underlying strategies and examine options. They bring fresh and wider views to Board discussions and decision-making processes. Non-Executive Directors' independence, objectivity and business acumen complements the detailed knowledge and experience of management.

There is a clear division of responsibilities between the Board and management. The Management Committee is responsible for the implementation of Board decisions, overall responsibilities over the day-to-day operations of the Group's business and operational efficiency.

In line with the best practices on Corporate Governance, the Board has identified Dr. Leong Chik Weng as Senior Independent Non-Executive Director of the Board to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders. This position has been held by Dr. Leong Chik Weng since 17 June 2010. He has the role of supporting the Chairman in ensuring all Independent Directors have an opportunity to provide their views and comments on the affairs of the Group.

All concerns relating to the Group can be conveyed to him via his email address at kleong@elock.com.my.

Board Committees

To assist the Board in discharging its duties, the Board has established several Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Investment & Risk Management Committee. The delegation of certain responsibilities of the Board to its Committees is necessary as there is now greater reliance on the Board Committees in response to the complex challenges of the business. The establishment of these Committees is made in accordance with Article 135 of the Company's Articles of Association.

The Board Committees operates within clearly-defined terms of reference, 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 of Directors' deliberation and endorsement. The relevant decisions of the Board Committees are incorporated into the minutes of meetings of the Board of Directors.

In addition to the establishment of a Whistle Blowing Committee comprising senior management in 2009, a Whistle Blowing Committee of the Board was established in 2011 to investigate complaints received through the whistle blowing mechanism, specifically against any senior management of the Group in Grade 23 and above and any member of the Board. Investigation reports prepared by appointed Investigating Officers together with their recommendation(s) are submitted to the Board for further action, where applicable.

Independent and Non-Executive Directors play a leading role in the above committees, whilst management and third parties are co-opted to the committees as and when required. Reports of proceedings and outcome of various committee meetings are submitted to the Board.

The composition of the committees and the attendance of members at such committee meetings in the year under review, are as follows -

Committee Composition and Meeting Attendance

Directors	Audit Committee (AC)	Nomination Committee (NC)	Remuneration Committee (RC)	Investment & Risk Management Committee (IRMC)	Whistle Blowing Committee (WBC)
Non-Independent Non-Executive Director					
Tan Sri Asmat bin Kamaludin		Member (6/6)			
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani			Member (8/9)		
Dato' Mohd. Nizam bin Zainordin	Member (6/6)			Member (6/6)	Member (1/2)
Independent Non-Executive Director					
Dr. Leong Chik Weng[1]	Member (6/6)		Chairman (9/9)	Chairman (5/6)	
Dato' Siow Kim Lun[2]	Chairman (6/6)	Member (6/6)		Member (6/6)	Chairman (2/2)
Khalid bin Sufat[3]		Chairman (6/6)	Member (9/9)		Member (2/2)
Non-Independent Executive Director					
Datuk Syed Hisham bin Syed Wazir				Member (6/6)	

Note:
1. *Dr. Leong Chik Weng resigned as member of the Audit Committee on 17 January 2012.*
2. *Dato' Siow Kim Lun resigned as Chairman of the Nomination Committee on 1 April 2011.*
3. *Khalid bin Sufat was appointed as member of the Audit Committee on 17 January 2012 and as Chairman of the Nomination Committee on 1 April 2011.*

Details of the terms of reference of the Committees of the Board are set out on pages 20 to 33 of this annual report.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Board Meetings

The Board meets four (4) times a year on a scheduled basis with additional meetings convened as Special Board meetings as and when situations require urgent deliberation and decision of the Board. The commitment and dedication of members of the Board in ensuring effective discharge of their duties and responsibilities are reflected by the higher number of Board meetings held during the financial year ended 31 December 2011.

A total of ten (10) Board meetings were held during the year under review to deliberate on business performance reports of the Company and its major subsidiaries, 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. All Directors complied with Paragraph 15.05(3)(c) of the Bursa Securities MMLR which states that the office of a Director will become vacant if the Director is absent from more than 50% of the total Board meetings held during a financial year.

Details of attendance of Directors at Board meetings held in the year under review are set out below -

Directors	Date of Appointment	No. of Meetings Attended	Percentage
Non-Independent Non-Executive Director			
Tan Sri Asmat bin Kamaludin	20/02/2001	10/10	100
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani	13/08/2008	9/10	90
Dato' Mohd. Nizam bin Zainordin	13/08/2008	9/10	90
Wan Kamaruzaman bin Wan Ahmad	01/01/2011	10/10	100
Independent Non-Executive Director			
Dr. Leong Chik Weng	29/11/2007	9/10	90
Dato' Siow Kim Lun	10/07/2009	10/10	100
Khalid bin Sufat	01/09/2010	8/10	80
Non-Independent Executive Director			
Datuk Syed Hisham bin Syed Wazir	01/10/2010	10/10	100

Details of attendance of Independent Non-Executive Directors at Board meetings held in the year under review are set out below -

No.	Date of Board Meeting	Non-Independent Directors	Independent Directors	Total Attendance	
1	24/02/2011	5	2	7 out of 8*	88%
2	07/03/2011	5	3	8 out of 8*	100%
3	11/03/2011	5	3	8 out of 8*	100%
4	21/04/2011	4	3	7 out of 8*	88%
5	25/05/2011	5	3	8 out of 8*	100%
6	19/08/2011	5	3	8 out of 8*	100%
7	10/10/2011	5	3	8 out of 8*	100%
8	24/11/2011	4	3	7 out of 8*	88%
9	08/12/2011	5	3	8 out of 8*	100%
10	15/12/2011	5	1	6 out of 8*	75%

Note:
**Reflects the size of the Board at the time each meeting was held.*

Supply of and Access to Information

Board meetings for each financial year are scheduled in advance before the end of each preceding financial year so as to enable the Directors to plan ahead their respective schedules accordingly.

The Board has direct access to the management. Thus, the Board has complete and unrestricted access to information pertaining to the Company'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 senior management of the Group 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.

The Board has also approved a procedure for Directors to obtain independent professional advice, where necessary, for proper discharge of their 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.

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 proceedings of the Board.

Company Secretary

All Directors have individual and direct access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. Her seniority, experience and group-wide knowledge are instrumental in serving the Group's governance needs. The Company Secretary serves and advises the Board on matters relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance.

The duties of the Company Secretary also include, inter-alia, the following -

- attending Board and Committee meetings and ensuring that the proceedings of the meetings and decisions made thereof, are accurately and sufficiently recorded;
- ensuring that minutes of meetings and other statutory records are properly kept for the purpose of meeting statutory and regulatory requirements;
- communicating the decisions of the Board to management for further action;
- ensuring all appointments to the Board and Committees are properly made in accordance with relevant legislations;
- advising the Board and Principal Officers on regulatory compliance issues relevant to Directors' duties, including disclosure of interests, trading in the Company's shares during and outside closed periods and restriction on trading on insider information;
- managing the necessary preparation and arrangements for general meetings of the Company to ensure smooth proceedings and adherence to regulations; and
- facilitating the provision of information that may be requested by Directors from time to time.

The Company Secretary is adequately assisted by a team of qualified governance staff from the Group Secretarial Division to ensure implementation of CG best practices and thorough monitoring of good governance throughout the Group.

Appointments to the Board

The Group has in place a formal and transparent procedure for the appointment of Directors to the Board.

The Nomination Committee, which comprises exclusively Non-Executive Directors, the majority being independent, is empowered to bring to the Board recommendations on the appointment of any new Executive and Non-Executive Directors. The Nomination Committee conducts an interaction session with the proposed candidates and thereafter, evaluates and assesses the suitability of candidates for Board membership by taking into consideration the set of skills, attributes and core competencies required by the Company and the Group. In addition, the Committee also reviews for recommendation to the Board, the appointment, dismissal, transfer and promotion of senior management staff of the Group.

The responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed rests with the Company Secretary. The Company 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.

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.

Re-Election/Re-Appointment of Directors

In accordance with Paragraph 7.26(2) of the Bursa Securities MMLR and Article 125 of the Articles of Association of the Company, all Directors are to retire from office once at least in each three-year period. 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. There were no Directors appointed during the year. Article 123 of the Articles of Association further provides that at least one-third of the Directors shall be subject to retirement by rotation at each AGM. Dr. Leong Chik Weng, Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani and Dato' Siow Kim Lun are subject to retirement under Article 123 and being eligible, have offered themselves for re-election. Evaluation of the three (3) Directors seeking re-election have been conducted.

The Board had adopted a retirement age policy, guided in general by the Companies Act, 1965 and the GLC Transformation Manual, which stipulates that the age limit for Directors is seventy (70) years. Pursuant to Section 129(6) of the Companies Act, 1965, Directors over seventy (70) years of age are to retire at every AGM and may offer themselves for re-appointment. However, no Director has attained the age of seventy (70) years as at the date of this annual report.

The above have been incorporated in the terms of reference of the Nomination Committee which provides for evaluation of Non-Executive Directors who are to retire by rotation or who had served the maximum term of office, set at ten (10) years, or who have reached the age of seventy (70) years and are seeking re-election/re-appointment at the AGM. The evaluation process is to ensure that a due process is carried out by the Nomination Committee and the Board before such re-election/re-appointment is put forth to shareholders for approval. The Nomination Committee makes appropriate recommendations to the Board on such re-election/re-appointment.

Board Performance, Evaluation and Review

The Board has entrusted the Nomination Committee with the responsibility to annually review the required mix of knowledge, skills, attributes and core competencies of its Directors. The Board has implemented a process to be carried out by the Nomination Committee for assessing the effectiveness of the Board as a whole and the effectiveness of each Director, including the Chairman. Details of the procedure are given in the Nomination Committee Report on pages 24 to 25.

Non-Executive Directors' performance is evaluated by the Chairman of Board, who subsequently meets up with individual Directors to discuss the results of the evaluation, including recommending areas of improvement, if necessary. The Nomination Committee evaluates the performance of the Chairman of the Board. Thereafter, the Chairman of the Nomination Committee discusses the results of the overall evaluation of the Board with the Chairman of the Board. Upon completion of the whole evaluation process, the Chairman of the Board briefs the Board on the overall results of the evaluation conducted and improvements recommended in respect of the Board as a whole at the Board meeting.

Evaluation of the Board, the Chairman and individual Directors have been conducted in the year under review.

On 1 April 2011, Khalid bin Sufat was appointed Chairman of the Nomination Committee in place of Dato' Siow Kim Lun.

Directors' Training

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for Directors of public-listed companies. Wan Kamaruzaman bin Wan Ahmad, who was appointed to the Board on 1 January 2011, attended the MAP from 23 March 2011 to 24 March 2011.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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. Appropriate training and education programmes are identified and arranged for Directors' participation from time to time to further enhance their skills and knowledge. Board meetings of the Company are being held at places within the Group's business operations from time to time, to give Directors a better perspective of the Group's businesses and to improve their understanding of the operations.

The Company Secretary facilitates in organising internal and external programmes, training sessions, briefings, workshops and seminars for Directors. Whenever required, Directors may request for training programmes on specific subjects be arranged in order to facilitate them in discharging their duties effectively.

Members of the Board have attended various training programmes in areas of leadership, legal, corporate governance, risk management, tax perspectives, financial prospects on Islamic banking and strategic planning, in the year under review.

Details of training programmes attended by members of the Board in 2011 are as follows -

Name of Director	Training Programme Attended	Date Held	Co-ordinator	Total
Tan Sri Asmat bin Kamaludin	Strategic Trade Act Forum: Proactive Deterrence Against Proliferation of Weapons of Mass Destruction	02/03/2011 to 03/03/2011	AGCM	5
	Assessing the Risk and Control Environment	24/03/2011	Bursa Malaysia Berhad	
	Corporate Governance - The Holistic Board	27/05/2011	MPI	
	Economic Transformation Programme Update	05/07/2011	PEMANDU	
	Improving Corporate Governance In Malaysian Capital Markets - The Role of the Audit Committee	11/08/2011	ICAA /MICPA	
Datuk Syed Hisham bin Syed Wazir	Fellowship Dinner Talk	28/09/2011	Kuala Lumpur Malay Chamber of Commerce	3
	Board Composition and Diversity: Strategies, Lessons and Looking Forward	16/11/2011	MINDA	
	War for Talent: A Battle Malaysia Cannot Afford to Lose	06/12/2011	MINDA	
Dr. Leong Chik Weng	CCM Group Directors & Senior Management Training 2011 - Competition Act and What it means to CCM	19/12/2011	CCM	1

Name of Director	Training Programme Attended	Date Held	Co-ordinator	Total
Dato' Siow Kim Lun	The Non-Executive Directors Development Series (NEDDS)	26/04/2011	SIDC	3
	Improving Corporate Governance in Malaysian Capital Markets - The Role of the Audit Committee	11/08/2011	ICAA/MICPA	
	Scrutinising Financial Statement Fraud and Detection of Red Flag for Directors and Officers of PLCs and Government Regulatory Agencies	31/10/2011	MICG	
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani	Islamic Trade and Finance Law	28/03/2011 to 31/03/2011	Faculty of Law, University of Sydney	8
	21st Century Corporation: Driving Sustainable Leadership & Innovation	06/05/2011	MINDA/GE/ TalentCorp	
	Asia Pacific Regional Arbitration Group (APRAG) Conference 2011 - Islamic Finance Arbitrations Application & Enforcement: A Shariah Perspective	09/07/2011 to 10/07/2011	Kuala Lumpur Regional Centre for Arbitration	
	Joint High Level Conference on Islamic Finance - Indonesia-Malaysia: Cross border linkages through Islamic Finance	18/07/2011 to 19/07/2011	BNM/Bank Indonesia	
	Conference on Legal Education: Qualifying for the Bar - Standards Across the Jurisdictions	29/07/2011 to 30/07/2011	Bar Council/ Taylor's University	
	Briefing on MIFC's Suggestions for Liberalisation of the Legal Profession	18/08/2011	Bar Council	
	International Conference on Financial Crime and Terrorism Financing 2011 - The Board of Directors' Duty of Oversight: Are we doing enough?	19/09/2011 to 20/09/2011	BNM/IBBM/ Standard Chartered Bank	
	Asian Insolvency Reform ("FAIR") 2011 - Islamic Finance and Insolvency Laws in Malaysia: Legal Aspects and Shariah Issues	30/11/2011 to 01/12/2011	BNM	

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Name of Director	Training Programme Attended	Date Held	Co-ordinator	Total
Dato' Mohd. Nizam bin Zainordin	3rd Annual Corporate Governance Summit 2011 - Detection, Red Flags & Investigation	26/05/2011 to 27/05/2011	Asian World Summit	2
	Introduction to Oil & Gas Exploration and Production for New Engineers and Technical Professionals	18/07/2011 to 19/07/2011	Asia Edge	
Khalid bin Sufat	Corporate Governance Programme: Banking Insights	08/04/2011 to 09/04/2011	ICLIF	3
	Financial Institutions Directors' Education Programme	13-16/06/2011 03-06/10/2011	ICLIF	
	MIA-INTERNATIONAL ACCOUNTANTS Conference - Converge Transform, Sustain: Towards World Class Excellence	02/11/2011 to 03/11/2011	MIA/AFA	
Wan Kamaruzaman bin Wan Ahmad	Mandatory Accreditation Programme for Directors of Public-Listed Companies	23/03/2011 to 24/03/2011	Bursatra Sdn. Bhd.	4
	21st Century Corporation: Driving Sustainable Leadership & Innovation	06/05/2011	MINDA/GE/ TalentCorp	
	Improving Corporate Governance in Malaysian Capital Market - The Role of the Audit Committee	11/08/2011	ICAA/MICPA	
	The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011 - What Directors and Co-Sec should know	14/12/2011	FPLC	

DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

In line with the Code, 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 including functions, workload and responsibilities and liabilities involved.

Remuneration for Executive Directors in UMW is structured so as to link rewards to corporate and individual performance. The remuneration of Executive Directors includes salary and emoluments, bonus and benefits-in-kind. Executive Directors are also eligible to participate in Employee Share Option Schemes. The UMW Employee Share Option Scheme has expired on 17 April 2011. The level of remuneration for Executive Directors is benchmarked against compensation levels for similar positions among other Malaysian public-listed companies within the same industry.

In the case of Non-Executive Directors, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. Currently, Non-Executive Directors are paid Directors' fees and attendance allowance for each Board/Committee meeting they attend. In addition, Non-Executive Directors are entitled to certain benefits-in-kind such as company vehicle, medical coverage worldwide and personal accident insurance coverage. The Chairman of the Board, who is Non-Executive, is also entitled to a company car, leave passage, handphone and bill subsidy, and club membership. Non-Executive Directors however do not participate in Employee Share Option Schemes.

The Company is also cognisant of the compensation philosophy advocated by the Putrajaya Committee on GLC High Performance (guideline 2.3.1), 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.

Details of Non-Executive Directors' remuneration are as follows -

1. Directors' fees and Board meeting attendance allowance

	Directors' Fees Per Annum	**Attendance Allowance Per Meeting**
Chairman	RM150,000 (RM12,000 monthly allowance and RM6,000 annual fees)	RM1,500
Non-Executive Directors	RM70,000 (RM5,000 monthly allowance and RM10,000 annual fees)	RM1,000

2. Board Committees' fees and meeting attendance allowance

	Board Committees' Fees Per Annum			**Attendance Allowance Per Meeting**		
	AC	**IRMC**	**Others***	**AC**	**IRMC**	**Others***
Chairman	RM6,000	RM4,000	RM2,000	RM1,500	RM1,500	RM1,500
Members	RM4,000	RM4,000	RM2,000	RM1,000	RM1,000	RM1,000

Note:
Others comprises NC, RC, WBC and ESOS Committee*

Procedure

The Remuneration Committee is responsible for reviewing and recommending to the Board, Executive Directors' remuneration in line with the responsibilities and contributions made by them for the year. The Committee may appoint external advisers or consultants to advise on specific areas where necessary. The Board as a whole determines the remuneration of Non-Executive Directors. All Directors, executive and non-executive, abstain from deliberations and voting on decisions in respect of their individual remuneration. A formal independent review of Directors' remuneration is undertaken once every two (2) years. The Remuneration Committee also reviews and recommends to the Board, the remuneration of the senior management staff of the Group based on individual contribution, performance and responsibilities.

Disclosure on Directors' Remuneration

Details of current Directors' remuneration for the financial year ended 31 December 2011 are as follows -

	Salaries & Other Emoluments (RM'000)	Directors' Fees and Other Emoluments (RM'000)		Benefits-In-Kind (RM'000)	Total (RM'000)
		Company	Subsidiaries		
Executive Director					
Datuk Syed Hisham bin Syed Wazir	1,354	-	-	113	1,467
Non-Executive Directors					
Tan Sri Asmat bin Kamaludin	-	177	5	128	310
Dr. Leong Chik Weng	-	127	19	-	146
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani	-	98	9	-	107
Dato' Siow Kim Lun	-	121	5	-	126
Dato' Mohd. Nizam bin Zainordin	-	109	21	-	130
Khalid bin Sufat	-	106	11	-	117
Wan Kamaruzaman bin Wan Ahmad	-	86	12	-	98

Details of the number of current 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
RM50,001 - RM100,000	-	2	2
RM100,001 - RM150,000	-	4	4
RM150,001 - RM200,000	-	1	1
RM1,000,001 - RM3,500,000	1	-	1
	1	**7**	**8**

Indemnification of Directors and Officers

Directors and Officers are indemnified, under a Directors' and Officers' Liability insurance, up to a limit of RM50 million for any one claim in aggregate, against any liability incurred by them in discharging their duties while holding office as Directors and Officers of the Company. However, the insurance does not provide coverage where there is negligence, default, breach of duty or breach of trust proven against the Directors or Officers.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Disclosure Policy

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 road shows to update institutional investors based in Malaysia and abroad in United States of America, United Kingdom, Japan, Hong Kong, Singapore, Australia, Canada and France in the year under review.

All communications with the media/public and disclosures made to Bursa Securities are in accordance with the UMW Corporate Disclosure Policy and Procedures and the disclosure requirements of the Bursa Securities MMLR. Confidential information is restricted to top management only. Selected members of top management are responsible for making disclosures and responding to market rumours and queries. The Group Secretarial Division sends constant reminders relating to restrictions on the trading of the Company's securities, to Directors and Principal Officers. The Investor Relations & Website Department coordinates the disclosure of information to analysts, institutional investors, the media and the investing public. The Division reports to the President & Group CEO of the Company.

Contacts for Investor Relations Matters

No.	Name	Designation	Contact Details
1.	Datuk Syed Hisham bin Syed Wazir	President & Group CEO	(603) 51635006 syedhisham@umw.com.my
2.	S. Vikneshwaran a/l Sathasivan	Manager, Investor & Media Relations	(603) 51635044 vikneshwaran.s@umw.com.my

The Company's website at www.umw.com.my provides easy access to corporate information pertaining to the Group and its activities. Quarterly Investor Relations ("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.

Annual Report and Annual General Meeting

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 Company regards its general meetings, particularly its AGMs, as the principal forum for direct interaction and dialogue among shareholders, 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 presentation on the Group's operations and financial performance is made at every AGM.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

In accordance with the Bursa Securities 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. Apart from the usual agenda for the AGM, the Board presents the progress of the Group's operations and financial performance. Shareholders are at liberty to actively participate in the question and answer session and the Board and management are at hand to clarify issues highlighted and to provide responses to questions raised by shareholders during the meeting. Any significant questions that cannot be readily answered at the meeting will be addressed subsequently in writing by management.

The 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.

A press conference is held after each AGM whereat the Chairman and President & Group CEO, and also relevant corporate Executive Directors 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. In addition, press releases on corporate initiatives are provided to the media in a timely manner.

Each item of special business included in the notice of AGM is accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved.

In addition to the direct interaction with shareholders through AGMs and annual reports, the Group also makes timely announcement on its quarterly results and other announcements to Bursa Securities to provide shareholders with information which affect their investment decision. Press releases are also provided to the media on significant corporate development to keep the shareholders and the public updated on the progress of the Group's core businesses.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Key Performance Indicators

The Company's actual performance for the year ended 31 December 2011, surpassed its target headline key performance indicators, as stated below -

KPI	2011 Target Headline (%)	2011 Achievement (%)
Annual return on shareholders' funds	10	12.1
Annual dividend payout ratio of net profit attributable to shareholders	50	72.7

Directors' Responsibility Statement

The Board is fully accountable for ensuring that the financial statements of each financial year are prepared in accordance with applicable approved Financial Reporting Standards in Malaysia, and the provisions of the Companies Act, 1965 and the Bursa Securities MMLR. 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 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 -

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable financial accounting standards have been followed; and
- 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.

Related Party Transactions

The Group has established appropriate procedures to ensure that the Company complies with the Bursa Securities MMLR relating to related party transactions. All related party transactions are forwarded to the Group Internal Audit Division on a monthly basis for review. A Director who has interest in a transaction abstains from all deliberations and voting on the matter either at the Board level or at the general meeting convened for the purpose of considering the matter.

Shareholders' mandate in respect of existing and new recurrent related party transactions is obtained at AGMs of the Company on a yearly basis. The recurrent related party transactions entered into by the Group with its related parties in the year under review were for sale of vehicles, vehicle spare parts, vehicle completely knocked-down units and components and workshop services.

Details of related party transactions entered into by the Group during the financial year under review are set out on pages 97 to 99 of this annual report.

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 mis-statement or loss.

The Directors acknowledge their responsibility for the Group's system of internal controls covering financial, operational and compliance controls as well as risk management, and for reviewing the adequacy and integrity of the system. 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

(Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Statement on Internal Controls which provides an overview of the state of internal controls within the Group is set out on pages 76 to 78 of this annual report. The Statement on Internal Controls has been reviewed by the external auditors pursuant to Paragraph 15.23 of the Bursa Securities MMLR.

Management Control Policy

As control is a function of the management and an integral part of the overall process of managing operations, the Group introduced a Management Control Policy on 2 April 2008 whereby management is tasked with the responsibility of establishing a network of processes with the objective of controlling the operations of companies within the Group, in a manner which 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.

Whistle Blowing Policy

In line with the Board's commitment to maintain the highest possible standard of professionalism, ethics and legal conducts in the Group's business activities, a Whistle Blowing Policy and General Guidelines was adopted on 14 July 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 staff and management. This policy provides employees with accessible avenue to report wrongdoings on matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate matter and without fear of reprisal.

Relationship with Auditors

The Group maintains an active and transparent relationship with its auditors, both external and internal, through the Audit Committee. The internal audit function is performed in-house by the Group Internal Audit Division. This Division audits internal control practices and reports significant findings to the Audit Committee together with recommended corrective actions. Management is responsible in ensuring that the corrective actions are undertaken within an appropriate time frame.

The Group's external auditors, Messrs. Ernst & Young, are invited to attend Audit Committee meetings when deemed necessary. The Audit Committee meets the external auditors at least twice a year without the presence of management to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. Apart from this, the external auditors are also invited to attend the AGM of the Company. The role of the Audit Committee in relation to both external and internal auditors is set out on pages 20 to 23 of this annual report.

Services provided by the external auditors include statutory audit and non-audit services. Terms of engagement for services of external auditors are reviewed by the Audit Committee and approved by the Board. The breakdown of annual audit fees and non-audit fees paid to the external auditors for the financial year ended 31 December 2011 is as follows -

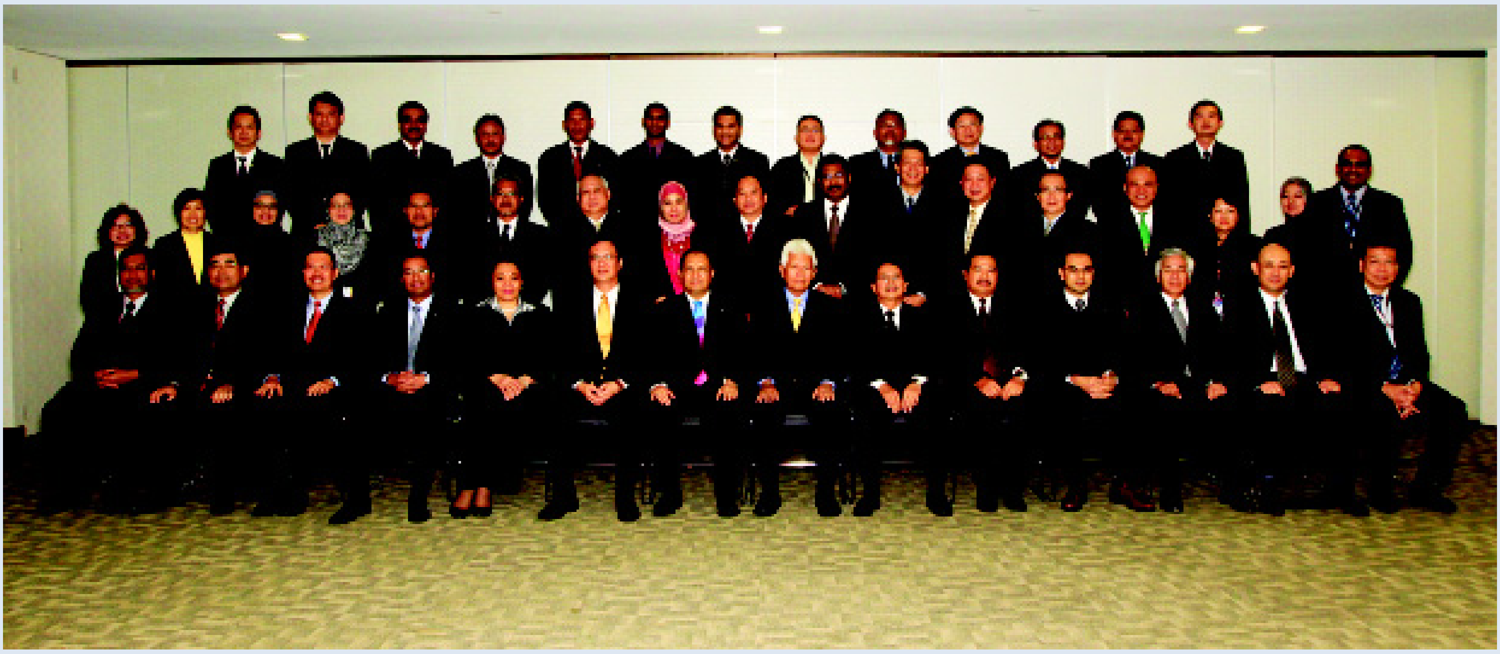
	Company (RM'000)	**Group (RM'000)**
Fees paid to principal auditors		
● Statutory Audit	168	2,109
● Non-Audit	-	695*
Fees paid to other auditors		
● Statutory Audit	-	958
● Non-Audit	-	-
Total	168	3,762

Note:
**Tax fee and consultancy/advisory services*

Compliance Statement

The Board is of the view that the Group has taken necessary steps throughout the financial year under review to comply with the principles and best practices of the Code. The Board will continue to review its governance model to uphold its pledge, commitment and effort to enhance and promote the best practices of corporate governance 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 10 May 2012.



STATEMENT ON INTERNAL CONTROLS

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the company's assets. Under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), listed companies are to include a statement in their annual report on the state of their internal controls as a group. Set out below is the Board of Directors' Statement on Internal Controls which was prepared in accordance with the guidelines provided by Bursa Securities.

RESPONSIBILITY

The Directors affirm their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management, and for reviewing the adequacy and integrity of the system. 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 mis-statement or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of having in place a risk management system to identify principal risks and to implement appropriate controls to manage such risks. Briefings on risk management are conducted for senior management as part of the Group's efforts to instil a proactive risk management culture and implement a proper Enterprise Risk Management ("ERM") framework in the Group.

UMW has implemented and enhanced its ERM framework and processes. This was conducted in line with the Principles and Guidelines of ISO31000: Risk Management. The enhanced policies and procedures for the regular review and management of risks have been adopted for implementation throughout the Group.

The Group's Risk Management function is described on page 79 of this annual report.

INTERNAL AUDIT FUNCTION

The Group has an adequately resourced Internal Audit Division ("IAD") which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal controls and governance processes. The audit plan is approved by the Audit Committee each year. The scope of internal audit covers the audits of all units and operations within the Group, including also certain associated companies. The audit also covers the Group's major information systems and applications.

The IAD ensures that the system of internal controls remains effective and efficient, is adequately monitored and enhanced when the need arises. The IAD, which is completely independent of all operating units, performs regular reviews of significant areas of risk and reports directly to the Audit Committee of the Board on major findings and any significant control issues and concerns. The Audit Committee then reviews all reports generated by the IAD and recommends appropriate actions to strengthen controls. The Audit Committee also provides to the Board an independent assessment of the significant changes in the business and external environment which give rise to risks, and reviews the adequacy and effectiveness of the risk management processes as well as compliance with risk policies and regulatory guidelines.

MONITORING AND REVIEWING THE EFFECTIVENESS OF THE SYSTEM ON INTERNAL CONTROLS

There is a comprehensive budgeting system with annual budget and business plans approved by the Board each year. During the business planning session, each operating unit 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 operating units 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 key performance indicators.

The monitoring of control procedures is achieved through monthly management review of operating results by Heads of Operating Units as well as by the Heads of Strategic Business Units. This is supplemented by a comprehensive review undertaken by the internal audit function on the controls in operation in each individual business process and the state of internal controls. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the senior management and the Audit Committee members.These reports assess the impact of control issues and recommend appropriate actions to strengthen controls.

Regular internal visits are made to operating units by senior management to monitor compliance with procedures and to assess performance.

The President & Group CEO and Executive Director of Group Finance and Administration report to the Audit Committee on the status of management's action plans to address issues highlighted by the IAD on a quarterly basis.

The Board does not regularly review the internal control systems of associated companies, as the Board does not have any direct control over their operations. Notwithstanding the above, the Group's interests are served through representation on the Boards of the respective associated companies and receipt and review of 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. The representation also enables the Group to have influence over the financial and operating policies of associated companies.

STATEMENT ON INTERNAL CONTROLS (CONT'D.)

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations. The Board believes that the system of internal controls is adequate and effective in achieving the Group's business objectives. However, the Group will continue to improve and enhance the existing system of internal controls in anticipation of changes in the business environment following changes in technology and regulatory requirements.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations. The key elements are as follows -

1. Clearly-defined procedures and controls, including information systems controls, are in place to ensure the reporting of complete and accurate accounting information. The control systems are for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. 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.

2. There is a clearly-defined delegation of responsibilities to Committees of the Board and to management and operating units, including appropriate authorisation levels for all aspects of the business.

3. Clearly-defined and documented financial limits of delegated authority are in place, and these are regularly updated to reflect changing risks or to resolve operational deficiencies.

4. Corporate values which emphasise ethical behaviour are set out in the Group's "Our Promise" Statement and Executive handbook.

5. Emphasis is placed on the quality and abilities of employees with continuing education, training and development actively encouraged through a wide variety of programmes.

6. The Whistle Blowing Programme is in place to provide an avenue for employees or any other persons including the general public to raise concerns on any wrongdoings committed by employees of the Group relating to mismanagement or abuse of authority, corruption, fraud, financial malpractices or any breach of laws and regulations that would endanger the safety and health of the employees, the public and/or the environment.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the current financial year.

RISK MANAGEMENT

The Board recognises that a structured and consistent risk management framework is instrumental for UMW to deploy its operational strategy effectively. UMW has enhanced its Enterprise Risk Management ("ERM") framework and processes to be in line with the Principles and Guidelines of ISO31000: Risk Management.

The enhanced ERM framework has incorporated a well-structured systematic process to identify, analyse and manage risks to an acceptable level for the achievement of UMW's strategic objectives.

The policies of the Board for ERM are -

- To integrate risk management into the culture, business activities and decision making processes;
- To anticipate and respond to the 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 papers that are submitted to the Board by management relating to strategy, key project approval, significant action or investment must include a detailed risk assessment report; and
- To implement a robust and sustainable risk management framework that is aligned with UMW's vision and mission, and in accordance with best practices.

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

Type of Risks	Accountability
Strategic Risks	Board and President & Group CEO
Operational Risks	Heads of Strategic Business Units ("SBUs")

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, credit, competency, technology, etc. Senior management needs ongoing assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Heads of SBUs.

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.

The Management Committee of UMW has assumed the role of the Risk Management Committee ("RMC"). The principal responsibilities of the RMC include the following -

- Communicate requirements of the ERM Policy and ensure continuous enhancement of ERM;
- Formulate and implement ERM mechanism to accomplish requirements of the ERM Policy;
- Articulate and challenge risk ratings, control effectiveness, risk treatment options and risk action plans identified by Risk Owners; and
- Ensure that the ERM reports prepared are submitted to the Board in a timely manner, and flash reports are submitted in the event of any risk(s) that require urgent attention.

The RMC is assisted by the Head of the Group Risk Management Division who facilitates the risk assessment process, by performing independent enquiry on risk identification and risk ratings determination by the respective process owners (line managers). The Head of the Group Risk Management Division also assists in the facilitation process for the development of action plans to address key risks of the Group. Heads of SBUs and Divisions are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting all major risks to the RMC.

During the year, key risks profiles and risk action plans of the Group and the respective SBUs were presented to the Investment & Risk Management Committee ("IRMC") on a quarterly basis. The IRMC has assumed the oversight and strategic role for ERM.

CORPORATE SOCIAL RESPONSIBILITY 2011

As one of Malaysia's leading corporations, UMW is aware of its large, indirect economic impact on the country, and its duty towards the development of the nation and its people. Each year, UMW invests a portion of its financial wealth in public infrastructure, services and community projects that benefit the local communities where it operates. UMW also invests its time in various community projects, through its employee-volunteers, the UMW Community Champions. From June 2009 to December 2011, the UMW Community Champions dedicated a total of 7,501 hours in service of the community.

Love, respect, understanding and unity

The UMW Group's rallying call of Beyond Boundaries is about eliminating all barriers to greater understanding of one another, and to personal achievement. UMW is proud of the spirit of mutual respect, understanding and unity that thrives in its workplace, and that UMW continues to foster among its employees.

UMW celebrates major religious and cultural festivals such as Ramadhan, Hari Raya Aidifitri, Chinese New Year, Deepavali, and Christmas not just at company gatherings, but also via community programmes with the less fortunate. For Chinese New Year 2011, the UMW Community Champions conducted a *gotong-royong* for Phyllis Caring Home for the Elderly in Petaling Jaya. Ramadhan was observed with the children of Asrama Anak Yatim dan Miskin Murad Foundation, Seremban, Negeri Sembilan, while the children of Sinthamani Divine Life Ashram, Jinjang Utara, Kuala Lumpur, were treated to a shopping excursion. Christmas saw the UMW Community Champions share some festive joy with two homes - Divine Mercy Home in Kepong Baru, Kuala Lumpur and Precious Children's Home, Petaling Jaya, Selangor. Charity collections were also conducted at UMW in the week leading up to each festival, where employees contributed food and sundry items to poor families in the Klang Valley.

The Day of Love is an annual event on UMW's CSR calendar. To commemorate this day of love, compassion and kindness for the community in 2011, UMW hosted the children of Yayasan Sunbeams Home, Cheras, Kuala Lumpur on a day of horse-riding, archery, fun and games with its Community Champions at Denai Alam Recreation and Riding Club, Selangor.

Bridging the healthcare divide and providing disaster relief

In 2011, the UMW-MERCY CSR partnership continued on its mission to bridge the healthcare divide for the third consecutive year. Since formalisation of the partnership in December 2008, UMW has provided MERCY Malaysia with a grant worth RM1.8 million to fund various community health projects, including mobile clinics, alcohol misuse intervention groups, longhouse fire-risk reduction activities, as well as disaster relief efforts. The projects have gone on to benefit almost 9,000 people in the interiors of Sabah and Sarawak who, due to their remote geographical location and socio-economic factors, may rarely receive the professional healthcare they need.

As in previous years, UMW continued to sponsor its Community Champions' participation in MERCY's volunteer training programmes, so that they may be able to provide useful support to MERCY Malaysia's missions when required. In 2011, the UMW Community Champions were deployed on MERCY missions to Kampung Sonsogon Magandai, Kampung Semawang, Kampung Lumou, and the Papar Detention Centre in Sabah, as well as to mobile clinic projects on the outskirts of Kuching and Bekenu in Sarawak.

Earlier in the year, the UMW Community Champions were involved in post-flood relief and clean up at SK Teluk Rimba in Johor. UMW also donated RM40,000 worth of cleaning equipment, clean water and electric power generator sets, to assist with flood relief efforts in Pagoh.

On 11 March 2011, an 8.8 magnitude earthquake occurred off the shores of Japan, triggering a tsunami that killed more than 10,000 people. Thousands more went missing, while 300,000 survivors in the affected areas had to be evacuated from their homes. In solidarity with the people of Japan, the UMW Group contributed a total of RM500,000 to the Malaysian Red Crescent Society International Relief Fund, for the immediate relief and eventual recovery of the affected population. UMW employees also made personal donations to the fund.

Realising green objectives

To commemorate Earth Day in 2011, the UMW Community Champions embarked on a clean up of Sungai Gombak, Selangor and to mark World Environment Day, the UMW Community Champions planted 1,500 mangrove tree saplings in Sepang, Selangor, working with the local community and local councils on both programmes.

Launched in February 2009, the UMW Green Challenge Programme is an environmental education programme and competition for lower secondary school students. For the 2010/2011 session, participants from schools around Kuala Lumpur and Selangor were invited to take on the challenge of reducing their schools' carbon footprints. SMK Subang Utama emerged first runner-up by impressing the judges for being the only school to implement a `waste

CORPORATE SOCIAL RESPONSIBILITY 2011 (CONT'D.)

cooking oil to biodiesel initiative' and was awarded RM3,500 for its efforts. The school also won RM1,000 for the 'Best Team Presentation'. SMK Bukit Indah, the grand champion of the 2010/2011 Green Challenge, stood out by growing its own organic fruit and vegetable garden in the school compound, winning extra points for fully engaging with the local community in its efforts. The school was awarded a total of RM7,500 by UMW. UMW invested approximately RM200,000 in the UMW Green Challenge Programme 2011.

The year 2011 was also the eleventh year that UMW Toyota Motor conducted the Toyota Eco Youth programme, supported by a non-profit organisation, the Global Environment Centre. As part of the year's programme, participants learnt how to identify sources of pollution in drains, explored environmental issues surrounding wet markets, and monitored rivers around the Lembah Kiara area for signs of pollution. The programme has come to receive overwhelming support from the Ministry of Education, with the involvement of over 138 schools and 1,500 students, principals and teachers nation-wide. Since the inception of the Toyota Eco Youth Programme, UMW Toyota Motor has spent over RM4 million to ensure its successful implementation.

Nurturing young potential

UMW forged ahead with its involvement in PINTAR (Promoting Intelligence, Nurturing Talent, Advocating Responsibilities) Programme last year. UMW is a premier partner of Yayasan PINTAR. A sum of RM300,000 was allocated for improving its seven adopted PINTAR schools - SK Sitiawan, Perak, SK Kampung Busut Baru (Asli), Banting, SJK(C) Perkampungan Berapit, Penang, SK Bukit Cheding (Asli), Kuala Langat, SJK(T) Ladang Sungai Choh, Rawang, SK Selisik, Behrang, and SK Pasir Panjang, Port Dickson. The funds were used to help the schools manage and organise motivational camps, extra tuition classes, as well as distribute free books and vitamins.

Music for life

Upholding its long tradition for bringing world-class musical performances to Malaysia, UMW Toyota Motor organised the 20th Toyota Classics, on 10 November 2011, featuring the Northeast German Philharmonic Orchestra at the Dewan Filharmonik PETRONAS in Kuala Lumpur. The Toyota Classics was initiated as a unique and sophisticated way to raise funds for the underprivileged, and has evolved into a much-awaited annual event for the musically discerning. Proceeds from the year's ticket sales and corporate donations amounted to RM318,500, and were given to three charitable and non-governmental organisations for specific purposes - MAA-Medicare Kidney Charity Fund for purchase of three dialysis machines, Persatuan Orang-Orang Cacat Anggota Malaysia for purchase of a new van to replace its existing fifteen-year old van, and Persatuan Daybreak, a vocational training and employment centre for the disabled, for improving the safety of its work environment.

Aside from its long term commitments and CSR anchor projects, UMW also has an annual scheme to award small grants and special donations to the community on a case-to-case basis.

Product Life Cycle Stages

UMW believes that its enduring commitment to integrity and trust, results in quality products and services that stand the test of time. In all the stages of its product life cycle - which include manufacturing and production, marketing and promotion, storage distribution and supply, use and customer service as well as disposal, reuse and recycling - UMW strives to live up to the high standards that it has set for itself, as well as its customers' equally high expectations.

- **Manufacturing and Production**

  The UMW Group's manufacturing companies employ world-class technologies, developed together with its partners, to produce products that are safe, effective and reliable.

  Assembly Services Sdn. Bhd. ("ASSB") is the assembler of Toyota Vios, Hilux, Innova, as well as selected models of Hino and Daihatsu vehicles for the local market. The company also assembles the Toyota Hiace for both the local market, and export to Thailand. These vehicles are assembled with a range of built-in active and passive safety features, and product information and specifications are provided in full for each model on UMW Toyota Motor's websites. The company has also set-up the ASSB Vendor Development Programme to improve the production processes, efficiency and productivity of its Toyota parts suppliers.

  Automotive Industries Sendirian Berhad manufactures and supplies automotive components such as exhaust systems, instrument panel reinforcements, catalytic converters, and seat frames amongst others. The company received the TS16949 Quality Management System certification, together with KYB-UMW Malaysia Sdn. Bhd./ KYB-UMW Steering Malaysia Sdn. Bhd., the largest shock absorber and power steering pump manufacturers in Malaysia.

- **Marketing and Promotion**

  The Group has no specific code related specifically to marketing communications but all employees are expected to observe a voluntary code of conduct that lives up to UMW's four core values of being Honourable, Vibrant, Unshakeable and Pioneering. UMW however, has a specific policy not to sponsor or promote any political party. UMW does not promote or sell any products that is legally prohibited or under any sort of ban, in any of the markets in which it is engaged.

  For UMW's industrial trading operations, product labelling is largely conducted by its international partners and suppliers, who also provide further product information through sales brochures and technical manuals. To minimise any difficulties in using product information that are in a foreign language, UMW provides a Bahasa Malaysia translation for its local customers. Product information is also shared through regular trade and public information events.

  The Group is highly aware of the obvious hazards associated with the misuse of industrial equipment and as such, its marketing and promotion practices include training programmes for its customers and their staff, to familiarise them with the different modes of operation of UMW's products and encourage a "Safety First" attitude. Regular training sessions are also conducted as part of after-sales service.

- **Storage, Distribution and Supply**

  The Group maintains large yards and warehouse hangars especially set aside or built for the safekeeping and storage of its products. These facilities protect the product from damage which could impair safe operation after sale, prevent it from causing damage to other equipment or harm personnel and are managed to strictly comply with occupational health and safety standards.

CORPORATE SOCIAL RESPONSIBILITY 2011 (CONT'D.)

UMW Toyota Motor, the exclusive distributor of Toyota and Lexus cars in Malaysia, has also taken firm measures to reduce CO_2 emissions in logistics activities, such as parts and vehicle distribution.

- **Use and Customer Service**

UMW is firmly conscious of the fact that the sale of a product is only the beginning, and not the end of its relationship and responsibilities towards its customers. As such, UMW has in place, a professional team of customer service personnel in all Divisions, who aims to go further than just providing standard sales and after-sales service.

Furthermore, as a guarantee of its long term commitment to customers, the Group regularly provides substantial provisions in its financial accounts to cover warranties, although it rarely uses more than 50% of each year's provision. UMW believes that this is a testament to its honesty and commitment to products' quality and safety. In the event where products fail to perform satisfactorily, UMW will undertake to repair or replace them immediately.

In its Equipment Division, UMW encourages clients to take operating leases rather than to purchase heavy equipment, such as Komatsu tractors or Toyota forklifts. This ensures that the equipment is optimally maintained and limits the risk of injury to operators and others who work within the area. A team of service experts are always at hand throughout the countries in which UMW distributes these equipment.

UMW JDC Drilling Sdn. Bhd., provides contract offshore oil and gas drilling services through the semi-submersible drilling rig, NAGA 1, which is leased to oil exploration and production companies. The rig was successfully refurbished and upgraded in 2008. The upgrade further enhanced its competitiveness and extended its lifespan so as to maintain its excellent safety track record of zero loss-time-incident.

- **Disposal, reuse and recycling**

Operating leases allow UMW to maintain control on the disposal, reuse and recycling of its heavy equipment, in accordance with best practices and the protocols of its major suppliers.

UMW Toyota Motor is the only motorcar distributor in the country, to have a full-fledged, pre-owned vehicles operation, known as TopMark. To date, TopMark has a total of six (6) outlets in Peninsular Malaysia, with plans to expand the business further in the near future. TopMark operations provide customers with complete peace of mind when buying or trading in used cars. In response to recent concerns about the "cut & joint" practice of certain unscrupulous car dealers, all pre-owned cars that come through TopMark yards are given official clearance by Puspakom, Malaysia's first computerised vehicle test centre and the authority for vehicle roadworthiness. Warranty and complimentary service vouchers are also given out to selected cars from Toyota, Perodua, Proton, Honda, Nissan and Mitsubishi, amongst others.

Human Rights

UMW strives to conduct its business in line with fundamental human rights norms, as outlined in the Universal Declaration of Human Rights. UMW's Core Values, which all employees have received training on, call for UMW to treat everyone with respect and dignity, and covers policies and procedures that are related to the protection of human rights. All of UMW's significant suppliers, contractors and partners are also expected to conform to the Core Values of the Group.

UMW does not use child labour or forced labour of any form and it does not tolerate such abuses within the Group. UMW's operations also do not infringe on the rights of indigenous people and there have been no violations of this kind during the review period.

HEALTH, SAFETY & ENVIRONMENT

The UMW Group is fully committed to all health, safety and environmental programmes and takes a serious view in ensuring a safe and healthy working environment for its employees, as set out in the Group Safety and Health policy. Group-wide safety audits and re-audit activities are conducted on a regular basis to assist companies in identifying and reporting potential safety and health hazards, as well as to ensure that they comply with regulatory and other requirements.

Furthermore, UMW is highly aware of the obvious hazards associated with the misuse of industrial equipment that it distributes. UMW's marketing and promotional practices include training for its customers and their staff to familiarise them with different modes of operation of its products and encourage a "safety first" attitude. Regular training sessions are also conducted as part of our after-sales service and commitment towards the highest standards of customer care and safety.

Unrelenting commitment

The UMW Group is relentless in its efforts to raise awareness of workplace health and safety among its employees. This commitment helps to ensure that its employees take proactive measures to minimise work-related injuries and damage to property by integrating health and safety practices into employees' daily activities. Various thematic initiatives were implemented throughout the year to secure the commitment and involvement of all employees, while putting in place proactive and preventive measures.

OHSAS 18001 : 2007

Nine (9) companies in the UMW Group are Occupational Health & Safety Management System ("OHSAS 18001:2007") certified. Automotive Industries Sendirian Berhad, a subsidiary of UMW Toyota Motor, successfully achieved its re-certification status in January 2011, which has been extended until 2013.

HEALTH, SAFETY & ENVIRONMENT (CONT'D.)

Activities

To inculcate a culture of safety and prevention in the workplace, the following key activities were carried out in 2011, namely -

- HSE 5S Programmes at UMW Industrial Power Sdn. Bhd.;
- HSE Hazard Identification Programmes at KYB-UMW Malaysia Sdn. Bhd./KYB-UMW Steering Malaysia Sdn. Bhd.;
- HSE Team Building at UMW Equipment Sdn. Bhd.;
- Zero Accident at Safety Gate at UMW Advantech Sdn. Bhd.;
- HSE Briefings on Noise Awareness Training, Chemicals Health-Risk Assessment and Ergonomics;
- Occupational Safety & Health Audits amongst the UMW subsidiaries within the Central Region;
- HSE Visits to branches nation-wide;
- 2011 Road Safety Campaign; and
- The Right Tool for the Right Job at UMW Petrodril (Malaysia) Sdn. Bhd. ("UMW Petrodril").

Awards and recognition

- UMW JDC Drilling Sdn. Bhd. received a Merit Award from Petronas Carigali Sdn. Bhd. ("Petronas Carigali") for its NAGA 1, in recognition of its Zero-Lost-Time-Incident of 3,583,023 man-hours or 3,920 man-days.
- UMW Petrodril won a Bronze Award at Petronas Carigali Annual Contractors' Conference in appreciation of its performance and contribution towards Petronas Carigali's HSE aspiration.
- UMW Petrodril received the Silver Award from Petronas Carigali in the Best Number of UAUC/Manhours category.

HUMAN CAPITAL MANAGEMENT, TRAINING & DEVELOPMENT

All employees of the UMW Group are provided with the opportunity to continuously acquire new skills sets or enhance their existing ones. This facilitates the UMW Group's evolving resource requirements and its ability to stay ahead of its competitors. With more than 11,500 employees spread across 14 countries worldwide, the UMW Group subscribes to the fundamental principle of investing in its people.

Various initiatives were undertaken throughout the year to build workforce competence, while attracting and retaining talents to strengthen leadership succession. These included the Graduate Management Trainee Programme (66 participants), scholarships (39 awarded) and internships (79). A total of 1,544 employees participated in management and leadership courses, and 2,067 participated in functional and technical ones.

In support of the national effort to improve the employability of new graduates, the UMW Group commenced the Skim Latihan 1 Malaysia - Graduate Enhancement Programme in September 2011 with an initial intake of 40 persons. This eight months programme consists of both soft-skill training (duration of two months) and on-the-job attachment (duration of six months).

Functional Competency Model

Launched in March 2011, the Management Competency Development Programme has been designed by taking into consideration the proficiency level and behaviour required for different job grades. The UMW Group strongly believes that the key competitive differentiator in the marketplace that will assure its future growth is a competent workforce with the right leadership and management behaviour. For long term human capital development in its oil exploration business, the UMW Group focuses on promoting from within by grooming existing talent, particularly for highly-skilled positions such as Trainee Drilling Engineers, Drillers, Assistant Drillers, etc.

Human Resource Information System

As the role of human resource management has today shifted dramatically from a mainly administrative function to a more strategic role in meeting corporate objectives, the UMW Group employs wide use of technology, especially internet-enabling ones. This includes an integrated Human Resource Information System - HR Avenue System which encompasses

HUMAN CAPITAL MANAGEMENT, TRAINING & DEVELOPMENT (CONT'D.)

Performance Management, Employee Self-Service, Learning and Data Mining, introduced during the year to enhance the Human Capital Division's ability to provide strategic HR services and management.

Continuous Improvement Programme

To cultivate a culture of Kaizen, a continuous improvement programme was established in April 2011 for the UMW Group's non-motor businesses. The programme, which is designed in alignment with the 5S Concept (Sort, Set In Order, Shine, Standardise, Sustain) was introduced to improve productivity, work processes and employee morale, as well as to create a more organised and safer workplace. Since then, the Equipment Division has experienced numerous tangible and intangible benefits of 5S in the form of savings of disposal value and in better utilisation of work space.

Union, Employee Engagement and Corporate Social Responsibility

The UMW Group continues to foster strong and cohesive relationships with both the in-house and national unions based on mutual trust and respect. Work is in progress to address the Collective Agreements for UMW Corporation Sdn. Bhd., UMW Advantech Sdn. Bhd., UMW Pennzoil Distributors Sdn. Bhd., Lubetech Sdn. Bhd., KYB-UMW Malaysia Sdn. Bhd., KYB-UMW Steering Malaysia Sdn. Bhd., UMW Industries (1985) Sdn. Bhd., UMW Industrial Power Sdn. Bhd., UMW Equipment Sdn. Bhd., UMW Toyota Motor Sdn. Bhd., Assembly Services Sdn. Bhd., Toyota Boshoku UMW Sdn. Bhd. and Automotive Industries Sendirian Berhad, which are due for renewal for the period 2012 to 2014.

Given that employee engagement is a key driver of productivity, competitive advantage and client satisfaction, the UMW Group takes every reasonable step to listen to its employees. Various staff activities are organised towards this end. For example, Treasure Hunt "UOS Race" which was held at UMW Oilpipe Services Sdn. Bhd., UMW Synergistic Generation Sdn. Bhd.'s Employee Award Night- themed "Glitz and Glamour of Retro", etc.

Apart from the above, the UMW Group also views Corporate Social Responsibility as its contribution to sustainable development. It has embarked on various initiatives in aid of societal needs, such as fund-raising for individuals in the most desperate circumstances, visits to orphanages as well as blood donation campaigns.

CALENDAR OF EVENTS


2 January

28 February

24 March

January

2 Group Health, Safety and Environment Department launched its 5S Safety Method Programme, towards a safer work environment.

February

22 UMW Pennzoil Distributors Sdn. Bhd. introduced its riders, i.e., "Pennzoil Fastrac Racing Team" for the 2011 Petronas AAM Cup Prix Championship.

28 In the wake of the floods that struck Johor, UMW Corporation Sdn. Bhd. donated RM40,000 worth of items to a flood relief centre located in Pagoh. These included five generator sets, two water-jet cleaning machines and other cleaning apparatus.

March

7 Lexus Malaysia proudly opened a new outlet in Johor Bahru, marking its first foray into the Southern region.

17 UMW Standard Drilling Sdn. Bhd. received a Letter of Award from Petronas Carigali Sdn. Bhd. ("Petronas Carigali") for the provision of its jack-up drilling rig, NAGA 3, at a contract worth approximately USD41.5 million.

22 KYB-UMW Malaysia Sdn. Bhd. launched its Kaizen initiatives at its plant, in cooperation with UMW Toyota Motor Sdn. Bhd.'s ("UMW Toyota Motor") Supplier Kaizen Team.

24 UMW Petrodril (Malaysia) Sdn. Bhd. was named winner of the prestigious Bronze Award at Petronas Carigali's HSE Annual Contractors' Conference, in recognition of its remarkable HSE record. At the same conference, UMW JDC Drilling Sdn. Bhd. won a Merit Award for NAGA 1's achievement of recording 3,583,023 man hours or 3,920 man days without 'Lost-Time-Incident'.

26 The 5th Toyota Quality Service Awards presentation was held at the Resorts World, Genting Highlands. The annual event recognises the dedication of employees of UMW Toyota Motor's Customer Service Operations Division towards customer satisfaction.

31 UMW (East Malaysia) Sdn. Bhd. launched the training session for the new CASE 580N and 580SN backhoe loaders in Sibu, Sarawak.

CALENDAR OF EVENTS (CONT'D.)

April

1 UMW (East Malaysia) Sdn. Bhd. launched the training session for the new CASE 580N and 580SN backhoe loaders in Kota Kinabalu, Sabah.

4 The UMW Green Challenge Award Ceremony 2010/2011 was held at the UMW Auditorium. The 2010/2011 session featured the theme "Global Warming & Climate Change" and saw nine secondary schools joining the competition.

17-20 UMW Synergistic Generation Sdn. Bhd. (formerly known as Synergistic Generation Sdn. Bhd.) participated in the Malaysia Services Exhibition 2011, organised by MATRADE at the Abu Dhabi National Exhibition Centre, United Arab Emirates.

20 Prime Minister, Dato' Sri Mohd. Najib bin Tun Abdul Razak launched "Dunia UMW - A Virtual Walkthru", a virtual corporate platform, at the Minggu Saham Amanah Malaysia in Ipoh, Perak.

25 Assembly Services Sdn. Bhd. celebrated its becoming the first non-national vehicle manufacturer to hit the one-millionth production mark in Malaysia.

17-20 April

May

23 UMW launched the Promoting Intelligence, Nurturing Talent and Advocating Responsibility ("PINTAR") Programme for 2011. UMW allocated RM300,000 and adopted two additional schools, bringing it to a total of seven schools under the UMW-PINTAR 2011 programme.

25 UMW Toyota Motor launched the 11th Toyota Eco Youth programme at the Shah Alam Concorde hotel.

28-29 Pennzoil GSR Team dominated the podium in Round 2 of the Malaysian Rally Championship held in Kangar, Perlis.


25 May

June

13 UMW Standard Drilling Sdn. Bhd.'s second jack-up drilling rig, NAGA 3, was awarded a contract worth USD41.5 million by Petronas Carigali.

22 UMW Toyota Motor expanded its Parts Distribution Centre warehouse facility in Sungai Buloh. The expansion was made to accommodate the increase in demand for Toyota Genuine Parts and Motor Oil.

29 UMW Toyota Motor introduced the new Toyota Vios 1.5G Limited variant at the Wing Hin Automobile service centre, an authorised UMW Toyota Motor dealer.


13 June

10 The Social & Recreational Club of UMW Toyota Motor's Customer Services Group participated in an outreach programme at an Orang Asli Settlement in Pos Tibang, Ulu Slim, Perak.

15 The UMW Group launched a media preview of Dunia UMW, a corporate networking platform designed to provide an extensive virtual experience of some of its key facilities. Using cutting-edge 3D technology, Dunia UMW probably marks a first for a corporation to showcase its infrastructure in this way.

28 July

23 August

15 September

July

28 UMW Industries (1985) Sdn. Bhd. ("UMW Industries") unveiled the Tennant T16 Scrubber, the newest addition to Tennant's portfolio of industrial cleaning equipment. Over 80 customers from various industries were invited for the one-day event in Shah Alam.

30 UMW's employee-volunteers, the UMW Community Champions, participated in a river clean-up programme at Sungai Gombak.

August

15 Equipment Division held its 5S Model Division Kick-off Ceremony.

23 UMW Industries handed over a 10-tonne Toyota Forklift Truck to the Miri Port Authority.

September

21 UMW Toyota Motor unveiled the new-look 'Advanced and Tough' Toyota Hilux at the Sunway Convention Centre in Bandar Sunway.

27 UMW bagged the Merit Award in the Overall Category and First Runner-up Award in the Corporate Social Responsibility category at the 4th Malaysian Business-CIMA Enterprise Governance Awards 2011.

CALENDAR OF EVENTS (CONT'D.)

October

1 UMW Community Champions celebrated Hari Raya with residents of Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas, Kampung Pulau Meranti, Puchong.

10 October

10 UMW Toyota Motor opened its Integrated Quality Hub in Bukit Raja, Klang, to improve delivery of quality Toyota vehicles to its customers at the shortest possible time.

19 UMW Lubricant International Sdn. Bhd. launched the REPSOL range of automotive lubricants. Promotional activities were held to coincide with the Malaysian Moto GP race in Sepang.

21 Launch of the new Toyota Innova.

November

1 Toyota Boshoku UMW Sdn. Bhd. ("TBU") opened its second plant, established to accommodate the introduction of the New Camry CKD project and to improve existing processes at TBU Plant 1 namely logistics, frame welding, door trim and seat assembly.

3 Soft launch of Lubritech Limited's lubricant manufacturing plant in Jiangmen, China. With a production capacity of 50,000 tonnes, the plant is equipped with the latest technology in fully-automated production and blending systems, to achieve optimum speed and efficiency.


25 November

4 UMW Industries delivered 20 new Toyota Forklifts to MASkargo Penang, which was one of the largest fleet replacement initiatives by the company. The handover ceremony was held at the MASkargo Cargo Complex in Bayan Lepas, Penang.

25 UMW (East Malaysia) Sdn. Bhd. opened its new after-sales service facility in Lahad Datu, Sabah as part of its continuous efforts to expand its parts and service support to customers.

26 UMW Community Champions planted 1,500 mangrove trees in Sungai Pelek, Selangor.

December

3 Tribe Toyota, a community of Toyota owners managed by UMW Toyota Motor, organised Amazing Trails of the Thrill Seekers 2011. 26 teams, made up of Toyota customers and their family members, friends and colleagues participated in a trail of 'thrilling experiences'. Winners came away with a total cash prize of RM11,000 from UMW Toyota Motor.


17 December

7 UMW was awarded Distinction (A+) Award - 2011 Malaysian Corporate Governance Index (MCG Index 2011) from the Minority Shareholder Watchdog Group ("MSWG"). UMW was ranked 11th in the MCG Index 2011 out of the top 100 public-listed companies assessed by MSWG.

17 UMW Community Champions organised a Christmas shopping excursion for the children of Divine Mercy Home and Precious Children Home.

STATISTICS ON SHAREHOLDINGS

AS AT 3 MAY 2012

Authorised Share Capital	:	RM1,000,000,000 (comprising 2,000,000,000 ordinary shares of par value RM0.50 each)
Issued and Paid-up Share Capital	:	RM584,146,966 (comprising 1,168,293,932 ordinary shares of par value RM0.50 each)
Class of Shares	:	Ordinary shares of par value RM0.50 each
Voting Rights	:	One (1) vote per one (1) ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders Malaysian	No. of Shareholders Foreigner	Total No. of Shareholders No.	Total No. of Shareholders %	No. of Issued Shares Malaysian	No. of Issued Shares Foreigner	Total No. of Issued Shares No.	Total No. of Issued Shares %
Less than 100	324	17	341	6.66	10,245	750	10,995	0.00
100 to 1,000	1,106	87	1,193	23.28	747,381	57,578	804,959	0.07
1,001 to 10,000	2,011	263	2,274	44.38	8,170,197	1,128,201	9,298,398	0.80
10,001 to 100,000	621	310	931	18.17	18,544,914	11,328,434	29,873,348	2.56
100,001 to less than 5% of issued shares	146	237	383	7.47	298,616,350	201,686,378	500,302,728	42.82
5% and above of issued shares	2	0	2	0.04	628,003,504	0	628,003,504	53.75
Total	**4,210**	**914**	**5,124**	**100.00**	**954,092,591**	**214,201,341**	**1,168,293,932**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

Category of Shareholders	No. of Shareholders Malaysian	No. of Shareholders Foreigner	No. of Issued Shares Malaysian	No. of Issued Shares Foreigner	% of Issued Shares Malaysian	% of Issued Shares Foreigner
1. Individual	3,354	198	21,380,525	2,573,986	1.83	0.22
2. Body Corporate						
(a) Banks/finance companies	49	1	712,494,608	5,206	60.99	0.00
(b) Investment trusts/foundations/charities	6	0	978,912	0	0.08	0.00
(c) Industrial and commercial companies	115	10	5,167,992	1,399,164	0.44	0.12
3. Government agencies/institutions	2	0	199,084	0	0.02	0.00
4. Nominees	683	705	213,864,804	210,222,985	18.31	17.99
5. Others	1	0	6,666	0	0.00	0.00
Total	**4,210**	**914**	**954,092,591**	**214,201,341**	**81.67**	**18.33**

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY

As at 3 May 2012, none of the other Directors have interests in the shares of the Company including those of their spouse and child/children, which are deemed interests of the Directors, except for the following -

Director	<-----------Direct Interest---------- > No. of Issued Shares	% of Issued Shares	<-------------------- Deemed Interest ---------------------> Spouse No. of Issued Shares	Child No. of Issued Shares	% of Issued Shares
1. Tan Sri Asmat bin Kamaludin	-	-	-	20,000	0.00
Total	**-**	**-**	**-**	**20,000**	**0.00**

STATISTICS ON SHAREHOLDINGS (CONT'D.)

AS AT 3 MAY 2012

THIRTY LARGEST SHAREHOLDERS

Shareholders	No. of Shares	%
1. AmanahRaya Trustees Berhad - *Skim Amanah Saham Bumiputera*	518,044,100	44.34
2. Citigroup Nominees (Tempatan) Sdn. Bhd. - *Employees Provident Fund Board*	109,959,404	9.41
3. Kumpulan Wang Persaraan (Diperbadankan)	57,932,700	4.96
4. AmanahRaya Trustees Berhad - *Amanah Saham Wawasan 2020*	27,661,900	2.37
5. Malaysia Nominees (Tempatan) Sendirian Berhad - *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	22,641,600	1.94
6. Permodalan Nasional Berhad	22,465,700	1.92
7. AmanahRaya Trustees Berhad - *Amanah Saham Malaysia*	21,068,900	1.80
8. AmanahRaya Trustees Berhad - *Amanah Saham Didik*	18,567,200	1.59
9. Cartaban Nominees (Asing) Sdn. Bhd. - *Exempt An For State Street Bank & Trust Company (West CLT OD67)*	17,761,126	1.52
10. AmanahRaya Trustees Berhad - *AS 1Malaysia*	16,917,000	1.45
11. HSBC Nominees (Asing) Sdn. Bhd. - *BBH And Co. Boston For Vanguard Emerging Markets Stock Index Fund*	10,869,720	0.93
12. Citigroup Nominees (Tempatan) Sdn. Bhd. - *Exempt An For American International Assurance Berhad*	8,649,800	0.74
13. Citigroup Nominees (Tempatan) Sdn. Bhd. - *Exempt An For Eastspring Investments Berhad*	8,314,200	0.71
14. HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)*	7,243,000	0.62
15. HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For JPMorgan Chase Bank, National Association (U.A.E.)*	4,934,088	0.42
16. Maybank Nominees (Tempatan) Sdn. Bhd. - *Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)*	4,750,300	0.41
17. HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For The Bank Of New York Mellon (Mellon ACCT)*	4,545,314	0.39
18. HSBC Nominees (Asing) Sdn. Bhd. - *BNY Brussels For The Great Eastern Life Assurance Co Ltd*	4,436,400	0.38
19. Pertubuhan Keselamatan Sosial	4,182,000	0.36
20. Malaysia Nominees (Tempatan) Sendirian Berhad - *Great Eastern Life Assurance (Malaysia) Berhad (DR)*	3,973,100	0.34
21. HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For JPMorgan Chase Bank, National Association (Jersey)*	3,870,000	0.33
22. HSBC Nominees (Asing) Sdn. Bhd. - *HSBC BK PLC For Kuwait Investment Office (KIO)*	3,800,000	0.33
23. AmanahRaya Trustees Berhad - *Public Islamic Dividend Fund*	3,785,500	0.32
24. Malaysia Nominees (Tempatan) Sendirian Berhad - *Great Eastern Life Assurance (Malaysia) Berhad (LGF)*	3,710,000	0.32
25. HSBC Nominees (Asing) Sdn. Bhd. - *BBH And Co Boston For JF Asia Discovery Mother Fund (JTSB STB)*	3,704,800	0.32
26. HSBC Nominees (Asing) Sdn. Bhd. - *DZ Privatbank For Quoniam Funds Selection Sicav - Emerging Markets Equities Minrisk*	3,561,500	0.30
27. HSBC Nominees (Asing) Sdn. Bhd. - *BNY Brussels For Wisdomtree Emerging Markets Equity Income Fund*	3,533,900	0.30
28. Malaysia Nominees (Tempatan) Sendirian Berhad - *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	3,455,400	0.30
29. AmanahRaya Trustees Berhad - *PNB Structured Investment Fund*	3,364,500	0.29
30. Cartaban Nominees (Asing) Sdn. Bhd. - *BBH (LUX) SCA For Fidelity Funds Asean*	3,080,700	0.26
TOTAL	**930,783,852**	**79.67**

SUBSTANTIAL SHAREHOLDERS

Shareholders	Direct Interest	Deemed Interest	%
1. Skim Amanah Saham Bumiputera	-	518,044,100	44.34
2. Employees Provident Fund Board	1,500,000	118,643,004	10.28
TOTAL	**1,500,000**	**636,687,104**	**54.62**

The above information was based on Bursa Malaysia Depository Sdn. Bhd.'s records received on 4 May 2012.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

No proceeds were raised from any corporate proposals during the financial year under review.

Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

Options, Warrants or Convertible Securities

The amount of share options issued by the Company and exercised by eligible employees during the financial year under review is disclosed in the Directors' Report and Note 19(c) to the Financial Statements for the year ended 31 December 2011.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR 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 any regulatory body 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 2011 by the Company's external auditors or their affiliates is disclosed in Note 29 to the Financial Statements.

Variation in Results

There were no variances of 10% or more between the results for the financial year 2011 and the unaudited results previously announced.

Profit Guarantees

The Company did not give any profit guarantee during the financial year under review.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D.)

Material Contracts

Particulars of material contracts of UMW and its subsidiaries, involving Directors' and major shareholders' interests, are as follows -

(a) Joint Venture Agreement dated 16 August 1991 between PNB Equity Resource Corporation Sdn. Bhd. ("PNB EQUITY"), Sung Jin Machinery Co. Ltd. and UMW Corporation Sdn. Bhd. ("UMWC") in respect of the manufacture and sales of automotive flexible tubes, industrial expansion joints, catalytic converters, motor vehicle components and related products. PNB EQUITY is a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB") and the PNB Group is the largest shareholder of UMW Holdings Berhad, the parent company of UMWC, and therefore a related party.

(b) Joint Venture Agreement dated 2 February 1993 between PNB Equity Resource Corporation Sdn. Bhd. ("PNB EQUITY"), a related party, UMW Corporation Sdn. Bhd. ("UMWC"), Med-Bumikar Mara Sdn. Bhd. ("MBM"), 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 the manufacture of the second Malaysian national car.

Supplement and Amendment Agreement dated 5 December 2001 between UMWC, DMC, MBM Resources Berhad, 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 PEMSB, in improving production efficiencies, reducing cost and enhancing quality and increasing PERODUA's competitiveness in the industry.

PNB EQUITY is a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB") and the PNB Group is the largest shareholder of UMW Holdings Berhad, the parent company of UMWC, and therefore a related party.

(c) Shareholders' Agreement dated 2 July 1997 ("the Agreement") between UMW-PNSB Development Sdn. Bhd. ("UMW-PNSB"), 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-PNSB 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-PNSB, 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-PNSB, 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-PNSB in May 2001. PNB is now a shareholder of UMW-PNSB and the PNB Group is the largest shareholder of UMW Holdings Berhad, the parent company of UMWC, and therefore a related party.

(d) 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 be 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 21.57% 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.

(e) Vehicle Assembly Agreement dated 21 December 2010 between UMW Toyota Motor Sdn. Bhd. ("UMWT"), a 51%-owned subsidiary of UMW Corporation Sdn. Bhd. ("UMWC"), which is in turn 100%-owned by UMW Holdings Berhad ("UMWH"), and Perodua Manufacturing Sdn. Bhd. ("PMSB"), a 38%-owned associate company of UMWC, in respect of the appointment of PMSB as assembler/producer of specific vehicles for UMWT.

Toyota Motor Corporation of Japan ("TMC"), a 39% shareholder of UMWT, has indirect interest in PMSB via Daihatsu Motor Co., Ltd., its 51.19%-owned subsidiary, which owns 20% and 41% equity interest in PERODUA and Perodua Auto Corporation Sdn. Bhd. ("PCSB"), respectively. PERODUA and PCSB in turn, hold 49% and 51% equity interest in PMSB, respectively. As such, TMC is deemed to be a related party.

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting of the Company held on 23 June 2011, the Company had obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Paragraph 10.09(2)(b), Chapter 10 of the Main Market Listing Requirements of Bursa Securities, details of recurrent related party transactions conducted during the financial year ended 31 December 2011 pursuant to the Shareholders' Mandate are as follows -

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
Toyota Motor Corporation, Japan ("TMC")	Denso International Asia Pte. Ltd., Singapore ("DIA") has 72.73% equity interest in Denso. DIA is a wholly-owned subsidiary of Denso Corporation, Japan, a company in which TMC has 22.54% equity interest. 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"). UMWT has 100% equity interest in Assembly Services Sdn. Bhd. ("ASSB").	• Sale of vehicle spare parts by Denso to UMWT, a subsidiary of UMWC • Sale of vehicle parts by Denso to ASSB, a wholly-owned subsidiary of UMWT	430,749 100,010
TMC	TMC has 22.57% equity interest in JTEKT Corporation, which in turn has 90% equity interest in JTEKT Automotive (Malaysia) Sdn. Bhd. ("JAMSB"). UMWT has 10% equity interest in JAMSB.	• Sale of vehicle spare parts by JAMSB to UMWT, a subsidiary of UMWC	233,715

ADDITIONAL COMPLIANCE INFORMATION (CONT'D.)

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
TMC	TMC has indirect interest in Perodua Manufacturing Sdn. Bhd. ("PMSB"), a 28%-owned associated company of UMWC, vide its 51.19%-owned subsidiary, Daihatsu Motor Co., Ltd., Japan ("DMC"). 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. PERODUA and PCSB in turn, have 49% and 51% equity interests in PMSB, respectively. UMWT has 100% equity interest in Automotive Industries Sendirian Berhad ("AISB").	• Sale of vehicle completely knock-down ("CKD") units and components by UMWT, a subsidiary of UMWC to PMSB	122,641
		• Sale of vehicles by PMSB to UMWT, a subsidiary of UMWC	291,688
		• Sale of vehicles Original Equipment ("OE") exhaust system by AISB, a wholly-owned subsidiary of UMWT, to PMSB	40,171
		• Sale of stamping parts/ manifold assembly exhaust by AISB, a wholly-owned subsidiary of UMWT, to PEMSB	62,858
TMC	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. 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 ("TBC"). UMWT and TBC in turn have 65% and 35% equity interest in TBU, respectively. UMWT has 100% equity interest in ASSB.	• Sale of completed vehicle seats, local vehicle OE parts by TBU to ASSB, a wholly-owned subsidiary of UMWT	160,659
		• Sale of fabric and CKD seat component by TTM to TBU, a subsidiary of UMWT	80,773

Name of Related Party	Relationship	Type of Recurrent Related Party Transaction	Value of Transactions (RM'000)
Toyota Tsusho Corporation, Japan ("TTC")	TMC has an indirect interest in UMWT through its associated company, TTC, by virtue of TTC's 10% direct shareholding in UMWT. TMC has 21.57% equity interest in TTC. TTC is a major shareholder of Toyota Tsusho (Malaysia) Sdn. Bhd. ("TTM") as TTC has 70% equity interest therein. TTC and TTM have 51% and 19% equity interests, respectively, in UMW Toyotsu Motors Sdn. Bhd. ("UMW Toyotsu"), a 30%-owned associated company of UMWC.	• Sale of vehicles and workshop service by UMWT, a subsidiary of UMWC, to UMW Toyotsu	148,193
Japan Drilling Co, Ltd ("JDC")	JDC has 15% equity interest in UMW JDC Drilling Sdn. Bhd. ("UJD"), a 85%-owned subsidiary of UMWC. JDC Panama is a wholly-owned subsidiary of JDC.	• Payment of charter of drilling by UJD, a subsidiary of UMWC, to JDC Panama	44,894

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Financial Reporting Standard No. 124 ("FRS 124"), the above disclosures are made in order to comply with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities MMLR") with regard to the value of recurrent related party transactions of a revenue or trading nature conducted in accordance with the shareholders' mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the Bursa Securities MMLR are, to a certain extent, different from those of FRS 124.

The shareholdings of the respective interested Major Shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 29 May 2012 in relation to the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature.

TOP TEN (10) PROPERTIES HELD BY THE UMW GROUP

AS AT 31 DECEMBER 2011

	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	**Ulu Selangor** Lot 15001 to Lot 15009 & Lot 15019 to Lot 15024 and PT 16042 to 16048, PT 16050 and PT 16052 to PT 16056 Mukim Serendah Ulu Selangor	Industrial Land	Vacant	Leasehold 99 years expiring 25.10.2098 and Leasehold 99 years expiring 07.07.2109	Land - 3,121,364.3 Built-up - Nil	-	-	17.04.1995	79,037,319
2	**Klang** No.1, Jalan Keluli 2/KU2, Kawasan Perindustrian Bukit Raja Klang	Industrial Land	Integrated Quality Hub, Test Track and Centralised Body & Paint	Leasehold 99 years	Land - 354,261.0 Built-up - 27,753.3	-	-	28.12.2008	56,394,928
3	**Shah Alam** No. 2, Persiaran Raja Muda, Section 15 Shah Alam	Commercial Land	UMW Toyota Motor Head Office	Leasehold 99 years expiring 22.07.2067	Land - 24,283.2 Built-up - 19,840.5	7	-	06.08.1985	43,720,242
4	**Subang** Part of Lot 61716 Bandar Subang Jaya Daerah Petaling Selangor	Commercial Land	Showroom, Parts & Service Centre	Freehold	Land - 10,967.1 Built-up - 10,219.3	4	-	28.03.2006	37,095,313
5	**Penang** No. 8, Jalan Jelutong Section 9W Bandar Georgetown North-East District Pulau Pinang	Industrial Land	Showroom, Parts & Service Centre	Freehold	Land - 12,137.8 Built-up - 2,653.8	4	-	29.12.2003	36,179,701
6	**Shah Alam** No. 19, Jalan Subang Utama 2 (Jalan Puchong) Lion Industrial Park Section 22 Shah Alam	Industrial Land	Vacant	Freehold	Land - 46,947.5 Built-up - 949.2	9	-	14.05.1997	27,178,561
7	**Petaling Jaya** Lot 1, Jalan 19/1 Section 19 Petaling Jaya	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Leasehold 99 years expiring 28.06.2061	Land - 17,094.0 Built-up - 11,632.1	6	-	15.06.1991	26,769,868
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	4	-	28.09.2005	25,967,405
9	**Mutiara Damansara** Lot 44580 Mukim Sungai Buloh Daerah Petaling Selangor	Commercial Land	Showroom, Parts & Service Centre	Freehold	Land - 4,228.5 Built-up - 11,375.5	6	-	13.08.2004	25,191,916
10	**Kuala Lumpur** Lot 4523, Batu 5 Jalan Cheras Kuala Lumpur	Commercial Land	Showroom, Parts & Service Centre	Freehold	Land - 10,337.0 Built-up - 12,197.4	6	-	08.10.2003	24,786,356

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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	**969,513**	**417,010**
Attributable to:		
Equity holders of the Company	**502,053**	**417,010**
Non-controlling interests	**467,460**	**-**
	969,513	**417,010**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity of the Group and of the Company.

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:

(a) impairment of investments in associates and available-for-sale financial assets of RM101.3 million and RM31.4 million, respectively, recognised by the Group as disclosed in Note 29 to the financial statements;

(b) impairment of goodwill of RM46.4 million recognised by the Group as disclosed in Note 6 to the financial statements;

(c) fair value loss on quoted investments of RM25.9 million recognised by the Group as disclosed in Note 29 to the financial statements; and

(d) provision for losses on a maintenance and repair contract of RM102.0 million recognised by the Group as disclosed in Note 25 to the financial statements.

DIVIDENDS

The amounts of dividends paid or declared by the Company since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010:	
Second interim single-tier dividend of 27% or 13.5 sen paid on 11 February 2011	**156,647**
Final single-tier dividend of 13% or 6.5 sen paid on 10 August 2011	**75,939**

DIVIDENDS (CONT'D.)

	RM'000
In respect of the financial year ended 31 December 2011:	
First interim single-tier dividend of 20% or 10.0 sen paid on 7 October 2011	**116,829**
Second interim single-tier dividend of 27% or 13.5 sen paid on 10 February 2012	**157,720**

At the forthcoming Annual General Meeting of the Company, a final single-tier dividend in respect of the current financial year of 15% or 7.5 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM87.6 million (2010: a single-tier dividend of 13% or 6.5 sen per share of RM0.50 each, amounting to RM75.9 million net dividend) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. The proposed dividend, if approved by shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2012.

EMPLOYEE SHARE OPTION SCHEME

The UMW Holdings Berhad Employee Share Option Scheme ("ESOS") was approved by shareholders at an Extraordinary General Meeting of the Company held on 3 April 2006 and became effective on 18 April 2006.

The main features of the ESOS are as follows:

(a) Eligible persons are employees of the Group who have been confirmed in the employment of the Group including full-time salaried executive directors. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.

(b) The total number of shares to be offered shall not exceed in aggregate 15% of the issued and paid-up ordinary share capital of the Company at the point of offer during the duration of the ESOS, which shall be in force for a period of five years from 18 April 2006. This ESOS had expired on 17 April 2011.

(c) The option price for each share shall be determined by the ESOS Committee at its discretion based on the five (5)-day weighted average market price ("5D-WAMP") of the underlying shares of the Company immediately prior to the date of offer provided that the price so determined shall not be at a discount of more than 10% of the 5D-WAMP and shall not be less than the par value of the shares of the Company.

(d) Not more than 50% of the shares available under the ESOS shall be allocated, in aggregate, to directors and senior management of the Group and not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible employee, who, either singly or collectively through persons connected with him/her holds 20% or more of the issued and paid-up share capital of the Company.

(e) Options granted under the ESOS shall be capable of being exercised by the grantee in stages upon satisfaction of stipulated service conditions ranging from immediately exercisable on grant date to 2 years of service from grant dates whilst he/she is in the employment of the Group, by notice in writing to the Company of his/her intention to exercise an option during the option period.

(f) The number of shares under option or the option price or both so far as the options remain unexercised, may be adjusted following any alteration in the capital structure of the Company during the option period by way of rights issues, bonus issues, capital reduction, sub-division or consolidation of capital of the Company.

EMPLOYEE SHARE OPTION SCHEME (CONT'D.)

(g) The new shares to be issued and allotted upon the exercise of any option shall upon issuance, allotment and full payment, rank pari passu in all respects with the existing shares of the Company at the time of allotment and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

(h) Pursuant to Article 13 of the UMW ESOS By-Laws, the exercise prices were revised and the number of outstanding share options was adjusted as a result of the UMW Share Split which involved the sub-division of every one (1) existing UMW Share of RM1.00 each into two (2) new ordinary shares of RM0.50 each implemented on 4 March 2008.

The effect of the share split on exercise prices and number of outstanding share options is as shown below:

Option Price RM	Revised Option Price RM	Number of Outstanding Options over Ordinary Shares of RM0.50 each as at 3 March 2008		
		Option Quantity	Quantity Increased	Adjusted Option Quantity
6.67	3.335	5,465,800	5,465,800	10,931,600
6.66	3.330	8,833,000	8,833,000	17,666,000
6.65	3.325	538,100	538,100	1,076,200
		14,836,900	14,836,900	29,673,800

The movements in the options to take up unissued new ordinary shares of RM0.50 each and the option prices were as follows:

Options Granted in 2006

Option Price RM	Grant Date	<--------- Number of Options Over Ordinary Shares of RM0.50 each ---------->				
		1 January 2011	Exercised	Lapsed	Forfeited	18 April 2011
3.335	07/06/06	637,000	587,200	800	49,000	-
3.330	10/08/06	903,500	849,700	53,800	-	-
3.325	18/09/06	95,900	95,900	-	-	-
		1,636,400	1,532,800	54,600	49,000	-

Options Granted in 2008

Option Price RM	Grant Date	<--------- Number of Options Over Ordinary Shares of RM0.50 each ---------->				
		1 January 2011	Exercised	Lapsed	Forfeited	18 April 2011
5.160	21/10/08	5,428,500	5,323,900	62,600	42,000	-
4.930	01/12/08	7,147,100	7,147,100	-	-	-
		12,575,600	12,471,000	62,600	42,000	-

During the financial year 2011, 14,919,800 ordinary shares of RM0.50 each were allotted.

SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up share capital from RM576,687,066 to RM584,146,966 by way of issuance of 14,919,800 ordinary shares of RM0.50 each through the exercise and allotment of:

(a) 606,600 option shares of RM0.50 each at RM3.335 per share pursuant to the ESOS;

(b) 903,300 option shares of RM0.50 each at RM3.330 per share pursuant to the ESOS;

(c) 95,900 option shares of RM0.50 each at RM3.325 per share pursuant to the ESOS;

(d) 5,528,500 option shares of RM0.50 each at RM5.160 per share pursuant to the ESOS; and

(e) 7,785,500 option shares of RM0.50 each at RM4.930 per share pursuant to the ESOS.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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
Datuk Syed Hisham bin Syed Wazir
Dr. Leong Chik Weng
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani
Dato' Siow Kim Lun @ Siow Kim Lin
Dato' Mohd. Nizam bin Zainordin
Khalid bin Sufat
Wan Kamaruzaman bin Wan Ahmad

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 28 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.

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 and did not have any options to subscribe for shares in the Company under the ESOS except for the following:

The Company	1 January 2011	Exercise of Options	Bought	Sold	31 December 2011
	<------------------ Number of Ordinary Shares of RM0.50 Each ------------------>				
Indirect Interest					
Tan Sri Asmat bin Kamaludin	17,000	-	3,000	-	20,000

None of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

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 and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made; and

  (ii) to ensure that any current assets which were unlikely to realise their value 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 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.

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

The significant events during the year are as disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

The 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 25 April 2012.

TAN SRI ASMAT BIN KAMALUDIN

DATUK SYED HISHAM BIN SYED WAZIR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI ASMAT BIN KAMALUDIN** and **DATUK SYED HISHAM BIN SYED WAZIR** 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 111 to 229 are drawn up in accordance with Financial Reporting Standards and 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 2011 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 47 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 25 April 2012.

TAN SRI ASMAT BIN KAMALUDIN

DATUK SYED HISHAM BIN SYED WAZIR

STATUTORY DECLARATION

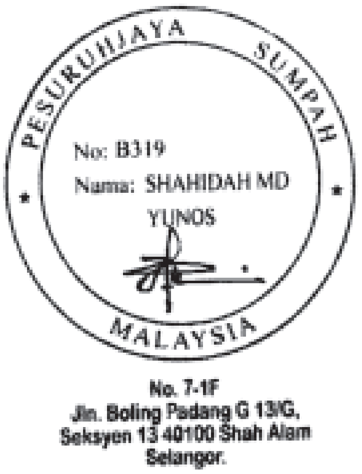
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 111 to 230 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 25 April 2012)

AZMIN BIN CHE YUSOFF

Before me,



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 the statements of financial position as at 31 December 2011 of the Group and of the Company, and the 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 notes, as set out on pages 111 to 229.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are 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 Company'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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2011 and of their financial performance and cash flows for the year then ended.

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.

Report on other legal and regulatory requirements (Cont'd.)

(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 matters

The supplementary information set out in Note 47 on page 230 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

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

Ernst & Young
AF: 0039
Chartered Accountants

Ong Chee Wai
No. 2857/07/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
25 April 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**3,077,195**	2,852,305
Investment properties	5	**77,574**	81,488
Intangible assets	6	**199,415**	258,489
Land use rights	7	**4,771**	4,931
Leased assets	8	**226,936**	193,998
Receivables	16	**7,858**	-
Investment in associates	11	**1,424,444**	1,453,059
Deferred tax assets	12	**56,521**	41,286
Other investments	13	**54,730**	132,463
Derivative assets	14	**62,261**	63,746
		5,191,705	5,081,765
Current assets			
Inventories	15	**1,518,883**	1,396,135
Receivables	16	**1,209,716**	1,109,168
Other investments	13	**391,271**	229,963
Derivative assets	14	**5,404**	4,897
Deposits, cash and bank balances	17	**2,219,430**	2,195,051
		5,344,704	4,935,214
Non-current assets held for sale	18	**4,548**	6,839
		5,349,252	4,942,053
TOTAL ASSETS		**10,540,957**	10,023,818

	Note	2011 RM'000	2010 RM'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	**584,147**	576,687
Share premium		**794,482**	716,708
Capital reserve	20	**6,302**	7,375
Share options reserve	19	**-**	14,514
Fair value adjustment reserve	20	**(16,235)**	-
Foreign currency translation reserve	20	**(26,344)**	(40,826)
Retained profits		**2,906,812**	2,752,635
		4,249,164	4,027,093
Non-controlling interests		**1,328,904**	1,239,918
Total equity		**5,578,068**	5,267,011
Non-current liabilities			
Provision for liabilities	21	**69,132**	65,492
Deferred tax liabilities	12	**34,040**	26,428
Long term borrowings	22	**1,743,296**	1,858,199
Derivative liabilities	14	**19,852**	21,255
		1,866,320	1,971,374
Current liabilities			
Provision for liabilities	21	**79,213**	80,818
Taxation		**83,410**	107,553
Short term borrowings	24	**850,708**	825,236
Payables	25	**1,924,255**	1,610,297
Dividend payable	34	**157,720**	156,647
Derivative liabilities	14	**1,263**	4,882
		3,096,569	2,785,433
Total liabilities		**4,962,889**	4,756,807
TOTAL EQUITY AND LIABILITIES		**10,540,957**	10,023,818

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 2011

	Note	2011 RM'000	2010 RM'000
Revenue	26	**13,535,753**	12,820,229
Other operating income	27	**146,342**	212,338
Changes in inventories		**67,716**	9,915
Finished goods purchased		**(9,394,250)**	(9,363,681)
Raw materials and consumables used		**(583,092)**	(451,075)
Employee benefits	28	**(778,258)**	(700,225)
Depreciation and amortisation		**(297,573)**	(281,589)
Other operating expenses	29	**(1,423,461)**	(1,036,241)
Profit from operations		**1,273,177**	1,209,671
Finance costs	30	**(90,477)**	(61,107)
Investment income	31	**77,897**	50,849
Share of results of associates		**120,889**	113,806
Profit before taxation		**1,381,486**	1,313,219
Income tax expense	32	**(411,973)**	(340,398)
Profit for the year		**969,513**	972,821
Other comprehensive income			
Foreign currency translation		**10,390**	(78,724)
Gain on cash flow hedge		**-**	201
Fair value movement for available-for-sale financial assets		**(16,235)**	-
Net asset accretion from capital contribution by a non-controlling interest in a subsidiary		**-**	1,582
Other comprehensive income for the year, net of tax		**(5,845)**	(76,941)
Total comprehensive income for the year		**963,668**	895,880
Profit for the year attributable to:			
Equity holders of the Company		**502,053**	526,903
Non-controlling interests		**467,460**	445,918
		969,513	972,821
Total comprehensive income attributable to:			
Equity holders of the Company		**500,300**	445,194
Non-controlling interests		**463,368**	450,686
		963,668	895,880
Earnings per share attributable to equity holders of the Company (Sen):			
Basic	33	**43.0**	46.3
Diluted	33	**43.0**	46.1

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 2011

	<------	Non-Distributable	------	------>		Distributable			
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Share Options Reserve RM'000	Capital Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2010	559,658	542,045	42,666	41,038	5,793	(201)	2,599,761	3,790,760	1,139,779	4,930,539
Total comprehensive income	-	-	(83,492)	-	1,582	201	526,903	445,194	450,686	895,880
Transactions with owners										
Dividends (Note 34)	-	-	-	-	-	-	(374,029)	(374,029)	(341,108)	(715,137)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,805	1,805
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	-	324	324
Reduction of non-controlling 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	-	(26,524)	-	-	-	-	-	-
Total transactions with owners	17,029	174,663	-	(26,524)	-	-	(374,029)	(208,861)	(350,547)	(559,408)
At 31 December 2010	576,687	716,708	(40,826)	14,514	7,375	-	2,752,635	4,027,093	1,239,918	5,267,011

	<------------------------- Non-Distributable				-------------------->	Distributable			
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Share Options Reserve RM'000	Capital Reserve RM'000	Fair Value Adjustment Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2011	**576,687**	**716,708**	**(40,826)**	**14,514**	**7,375**	**-**	**2,752,635**	**4,027,093**	**1,239,918**	**5,267,011**
Total comprehensive income	**-**	**-**	**14,482**	**-**	**-**	**(16,235)**	**502,053**	**500,300**	**463,368**	**963,668**
Transactions with owners										
Dividends (Note 34)	**-**	**-**	**-**	**-**	**-**	**-**	**(350,488)**	**(350,488)**	**(384,011)**	**(734,499)**
Issue of ordinary shares by subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,629**	**9,629**
Realisation of revaluation reserve	**-**	**-**	**-**	**-**	**(1,073)**	**-**	**1,073**	**-**	**-**	**-**
Issue of ordinary shares pursuant to ESOS	**7,460**	**64,799**	**-**	**-**	**-**	**-**	**-**	**72,259**	**-**	**72,259**
Effect of exercise of ESOS	**-**	**12,975**	**-**	**(14,514)**	**-**	**-**	**1,539**	**-**	**-**	**-**
Total transactions with owners	**7,460**	**77,774**	**-**	**(14,514)**	**(1,073)**	**-**	**(347,876)**	**(278,229)**	**(374,382)**	**(652,611)**
At 31 December 2011	**584,147**	**794,482**	**(26,344)**	**-**	**6,302**	**(16,235)**	**2,906,812**	**4,249,164**	**1,328,904**	**5,578,068**

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 2011

	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,381,486**	1,313,219
Adjustments for:		
Amortisation of land use rights	**160**	160
Amortisation of product development expenditure	**38**	158
Bad debts written off	**5,291**	2,800
Depreciation	**297,413**	281,429
Impairment/(reversal) of losses on:		
- receivables	**(4,741)**	(4,950)
- leased assets	**-**	536
- property, plant and equipment	**83**	16,936
- available-for-sale financial assets	**31,430**	-
- other investments	**-**	(3,065)
- investment in associates	**101,329**	53,204
Dividend income	**(6,882)**	(2,230)
Net gain on disposal of investments	**(144)**	(285)
Forfeiture of profit guarantee	**2,894**	-
Excess of Group's share in net fair value of the acquired subsidiaries' identifiable assets/liabilities and contingent liabilities over the cost of business combination	**-**	(7,604)
Impairment of goodwill	**46,388**	23,185
Interest expense	**90,477**	61,107
Interest income	**(71,015)**	(48,619)
Net gain on disposal of property, plant and equipment and leased assets	**(26,978)**	(13,522)
Net inventories written down	**8,331**	10,048
Property, plant and equipment and leased assets written off	**933**	1,160
Provision for liabilities, net of reversal	**12,860**	40,662
Provision for losses on a maintenance and repair contract	**101,965**	-
Write back of provision for unutilised leave	**(169)**	(1,035)
Net fair value losses on financial asset	**25,875**	1,370
Share of results of associates	**(120,889)**	(113,806)
Net fair value gains on derivatives	**(3,999)**	(55,002)
Net unrealised foreign exchange losses/(gains)	**38,558**	(12,071)
Operating profit before working capital changes	**1,910,694**	1,543,785
Increase in receivables	**(80,027)**	(173,033)
Increase in inventories	**(86,463)**	(88,669)
Decrease in provision for liabilities	**(12,976)**	(23,264)
Increase in payables	**110,637**	113,857
Cash generated from operating activities	**1,841,865**	1,372,676
Interest paid	**(88,613)**	(59,652)
Taxes paid	**(445,476)**	(311,229)
Net cash generated from operating activities	**1,307,776**	1,001,795

	2011 RM'000	2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries (Note 9(b))	**-**	(12,718)
Net cash outflow on acquisition of a jointly-controlled entity (Note 10)	**-**	(13,424)
Purchase of additional equity interests in subsidiaries and associates (Note 9(c))	**-**	(36,109)
Purchase of property, plant and equipment, land use rights, investment properties and leased assets	**(588,990)**	(679,893)
Proceeds from disposal of property, plant and equipment, non-current asset held for sale and leased assets	**76,560**	81,486
Proceeds from disposal of other investments	**375,390**	301,095
Purchase of other investments	**(536,700)**	(467,961)
Interest received	**77,897**	48,619
Dividends received	**77,482**	61,643
Net cash used in investing activities	**(518,361)**	(717,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of long term borrowings	**77,983**	461,152
Repayment of long term borrowings	**(249,071)**	(106,695)
Net movement in short term borrowings	**29,790**	270,387
Repayment of finance lease payables	**(210)**	(1,533)
Proceeds from issuance of shares		
- by holding company to shareholders	**72,259**	165,168
- by subsidiaries to non-controlling interests	**9,629**	324
Dividends paid to equity holders of the Company	**(349,415)**	(273,586)
Dividends paid to non-controlling interests	**(384,011)**	(341,108)
Net cash (used in)/generated from financing activities	**(793,046)**	174,109
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(3,631)**	458,642
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**2,130,761**	1,699,020
EFFECTS OF EXCHANGE RATE CHANGES	**18,479**	(26,901)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**2,145,609**	2,130,761
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	**396,828**	442,678
Deposits with licensed banks (Note 17)	**1,822,602**	1,752,373
Bank overdrafts (Note 24)	**(73,821)**	(64,290)
	2,145,609	2,130,761

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 RM'000	2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**925**	-
Investment in subsidiaries	9	**1,095,485**	1,095,485
Due from subsidiaries	16	**908,809**	700,047
Derivative assets	14	**43,829**	54,082
		2,049,048	1,849,614
Current assets			
Other investments	13	**104,874**	-
Receivables	16	**1,882**	983
Deposits, cash and bank balances	17	**66,519**	237,662
		173,275	238,645
TOTAL ASSETS		**2,222,323**	2,088,259
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	**584,147**	576,687
Share premium		**794,482**	716,708
Share options reserve	19	**-**	14,514
Retained profits		**68,866**	805
Total equity		**1,447,495**	1,308,714
Non-current liabilities			
Long term borrowings	22	**609,642**	609,532
Current liabilities			
Payables	25	**7,466**	13,366
Dividend payable	34	**157,720**	156,647
		165,186	170,013
Total liabilities		**774,828**	779,545
TOTAL EQUITY AND LIABILITIES		**2,222,323**	2,088,259

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 2011

	Note	2011 RM'000	2010 RM'000
Revenue	26	**393,531**	373,258
Other operating income	27	**23,836**	55,159
Depreciation		**(89)**	-
Other operating expenses	29	**(13,214)**	(67,651)
Profit from operations		**404,064**	360,766
Finance costs	30	**(19,496)**	(16,412)
Investment income	31	**32,740**	23,690
Profit before taxation		**417,308**	368,044
Income tax expense	32	**(298)**	(501)
Profit for the year, representing total comprehensive income for the year		**417,010**	367,543

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 2011

	<--- Non-Distributable	--->		Distributable	
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2010	559,658	542,045	41,038	7,291	1,150,032
Total comprehensive income	-	-	-	367,543	367,543
Transactions with owners					
Dividends (Note 34)	-	-	-	(374,029)	(374,029)
Issue of ordinary shares pursuant to ESOS	17,029	148,139	-	-	165,168
Effect of exercise of ESOS	-	26,524	(26,524)	-	-
Total transactions with owners	17,029	174,663	(26,524)	(374,029)	(208,861)
At 31 December 2010	576,687	716,708	14,514	805	1,308,714
At 1 January 2011	**576,687**	**716,708**	**14,514**	**805**	**1,308,714**
Total comprehensive income	**-**	**-**	**-**	**417,010**	**417,010**
Transactions with owners					
Dividends (Note 34)	**-**	**-**	**-**	**(350,488)**	**(350,488)**
Issue of ordinary shares pursuant to ESOS	**7,460**	**64,799**	**-**	**-**	**72,259**
Effect of exercise of ESOS	**-**	**12,975**	**(14,514)**	**1,539**	**-**
Total transactions with owners	**7,460**	**77,774**	**(14,514)**	**(348,949)**	**(278,229)**
At 31 December 2011	**584,147**	**794,482**	**-**	**68,866**	**1,447,495**

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 2011

	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**417,308**	368,044
Adjustments for:		
Amortisation of financial guarantee	**(501)**	(501)
Interest expense	**19,496**	16,412
Investment income	**(32,740)**	(23,690)
Dividend income	**(393,531)**	(373,258)
Depreciation	**89**	-
Impairment losses of other financial assets	**68**	-
Net unrealised foreign exchange (gains)/losses	**(22,849)**	64,779
Net fair value loss/(gains) on derivatives	**10,253**	(54,658)
Operating loss before working capital changes	**(2,407)**	(2,872)
Increase in receivables	**(169)**	(66)
(Increase)/decrease in amounts due from subsidiaries	**(141,790)**	307,387
(Decrease)/increase in payables	**(5,368)**	4,662
Cash (used in)/generated from operations	**(149,734)**	309,111
Interest paid	**(19,525)**	(14,962)
Tax paid	**(807)**	(463)
Net cash (used in)/generated from operating activities	**(170,066)**	293,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**32,519**	17,826
Dividends received	**349,407**	373,258
Purchase of property, plant and equipment	**(1,014)**	-
Purchase of other investments	**(104,942)**	-
Additional investment in a subsidiary	**-**	(454,000)
Net cash generated from/(used in) investing activities	**275,970**	(62,916)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of long term borrowings	**109**	109,895
Proceeds from issuance of shares	**72,259**	165,168
Dividends paid to equity holders of the Company	**(349,415)**	(273,586)
Net cash (used in)/generated from financing activities	**(277,047)**	1,477
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(171,143)**	232,247
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**237,662**	5,415
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**66,519**	237,662
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	**86**	113,891
Deposits with licensed banks (Note 17)	**66,433**	123,771
	66,519	237,662

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

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, agricultural sectors; and

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

Ancillary to these activities, the Group provides support services in the form of after-sales service, travel and insurance. The other activities within the Group include:

(i) marketing of a range of established agency lines in the automotive field;

(ii) rebuilding and repair of heavy equipment and diesel engines along with fabrication and manufacturing of related components and customised attachments;

(iii) manufacturing of engines, vehicle exhaust systems, kangaroo bars, filters and seats for various automotive and industrial applications;

(iv) manufacturing and assembly of power steering pumps;

(v) manufacturing, assembly and marketing of shock absorbers;

(vi) agencies for some products used in the oil and gas industry;

(vii) blending, packaging, marketing and distribution of lubricants; and

(viii) provision of support services in the form of after-sales service, travel and insurance.

The Company is an investment holding company.

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 25 April 2012.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

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.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

- FRS 1 First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2 Share-based Payment
- FRS 3 Business Combinations
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 138 Intangible Assets
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- Amendments to FRS 132 Classification of Rights Issues
- IC Interpretation 18 Transfers of Assets from Customers
- Amendments to FRS 7 Improving Disclosures about Financial Instruments
- Amendments to FRS 1 Limited Exemptions for First-time Adopters
- Amendments to FRS 1 Additional Exemptions for First-time Adopters
- IC Interpretation 4 Determining Whether an Arrangement contains a Lease
- Improvements to FRS issued in 2010

Adoption of the above Standards and Interpretations did not have any significant effect on the financial performance and position of the Group except for the one discussed below:

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in Accounting Policies (Cont'd.)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements (Cont'd.)

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 44. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 46.

2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Company and the Group will be required to prepare its first MFRS financial statements using the MFRS Framework in the year ending 31 December 2012. In presenting its first MFRS financial statements, the Company and the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The adoption of MFRS Framework in 2012 is not expected to result in significant adjustments to the comparative financial statements of the Group or of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies

(a) Subsidiaries, Basis of Consolidation, Associates and Jointly-Controlled Entities

(i) Subsidiaries

Subsidiaries are companies over which the Group has the power to exercise control over the financial and operating policies of an entity so as to obtain benefits therefrom. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity. Details of the subsidiaries are disclosed in Note 38.

Investments in subsidiaries are stated at cost less impairment losses. Where an indication of impairment exists, the carrying value of the investment is written down immediately to its recoverable value.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company, all its subsidiaries and jointly-controlled entities as at the reporting date. The financial statements of the Company, its subsidiaries and jointly-controlled entities used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date. When the reporting dates of the Company, a subsidiary or jointly-controlled entity are different, the subsidiary or jointly-controlled entity prepares additional financial statements as of the same date as that of the Company for consolidation purposes.

Subsidiaries are consolidated from the effective date of acquisition, being a date on which the Group obtains control, and continue to be consolidated until the date that such control ceases, being the effective date of disposal.

Intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation or in the case of jointly-controlled entities, to the extent of the Group's interest. The consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of subsidiary is accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. However, any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(a) Subsidiaries, Basis of Consolidation, Associates and Jointly-Controlled Entities (Cont'd.)

(ii) Basis of Consolidation (Cont'd.)

The gain or loss on disposal of a subsidiary is the difference between the disposal proceeds and the Group's share of its net assets together with any carrying value of goodwill and translation differences which were not previously recognised in the profit or loss.

Non-controlling interests in consolidated statement of comprehensive income and consolidated statement of financial position represent the portion of profit or loss or net assets in subsidiaries not held by the Group, respectively. Non-controlling interests in the consolidated financial position consist of the non-controlling interests' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

(iii) Associates

Associates are those companies in which the Group has long term equity interest where it exercises significant influence over the financial and operating policies of those companies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control over those policies.

The Group's share of profits less losses of associates during the financial year is included in the consolidated statement of comprehensive income, using the equity method of accounting, based upon the audited or management financial statements of the associates as at 31 December 2011.

Associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated up to the extent of the Group's interest in the associates unless cost cannot be recovered.

The Group's interest in associates is carried in the consolidated financial position at cost plus the Group's share of post acquisition reserves. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. 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.

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets and contingent liabilities of the associates as at the acquisition date and is included within the carrying amount of investment in associates. Goodwill is not amortised. Where an indication of impairment exists, the carrying value of goodwill is written down immediately to its recoverable value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(a) Subsidiaries, Basis of Consolidation, Associates and Jointly-Controlled Entities (Cont'd.)

(iii) Associates (Cont'd.)

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of associate's profit or loss in the consolidated statement of comprehensive income in the period in which the investment is acquired.

When the Group's share of losses in an associate 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 associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

On disposal of investment in an associate, the difference between net disposal proceeds and their carrying amount is included in the consolidated statement of comprehensive income.

Details of associates are disclosed in Note 40.

(iv) Jointly-Controlled Entities

A jointly-controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. Investment in a jointly-controlled entity is accounted for in the consolidated financial statements using proportionate consolidation whereby the consolidated statement of financial position includes the Group's share of the assets that it controls jointly as well as its share of the liabilities for which it is jointly responsible. In addition, the consolidated statement of comprehensive income includes the Group's share of the income and expenses of the jointly-controlled entity. The Group's share of each of the assets, liabilities, income and expenses of the jointly-controlled entity are combined with similar items of the Group, line by line, in the consolidated financial statements.

The jointly-controlled entity is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the jointly-controlled entity.

Unrealised gains on transactions between the Group and its jointly-controlled entity are eliminated to the extent of the Group's interest in the jointly-controlled entity. Unrealised losses are eliminated unless cost cannot be recovered.

On disposal of investment in a jointly-controlled entity, the difference between net disposal proceeds and their carrying amount is included in the consolidated statement of comprehensive income.

Details of jointly-controlled entities are disclosed in Note 39.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 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.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income 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%
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.

As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, land and buildings of the Group have not been revalued since they were first revalued in 1979, 1984 and 1985. The directors have not adopted a policy of regular revaluation of such assets. These assets are stated at their respective valuation less accumulated depreciation and accumulated impairment losses.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained profits when the asset is retired or disposed of.

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 and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(b) Property, Plant and Equipment (Cont'd.)

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 2.4(x).

(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 an item of 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 2.4(x).

(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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(e) Investment Properties (Cont'd.)

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 2.4(x).

(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, held-to-maturity investments 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) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(f) Financial Assets (Cont'd.)

(ii) Loans and receivables (Cont'd.)

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 the Company comprise of trade and other receivables (other than accrued income, prepayments and tax recoverable), due from related companies and cash and bank balances.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) 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 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.

All unquoted equity investments of the Group and the Company are designated as available-for-sale financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(f) Financial Assets (Cont'd.)

A financial asset is derecognised when the contractual right 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(g) Impairment of Financial Assets (Cont'd.)

(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.

(h) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash and bank balances and deposits at call with licensed banks, net of outstanding bank overdrafts.

(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 of raw materials, spares and consumables represent cost of purchase.

2. SIGNIFICANT ACCOUNTING POLICIES (CON'TD.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(i) Inventories (Cont'd.)

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 acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. On disposal of an entity, the carrying amount of goodwill is taken into account in determining the gains and losses.

(ii) Research and Development Expenditure

Research expenditure is recognised as an expense when incurred.

Costs incurred on development projects are recognised as intangible assets only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs, considered to have finite lives, are stated at cost less any impairment losses and are amortised from the commencement of the commercial production of the product to which they relate, on a systematic basis based on the volume sold, so as to reflect the pattern in which the related economic benefits are recognised over the period of their expected benefit, but not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(k) Foreign Currencies (Cont'd.)

(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 on or after 1 January 2006 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. Goodwill and fair value adjustments arising on the acquisition of a foreign operation before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the exchange rate ruling at the date of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(k) Foreign Currencies (Cont'd.)

(iii) Foreign Operations (Cont'd.)

The principal exchange rates at the reporting date used for the translation of foreign currencies are as follows:

	2011 RM	2010 RM
United States Dollar	**3.1680**	3.0635
Singapore Dollar	**2.4434**	2.3856
Sterling Pound	**4.9240**	4.7894
Euro	**4.0975**	3.9847
Australian Dollar	**3.2332**	3.1349
Solomon Islands Dollar	**0.4379**	0.3943
Chinese Renminbi	**0.5037**	0.4637
Swedish Krone	**0.4516**	0.4565
Papua New Guinea Kina	**1.4875**	1.1633
Vietnamese Dong (100 units)	**0.0151**	0.0157
Thai Baht (100 units)	**10.0400**	10.1900
Japanese Yen (100 units)	**4.1196**	3.7766
Indonesian Rupiah (100 units)	**0.0350**	0.0339
Indian Rupee (100 units)	**5.9700**	6.8500
Hong Kong Dollar	**0.4079**	0.3941
Bahrain Dinar	**8.4038**	8.1230
Oman Riyal	**8.2236**	7.9575

(l) Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. Government grants related to income are deducted from the related expenses over the periods in which the entity recognises as expenses, the related costs for which the grants are intended to compensate.

(m) 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 FRS 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(m) Financial Liabilities (Cont'd.)

(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.

The Group and the Company have not designated any financial liabilities as fair value through profit or loss.

(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.

(n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(o) 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.

(p) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which these can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also recognised directly in other comprehensive income, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

(q) 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 sales tax and services tax and includes excise duties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(q) Revenue Recognition (Cont'd.)

(ii) Revenue from services rendered is recognised net of service tax on accrual basis as and when services are performed.

(iii) Rental income on operating lease transactions and rental income are recognised on accrual basis.

(iv) Dividend income is recognised when the shareholders' rights to receive payment is established.

(v) Interest income is recognised on an accrual basis.

(vi) Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.4(w).

(r) Leases

(i) Where Group/Company 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 2.4(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/Company is a Lessor

The present value of lease payments receivable under a finance lease is recognised as 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 financial position. They are depreciated over their expected useful lives as described in Note 2.4(d). Net rental income is recognised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(s) 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.

(iii) Retirement Benefits

The Group contributes to retirement schemes for its employees in accordance with its obligations. The major schemes are the UMW Group Retirement Plan ("UGRP") and the Sejati Motor Retirement Plan ("SMRP"). Both of these schemes are defined benefit plans. These retirement schemes are funded by payments to trusts whose assets are separately administered from those of the Group.

The cost of retirement benefits is determined based on triennial actuarial valuation by independent actuaries using the Projected Unit Credit Valuation Method for both UGRP and SMRP, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. The last valuations were carried out as of 31 December 2010 for UGRP and 31 December 2011 for SMRP, respectively.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(s) Employee Benefits (Cont'd.)

(iii) Retirement Benefits (Cont'd.)

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Share-based Compensation

The UMW Holdings Berhad Employee Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting periods and takes into account the probability that the options will vest.

The fair value of share option is measured at grant date and takes into account, if any, the market vesting conditions upon which the options were granted and excludes the impact of any non-market vesting conditions. Non-market vesting conditions are taken into account in making assumptions about the number of options that are expected to become exercisable on vesting dates.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting dates. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting periods. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(t) Provision for Warranties

Provision for warranties is recognised when the Group has a present obligation as a result of a past sale and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date 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. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(u) 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.

(v) Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. 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 subject only to terms that are usual and customary.

Immediately before classification as held for sale, the non-current assets are measured in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5, that is at the lower of carrying amount and fair value less costs to sell. Any difference are included in profit or loss. Non-current assets classified as held for sale, is not depreciated.

(w) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of Significant Accounting Policies (Cont'd.)

(x) 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 an 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 except for assets that are previously revalued where the revaluation was taken to other comprehensive income up to the amount of any previous revaluation.

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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(y) 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.

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:

(a) Classification of financial assets

The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity.

The Group classified its investment in cash fund of RM1,000,000 as held-to-maturity.

Management exercises judgement based on the UMW Group's treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

(b) 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.

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 impaired quoted and unquoted equity investment with significant decline in fair value and prolonged period of 12 months and more.

The impairment losses recognised for available-for-sale financial assets as at 31 December 2011 are as follows:

(i) Quoted available-for-sale financial assets of RM47,666,000 (2010: Nil) ; and
(ii) Unquoted available-for-sale financial assets of RM626,000 (2010: RM626,000)

3.2 Change in Estimates

During the financial year, the residual value and estimated useful life of certain assets under plant and equipment were revised to reflect the expected pattern of consumption of the future economic benefits embodied in the assets to comply with FRS116: Property, Plant and Equipment. The revision was accounted for as a change in accounting estimates and has the effect of reducing the depreciation charge for the current year by approximately RM14 million.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.3 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 as at 31 December 2011 are as follows:

(a) Goodwill on consolidation of RM199,399,000 (2010: RM258,435,000); and
(b) Goodwill on acquisition of associates subsumed within the costs of investment in associates of RM41,942,000 (2010: RM41,942,000).

Further details are disclosed in Notes 6 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. The total carrying value of recognised tax losses and capital allowances of the Group was RM48,876,000 (2010: RM33,508,000) and the unrecognised tax losses and capital allowances of the Group was RM674,736,000 (2010: RM363,280,000).

(iii) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated useful lives. Management estimates the useful lives of these plant and machinery 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 plant and machinery at the reporting date is disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.3 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 2011, the carrying amount of provision for warranties was RM143,764,000 (2010: RM145,412,000). Further details are provided in Note 21.

4. PROPERTY, PLANT AND EQUIPMENT

	*Land and Buildings RM'000	Plant and Machinery RM'000	Assets-In-Progress RM'000	**Other Assets RM'000	Total RM'000
Group					
Cost/Valuation					
At 1 January 2010	1,000,929	1,988,264	352,682	414,867	3,756,742
Exchange differences	(3,325)	(143,652)	(20,134)	(5,875)	(172,986)
Additions	63,452	357,673	97,544	47,024	565,693
Reclassified from leased assets (Note 8)	-	259	-	-	259
Acquisitions of subsidiaries (Note 9(b))	-	18,243	-	1,461	19,704
Write-offs	-	(5,047)	-	(5,220)	(10,267)
Disposals	(7,708)	(11,820)	(26,699)	(25,381)	(71,608)
Reclassification	30,360	202,114	(243,292)	10,818	-
At 31 December 2010	**1,083,708**	**2,406,034**	**160,101**	**437,694**	**4,087,537**
Exchange differences	**(5,379)**	**14,949**	**(80)**	**9,645**	**19,135**
Additions	**38,635**	**250,922**	**134,563**	**40,334**	**464,454**
Reclassified from leased assets (Note 8)	**-**	**81**	**-**	**-**	**81**
Reclassified to inventories (Note 15)	**-**	**-**	**-**	**(407)**	**(407)**
Write-offs	**(804)**	**(3,301)**	**-**	**(6,791)**	**(10,896)**
Disposals	**(393)**	**(16,666)**	**(5,480)**	**(19,887)**	**(42,426)**
Reclassification	**90,817**	**63,437**	**(164,790)**	**10,536**	**-**
At 31 December 2011	**1,206,584**	**2,715,456**	**124,314**	**471,124**	**4,517,478**
At 31 December 2011					
At cost	**1,182,562**	**2,715,456**	**124,314**	**471,124**	**4,493,456**
At valuation	**24,022**	**-**	**-**	**-**	**24,022**
	1,206,584	**2,715,456**	**124,314**	**471,124**	**4,517,478**
At 31 December 2010					
At cost	1,059,686	2,406,034	160,101	437,694	4,063,515
At valuation	24,022	-	-	-	24,022
	1,083,708	2,406,034	160,101	437,694	4,087,537

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	*Land and Buildings RM'000	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 2010	200,145	571,207	-	270,486	1,041,838
Exchange differences	(553)	(10,656)	-	(2,605)	(13,814)
Acquisitions of subsidiaries (Note 9(b))	-	1,389	-	703	2,092
Charge for the year	21,801	154,279	-	43,670	219,750
Reclassified from leased assets (Note 8)	-	199	-	-	199
Write-offs	-	(4,334)	-	(4,774)	(9,108)
Disposals	(258)	(7,557)	-	(14,846)	(22,661)
Impairment	11,693	4,865	-	378	16,936
Reclassification	-	8	-	(8)	-
At 31 December 2010	**232,828**	**709,400**	**-**	**293,004**	**1,235,232**
Exchange differences	**1,231**	**(7,329)**	**-**	**11,035**	**4,937**
Charge for the year	**29,016**	**164,510**	**-**	**33,815**	**227,341**
Reclassified from leased assets (Note 8)	**-**	**74**	**-**	**-**	**74**
Reclassified to inventories (Note 15)	**-**	**-**	**-**	**(78)**	**(78)**
Write-offs	**(710)**	**(2,695)**	**-**	**(6,558)**	**(9,963)**
Disposals	**(136)**	**(7,701)**	**-**	**(9,506)**	**(17,343)**
Impairment	**-**	**83**	**-**	**-**	**83**
Reclassification	**-**	**491**	**-**	**(491)**	**-**
At 31 December 2011	**262,229**	**856,833**	**-**	**321,221**	**1,440,283**
At 31 December 2011					
At cost	**249,608**	**856,833**	**-**	**321,221**	**1,427,662**
At valuation	**12,621**	**-**	**-**	**-**	**12,621**
	262,229	**856,833**	**-**	**321,221**	**1,440,283**
At 31 December 2010					
At cost	220,502	709,400	-	293,004	1,222,906
At valuation	12,326	-	-	-	12,326
	232,828	709,400	-	293,004	1,235,232
Net Carrying Amount					
At 31 December 2011					
At cost	**932,954**	**1,858,623**	**124,314**	**149,903**	**3,065,794**
At valuation	**11,401**	**-**	**-**	**-**	**11,401**
	944,355	**1,858,623**	**124,314**	**149,903**	**3,077,195**
At 31 December 2010					
At cost	839,184	1,696,634	160,101	144,690	2,840,609
At valuation	11,696	-	-	-	11,696
	850,880	1,696,634	160,101	144,690	2,852,305

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company

Included in the property, plant and equipment are motor vehicles purchased during the year amounting to RM1,013,895 with accumulated depreciation of RM88,778.

*** 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
Cost/Valuation							
At 1 January 2010	138,978	162,059	178,221	25,458	188,802	307,411	1,000,929
Exchange differences	(1,163)	(281)	(560)	(123)	(513)	(685)	(3,325)
Additions	3,750	30,576	219	95	28,746	66	63,452
Disposals	-	-	(7,503)	(111)	-	(94)	(7,708)
Reclassification	-	17,431	-	-	272,984	(260,055)	30,360
At 31 December 2010	**141,565**	**209,785**	**170,377**	**25,319**	**490,019**	**46,643**	**1,083,708**
Exchange differences	**(2,567)**	**(6,129)**	**1,397**	**(29)**	**1,443**	**506**	**(5,379)**
Additions	**3,870**	**15,172**	**2,426**	**-**	**17,167**	**-**	**38,635**
Write-offs	**-**	**-**	**-**	**-**	**(269)**	**(535)**	**(804)**
Disposals	**-**	**-**	**(306)**	**-**	**(87)**	**-**	**(393)**
Reclassification	**(2)**	**21,263**	**(114)**	**(3,140)**	**72,873**	**(63)**	**90,817**
At 31 December 2011	**142,866**	**240,091**	**173,780**	**22,150**	**581,146**	**46,551**	**1,206,584**
At 31 December 2011							
At cost	**142,866**	**239,551**	**173,780**	**22,150**	**557,908**	**46,307**	**1,182,562**
At valuation	**-**	**540**	**-**	**-**	**23,238**	**244**	**24,022**
	142,866	**240,091**	**173,780**	**22,150**	**581,146**	**46,551**	**1,206,584**
At 31 December 2010							
At cost	141,565	209,245	170,377	25,319	466,781	46,399	1,059,686
At valuation	-	540	-	-	23,238	244	24,022
	141,565	209,785	170,377	25,319	490,019	46,643	1,083,708

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
Accumulated Depreciation and Impairment Losses							
At 1 January 2010	-	20,834	24,707	10,077	64,571	79,956	200,145
Exchange differences	-	(28)	(337)	(31)	(5)	(152)	(553)
Charge for the year	-	4,175	2,694	571	13,437	924	21,801
Disposals	-	-	(152)	(53)	-	(53)	(258)
Impairment	-	-	-	-	11,693	-	11,693
Reclassification	-	-	-	-	55,613	(55,613)	-
At 31 December 2010	**-**	**24,981**	**26,912**	**10,564**	**145,309**	**25,062**	**232,828**
Exchange differences	**-**	**(208)**	**961**	**(7)**	**373**	**112**	**1,231**
Charge for the year	**-**	**7,379**	**3,792**	**517**	**16,398**	**930**	**29,016**
Write-offs	**-**	**-**	**-**	**-**	**(175)**	**(535)**	**(710)**
Disposals	**-**	**-**	**(101)**	**-**	**(35)**	**-**	**(136)**
Reclassification	**-**	**(990)**	**(1,450)**	**(102)**	**2,546**	**(4)**	**-**
At 31 December 2011	**-**	**31,162**	**30,114**	**10,972**	**164,416**	**25,565**	**262,229**
At 31 December 2011							
At cost	**-**	**31,000**	**30,114**	**10,972**	**152,201**	**25,321**	**249,608**
At valuation	**-**	**162**	**-**	**-**	**12,215**	**244**	**12,621**
	-	**31,162**	**30,114**	**10,972**	**164,416**	**25,565**	**262,229**
At 31 December 2010							
At cost	-	24,827	26,912	10,564	133,381	24,818	220,502
At valuation	-	154	-	-	11,928	244	12,326
	-	24,981	26,912	10,564	145,309	25,062	232,828
Net Carrying Amount							
At 31 December 2011							
At cost	**142,866**	**208,551**	**143,666**	**11,178**	**405,707**	**20,986**	**932,954**
At valuation	**-**	**378**	**-**	**-**	**11,023**	**-**	**11,401**
	142,866	**208,929**	**143,666**	**11,178**	**416,730**	**20,986**	**944,355**
At 31 December 2010							
At cost	141,565	184,418	143,465	14,755	333,400	21,581	839,184
At valuation	-	386	-	-	11,310	-	11,696
	141,565	184,804	143,465	14,755	344,710	21,581	850,880

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

** *Included in the other assets are office equipment, furniture and fittings, motor vehicles, renovation and improvements.*

(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:

	2011 RM'000	2010 RM'000
Land and building	**7,382**	5,868
Plant and machinery	**383,404**	238,889
Office equipment, furniture and fittings and motor vehicles	**170,099**	164,264

(b) Details of independent professional valuations of land and buildings owned by the Group at 31 December 2011 which are carried at valuation are as follows:

Year of Valuation	Description of Property	Amount RM'000	Basis of Valuation
1979	Land and buildings in Shah Alam, Selangor	14,333	Open market value
1979	Land and building in Tawau, Sabah	244	Open market value
1979	Land and building in Kota Kinabalu, Sabah	5,435	Open market value
1984	Land and building in Temerloh, Pahang	256	Open market value
1985	Land and building in Kuantan, Pahang	3,470	Open market value
1985	Land and building in Ipoh, Perak	284	Open market value
		24,022	

(c) Due to the absence of historical records, the net book values of the above land and buildings, had the revalued assets been carried at historical cost less accumulated depreciation, are not disclosed.

(d) The net book value of plant and equipment held under hire purchase arrangements is RM848,962 (2010: RM1,257,556).

(e) Interest expense capitalised during the financial year under assets-in-progress of the Group amounted to RM1,660,000 (2010: RM17,896,000), as disclosed in Note 30.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(f) The net book value of property, plant and equipment pledged for borrowings (Note 22 and Note 24) are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Assets-in-progress and plant and machinery	**313,310**	264,436
Land and buildings	**83,164**	78,438
Others	**3,089**	6,380
	399,563	349,254

(g) During the financial year, the residual value and estimated useful life of certain assets under plant and equipment were revised to reflect the expected pattern of consumption of the future economic benefits embodied in the assets to comply with FRS116: Property, Plant and Equipment. The revision was accounted for as a change in accounting estimates and has the effect of reducing the depreciation charge for the current year by approximately RM14 million.

(h) In 2010, a subsidiary of the Group carried out a review of the recoverable amount of its property, plant and equipment because the subsidiary was incurring losses. An impairment loss of RM11,692,549, representing the write-down of the property, plant and equipment to the recoverable amount was recognised in "Other operating expenses" line item of the statement of comprehensive income for the financial year ended 31 December 2010. The recoverable amount of the property, plant and equipment was based on an independent professional valuation less estimated cost to sell.

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 2010	129	1,610	90,636	224	92,599
Additions	-	-	4,057	-	4,057
Reclassified to asset held for sale (Note 18)	-	-	(3,304)	-	(3,304)
At 31 December 2010	**129**	**1,610**	**91,389**	**224**	**93,352**
Exchange difference	**-**	**-**	**2,851**	**-**	**2,851**
Reclassified to asset held for sale (Note 18)	**-**	**-**	**(4,834)**	**-**	**(4,834)**
At 31 December 2011	**129**	**1,610**	**89,406**	**224**	**91,369**

5. INVESTMENT PROPERTIES (CONT'D.)

	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 (Cont'd.)					
Accumulated Depreciation					
At 1 January 2010	-	109	9,606	140	9,855
Exchange differences	-	27	-	-	27
Charge for the year	-	32	1,939	11	1,982
At 31 December 2010	**-**	**168**	**11,545**	**151**	**11,864**
Exchange differences	**-**	**251**	**926**	**-**	**1,177**
Charge for the year	**-**	**5**	**1,024**	**11**	**1,040**
Reclassified to asset held for sale (Note 18)	**-**	**-**	**(286)**	**-**	**(286)**
At 31 December 2011	**-**	**424**	**13,209**	**162**	**13,795**
Net Carrying Amount					
At 31 December 2011	**129**	**1,186**	**76,197**	**62**	**77,574**
At 31 December 2010	129	1,442	79,844	73	81,488

Fair value of investment properties as at 31 December 2011 was estimated by the directors to be approximately RM437,385,000 (2010: RM255,617,000) based on internal appraisal of market values of comparable properties.

6. INTANGIBLE ASSETS

	Group 2011 RM'000	Group 2010 RM'000
Goodwill on consolidation (Note a)	**199,399**	258,435
Product development expenditure (Note b)	**16**	54
	199,415	258,489

6. INTANGIBLE ASSETS (CONT'D.)

(a) Goodwill on Consolidation

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	**258,435**	241,286
Arising from acquisitions of subsidiaries (Note 9(b)(iii))	**-**	6,867
Forfeiture of profit guarantee	**(2,894)**	-
Investment in a jointly-controlled entity (Note 10(a)(i))	**-**	13,424
Arising from acquisition of additional shares in a subsidiary (Note 9(c)(ii))	**-**	27,244
Impaired	**(46,388)**	(23,185)
Exchange differences	**(9,754)**	(7,201)
At 31 December	**199,399**	258,435

(b) Product Development Expenditure

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	**54**	212
Charged to profit or loss	**(38)**	(158)
At 31 December	**16**	54

(c) Impairment Tests For Goodwill

Goodwill has been allocated to the Group's Cash Generating Units ("CGU") identified according to country of operation and business segment as follows:

	Malaysia RM'000	People's Republic of China RM'000	India RM'000	Singapore RM'000	Oman RM'000	Total RM'000
At 31 December 2011						
Oil and Gas	**18,474**	**35,300**	**87,347**	**4,509**	**6,867**	**152,497**
Manufacturing and Engineering	**-**	**-**	**70,011**	**-**	**-**	**70,011**
	18,474	**35,300**	**157,358**	**4,509**	**6,867**	**222,508**
Exchange differences	**-**	**745**	**(24,576)**	**900**	**(178)**	**(23,109)**
	18,474	**36,045**	**132,782**	**5,409**	**6,689**	**199,399**
At 31 December 2010						
Oil and Gas	18,474	72,367	87,347	16,724	6,867	201,779
Manufacturing and Engineering	-	-	70,011	-	-	70,011
	18,474	72,367	157,358	16,724	6,867	271,790
Exchange differences	-	(380)	(13,086)	510	(399)	(13,355)
	18,474	71,987	144,272	17,234	6,468	258,435

6. INTANGIBLE ASSETS (CONT'D.)

(c) Impairment Tests For Goodwill (Cont'd.)

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:

	Gross Margin		Discount Rates	
	2011	2010	2011	2010
Oil and Gas:				
People's Republic of China	**8.0 - 50.0**	9.0 - 47.0	**9.0 - 18.0**	12.0 - 20.0
India	**15.0 - 20.0**	14.0 - 45.0	**6.0 - 14.0**	7.0 - 17.0
Manufacturing and Engineering:				
India	**20.0 - 45.0**	30.0 - 37.0	**13.0**	17.0

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.

(iii) Bond rate

The bond rates used are the yields on 5-year government bond rates of the respective country at the beginning of the budgeted year.

7. LAND USE RIGHTS

	Short Term Leasehold Land RM'000
Group	
Cost	
At 1 January 2010	5,847
Additions	139
At 31 December 2010/31 December 2011	**5,986**
Accumulated Depreciation and Impairment Losses	
At 1 January 2010	895
Charge for the year	160
At 31 December 2010	**1,055**
Charge for the year	**160**
At 31 December 2011	**1,215**
Net Carrying Amount	
At 31 December 2011	**4,771**
At 31 December 2010	4,931
Remaining tenure	
At 31 December 2011	**14 - 17 years**
At 31 December 2010	15 - 18 years

8. LEASED ASSETS

Group	Machinery and Equipment RM'000
Cost	
At 1 January 2010	326,100
Exchange differences	(6,222)
Additions	110,004
Reclassified to property, plant and equipment (Note 4)	(259)
Reclassified to inventories (Note 15)	(2,885)
Write-offs	(71)
Disposals	(59,831)
At 31 December 2010	**366,836**
Exchange differences	**3,013**
Additions	**124,536**
Reclassified to property, plant and equipment (Note 4)	**(81)**
Reclassified to inventories (Note 15)	**(24,928)**
Write-offs	**(289)**
Disposals	**(40,312)**
At 31 December 2011	**428,775**
Accumulated Depreciation and Impairment Losses	
At 1 January 2010	156,160
Exchange differences	(2,220)
Charge for the year	59,697
Reclassified to property, plant and equipment (Note 4)	(199)
Reclassified to inventories (Note 15)	(252)
Write-offs	(70)
Disposals	(40,814)
Impairment	536
At 31 December 2010	**172,838**
Exchange differences	**1,924**
Charge for the year	**69,032**
Reclassified to property, plant and equipment (Note 4)	**(74)**
Reclassified to inventories (Note 15)	**(18,940)**
Write-offs	**(289)**
Disposals	**(22,652)**
At 31 December 2011	**201,839**
Net Carrying Amount	
At 31 December 2011	**226,936**
At 31 December 2010	193,998

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:

	2011 RM'000	2010 RM'000
Due within one year	**102,295**	102,645
Due between one and two years	**70,315**	59,968
Due between two and five years	**72,841**	64,399
Due after five years	**2,549**	20,000
	248,000	247,012

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM62,447,000 (2010: RM60,754,000).

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares in Malaysia, at costs	**1,003,886**	1,003,886
Impairment losses	**(20,000)**	(20,000)
	983,886	983,886
ESOS granted to employees of subsidiaries	**109,094**	109,094
Provision for financial guarantee	**2,505**	2,505
	1,095,485	1,095,485

The Company's investment in subsidiaries represents its interest in:

(i) a wholly-owned Malaysian incorporated subsidiary, UMW Corporation Sdn. Bhd.. This subsidiary's principal role lies in providing 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.

(ii) a wholly-owned subsidiary, UMW Petropipe (L) Ltd., which was incorporated in the Federal Territory of Labuan. This subsidiary's principal activity is that of investment holding.

(iii) a wholly-owned subsidiary, UMW Australia Ventures (L) Ltd., which was incorporated in the Federal Territory of Labuan. This subsidiary's principal activity is that of investment holding.

(iv) a wholly-owned Malaysian incorporated subsidiary, UMW Malaysian Ventures Sdn. Bhd.. This subsidiary's principal activity is that of investment holding.

(v) a wholly-owned Malaysian incorporated subsidiary, UMW Oil & Gas Berhad. This subsidiary's principal activity is that of investment holding.

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries of the Company are disclosed in Note 38 to the financial statements.

(a) Subsidiaries under members' voluntary liquidation

The following subsidiaries have been placed under members' voluntary liquidation:

		Date Placed Under Liquidation
(i)	UMW Orient Sdn. Berhad	5 April 2002
(ii)	UMW Industries (Philippines) Inc.	17 April 2002
(iii)	UMW Auto Parts (Thailand) Co., Ltd.	26 December 2009
(iv)	Seat Industries (Malaysia) Sdn. Bhd.	27 April 2011
(v)	UMW Management Systems Sdn. Bhd.	18 July 2011
(vi)	UMW Properties Sdn. Bhd.	18 July 2011
(vii)	UMW Bumi Indah Sdn. Bhd.	18 July 2011
(viii)	UMW Solomon Islands Limited	29 November 2011

The process of liquidation is currently still on-going for all the above subsidiaries except UMW Solomon Islands which has been completed on 3 February 2012.

(b) Acquisitions of subsidiaries during the financial year ended 31 December 2010

(i) UMW Australia Ventures Sdn. Bhd.

On 2 February 2010, UMW Oil & Gas Berhad, a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up capital of UMW Australia Ventures Sdn. Bhd., comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00.

The above acquisition had no material effect on the Group's 2010 financial results and cash flows.

(ii) UMW Pennzoil Distributors Sdn. Bhd.

On 29 November 2010, UMW Auto Parts Sdn. Bhd. ("UAP"), a wholly-owned subsidiary in the UMW Group, entered into a Share Sale Agreement with Pennzoil-Quaker State Company, a company incorporated in the United States of America, for the acquisition of 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 RM9,101,942.

The above acquisition had the following effects on the Group's financial results:

	2010 RM'000
Revenue	16,733
Net profit for the year	751

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Acquisitions of subsidiaries during the financial year ended 31 December 2010 (Cont'd.)

(ii) UMW Pennzoil Distributors Sdn. Bhd. (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)	3,386	3,386
Deferred tax assets (Note 12)	538	538
Inventories	25,354	25,354
Trade and other receivables	29,208	29,208
Cash and bank balances	3,778	3,778
	62,264	62,264
Trade and other payables	(20,054)	(20,054)
Short term borrowings	(14,317)	(14,317)
	(34,371)	(34,371)
Fair value of identifiable net assets acquired	27,893	27,893
Less: Amount accounted for as an associate	(13,947)	
Excess of Group's share in the net fair value of acquired subsidiary's identifiable assets, liabilities and contingent liabilities	(4,809)	
Cost of acquisition	9,137	

	RM'000
The cash outflows on acquisitions is as follows:	
Cash and cash equivalents of subsidiaries acquired	3,778
Cost of acquisition satisfied by cash	(9,137)
Net cash outflow of the Group	(5,359)

(iii) Arabian Drilling Services L.L.C.

On 23 July 2009, UMW Sher (L) Ltd. ("UMW Sher"), a subsidiary of the UMW Group, entered into a Share Subscription and Share Sale Agreement with Sheikh Saif bin Hashil bin Rashid Al-Maskery and Nabeel bin Abdullah bin Mohamed Al-Riyami for the subscription and acquisition of a total of 1,105,000 ordinary shares of par value RO1.00 each, representing 65% of the issued and paid-up share capital in Arabian Drilling Services L.L.C. ("ADS") for a total cash consideration of RO1,140,568 (equivalent to approximately USD2,965,477). Subsequently on 6 April 2010, UMW Middle East Ventures Holding W.L.L., a wholly-owned subsidiary in the Group, bought over the 65% interest in ADS from UMW Sher for the same amount in cash.

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Acquisitions of subsidiaries during the financial year ended 31 December 2010 (Cont'd.)

(iii) Arabian Drilling Services L.L.C. (Cont'd.)

The above acquisition had the following effects on the Group's financial results:

	2010 RM'000
Revenue	29,348
Net profit for the year	3,312

The fair values of the identifiable assets acquired and liabilities assumed from the acquisition of subsidiary as at the effective acquisition date was as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment (Note 4)	14,226	14,226
Other receivables	26,686	26,686
Cash and bank balances	2,860	2,860
	43,772	43,772
Trade and other payables	(22,316)	(22,316)
Borrowings	(16,299)	(16,299)
	(38,615)	(38,615)
Fair value of identifiable net assets acquired	5,157	5,157
Less: Non-controlling interests	(1,805)	
Goodwill on consolidation (Note 6(a))	6,867	
Cost of acquisition	10,219	

	RM'000
The cash outflows on acquisitions is as follows:	
Cash and cash equivalents of subsidiary acquired	2,860
Cost of acquisition satisfied by cash	(10,219)
Net cash outflow of the Group	(7,359)

If the above combinations took place at 1 January 2010, the Group's profit for the year and revenue would have been materially unchanged.

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Acquisitions of additional interests in subsidiaries for the year ended 31 December 2010

(i) Lubetech Sdn. Bhd.

On 29 November 2010, UMW Auto Parts Sdn. Bhd. ("UAP"), a wholly-owned subsidiary in the UMW Group, entered into a Share Sale Agreement with Pennzoil-Quaker State Company, a company incorporated in the United States of America, for the acquisition of 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. for a cash consideration of RM5,898,058.

The effects of the acquisition of additional equity interests are:

	RM'000
Cost of acquisition satisfied by cash	5,919
Fair value of net assets acquired	8,714
Excess of Group's share in the net fair value of acquired subsidiary's identifiable assets, liabilities and contingent liabilities	(2,795)

(ii) UMW India Ventures (L) Ltd.

On 18 September 2009, UMW Petropipe (L) Ltd. ("UMW Petropipe"), a wholly-owned subsidiary of the Group, entered into a Share Sale Agreement with MK India Ventures (Labuan) Pte. Ltd. for the acquisition of 2,691,000 ordinary shares of USD1.00 each, representing 10% of the total issued and paid-up share capital of UMW India Ventures (L) Ltd. ("UMWIV"), for a total cash consideration of USD18.2 million (equivalent to approximately RM63.16 million). The acquisition was completed in 2 tranches of 5% each in the fourth quarter of 2009 and first quarter of 2010. Upon completion of the acquisition, UMW Petropipe's equity interest in UMWIV increased from 65% to 75%.

The effect of the acquisition of additional 5% equity interest in the financial year 2010 was:

	2010 RM'000
Cost of acquisition satisfied by cash	30,190
Fair value of net assets acquired	(2,946)
Goodwill on acquisition (Note 6(a))	27,244

10. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES

(a) Acquisitions of jointly-controlled entity during the financial year ended 31 December 2010

(i) Acquisition of Sichuan Haihua Petroleum Steelpipe Co. Ltd.

On 3 March 2010, the Group received the certificate for the establishment of Sichuan Haihua Petroleum Steelpipe Co. Ltd. ("SHPS") in Guanghan county, Sichuan Province in the People's Republic of China, from the China authorities. On 22 October 2009, UMW Singapore Ventures Pte. Ltd., a wholly-owned subsidiary of the Group, entered into an Equity Joint Venture Contract with Sichuan Jinyang Antisepsis Engineering Co. Ltd. and Elite International Investment (HK) Limited for the establishment of SHPS. The Group's has 40% equity interest in SHPS.

10. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES (CONT'D.)

(a) Acquisitions of jointly-controlled entity during the financial year ended 31 December 2010 (Cont'd.)

(i) Acquisition of Sichuan Haihua Petroleum Steelpipe Co. Ltd. (Cont'd.)

The above acquisition had the following effects on the Group's financial results:

	2010 RM'000
Revenue	3,780
Net profit for the year	822

If the acquisition had occurred on 1 January 2010, the 2010 results of the Group would remain unchanged.

The fair values of the Group's share of the identifiable assets acquired and liabilities assumed from the acquisition of jointly-controlled entity as at the effective acquisition date were as follows:

	2010 Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Cash and bank balances	5,726	5,726
Fair value of identifiable net assets acquired	5,726	
Goodwill on consolidation (Note 6(a))	13,424	
Cost of acquisition	19,150	

	RM'000
The cash outflows on acquisitions is as follows:	
Cash and cash equivalents of jointly-controlled entity acquired	5,726
Cash outflows on acquisition	(19,150)
Net cash outflow of the Group	(13,424)

Details of the jointly-controlled entities are disclosed in Note 39 to the financial statements.

10. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES (CONT'D.)

(b) The Group's Investment in Jointly-Controlled Entities

The summarised financial information of the jointly-controlled entities that have been included in the consolidated financial statements of the Group are as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	**98,458**	75,903
Non-current assets	**262,327**	258,084
Total assets	**360,785**	333,987
Current liabilities	**215,701**	49,899
Non-current liabilities	**132,491**	221,013
Total liabilities	**348,192**	270,912
Results		
Revenue	**101,454**	12,140
Loss for the year	**(68,329)**	(15,830)

The Group's interest in capital commitments of the joint ventures are as follows:

	2011 RM'000	2010 RM'000
- approved and contracted for	**22,566**	2,580
- approved and not contracted for	**721**	20,595

11. INVESTMENT IN ASSOCIATES

	Group	
	2011 RM'000	2010 RM'000
Unquoted shares, at costs	**513,218**	513,218
Share of post-acquisition reserves	**932,472**	871,084
	1,445,690	1,384,302
Accretion arising from issuance of new shares	**117,089**	117,089
Accumulated impairment losses	**(192,737)**	(91,408)
Financial guarantee	**14,805**	3,479
	1,384,847	1,413,462
Effects of adopting FRS 139	**39,597**	39,597
	1,424,444	1,453,059

The Group has provided for impairment losses totalled RM101,329,000 (2010: RM53,204,000), based on the market value of investment and the recoverable amount determined for the cash generating unit to which the asset belongs to.

The Group's share of results of associates is based on the audited or management financial statements of the associated companies for the year ended 31 December 2011.

11. INVESTMENT IN ASSOCIATES (CONT'D.)

The carrying value of the investment in associates is represented by:

	2011 RM'000	2010 RM'000
Group's share of aggregate net assets	**1,382,502**	1,411,117
Group's goodwill on acquisition	**41,942**	41,942
	1,424,444	1,453,059

Details of the associates are disclosed in Note 40 to the financial statements.

The financial statements of the associates disclosed in Note 40 to the financial statements are coterminous with those of the Group, except for UMW Toyotsu Motors Sdn. Bhd., Toyota Capital Malaysia Sdn. Bhd. and its subsidiaries which have a financial year end of 31 March to conform with their holding company's financial year end and Oil-Tex (Thailand) Company Limited whose financial year end is 30 June. For the purpose of applying the equity method of accounting, the management accounts for the 12-month period ended 31 December 2011 of these companies have been used.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	**9,248,941**	7,332,759
Non-current assets	**4,904,804**	4,375,198
Total assets	**14,153,745**	11,707,957
Current liabilities	**5,485,067**	4,045,811
Non-current liabilities	**4,447,041**	3,546,842
Total liabilities	**9,932,108**	7,592,653
Results		
Revenue	**12,887,661**	11,443,503
Profit for the year	**224,127**	192,036

The details of goodwill included within the Group's carrying amount of investments in associates are as follows:

	2011 RM'000	2010 RM'000
Goodwill		
At 1 January	**41,942**	98,552
Impaired during the year	**-**	(56,610)
At 31 December	**41,942**	41,942

12. DEFERRED TAXATION

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	**(14,858)**	(4,626)
Recognised in the profit or loss (Note 32)	**(4,591)**	(10,211)
Acquisition of a subsidiary (Note 9(b)(ii))	**-**	(538)
Exchange differences	**(3,032)**	517
At 31 December	**(22,481)**	(14,858)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(56,521)**	(41,286)
Deferred tax liabilities	**34,040**	26,428
	(22,481)	(14,858)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred Tax Liabilities of the Group:

	Revaluation of Property RM'000	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2011	**3,141**	**40,871**	**(285)**	**43,727**
Recognised in profit or loss	**(78)**	**7,751**	**639**	**8,312**
Exchange differences	**15**	**273**	**(25)**	**263**
At 31 December 2011	**3,078**	**48,895**	**329**	**52,302**
At 1 January 2010	2,250	30,047	3,810	36,107
Recognised in profit or loss	891	10,968	(4,118)	7,741
Exchange differences	-	(144)	23	(121)
At 31 December 2010	3,141	40,871	(285)	43,727

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 2011	**(2,613)**	**(28,320)**	**(5,764)**	**(21,888)**	**(58,585)**
Recognised in profit or loss	**1,187**	**(8,132)**	**(4,862)**	**(1,096)**	**(12,903)**
Exchange differences	**(33)**	**(2,817)**	**(134)**	**(311)**	**(3,295)**
At 31 December 2011	**(1,459)**	**(39,269)**	**(10,760)**	**(23,295)**	**(74,783)**
At 1 January 2010	(696)	(23,346)	(2,463)	(14,228)	(40,733)
Recognised in profit or loss	(1,430)	(5,431)	(3,301)	(7,790)	(17,952)
Acquisition of a subsidiary (Note 9(b)(ii))	(538)	-	-	-	(538)
Exchange differences	51	457	-	130	638
At 31 December 2010	(2,613)	(28,320)	(5,764)	(21,888)	(58,585)

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 2011 RM'000	Group 2010 RM'000
Unabsorbed tax losses	**593,213**	286,104
Unutilised capital and reinvestment allowances	**81,523**	77,176
	674,736	363,280

Deferred tax assets have not been recognised in respect of these items as there is no probable expectation that future taxable income will be sufficient to allow the benefit to be realised.

13. OTHER INVESTMENTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current				
Held for trading investments				
Investment in cash funds	**391,271**	229,963	**104,874**	-
Non-current				
Held-to-maturity investments				
Investment in cash funds	**1,000**	1,000	**-**	-
Designated as fair value through profit or loss				
Quoted shares outside Malaysia at fair value	**18,536**	48,944	**-**	-
Available-for-sale financial assets				
Quoted shares outside Malaysia at costs	**78,294**	-	**-**	-
Unquoted shares outside Malaysia at costs	**95**	77,870	**-**	-
Unquoted shares within Malaysia at costs	**5,097**	5,275	**-**	-
	83,486	83,145	**-**	-
Less: Accumulated impairment losses	**(48,292)**	(626)	**-**	-
	35,194	82,519	**-**	-
Total non-current other investments	**54,730**	132,463	**-**	-
Market value of cash funds	**391,271**	229,963	**104,874**	-
Market value of shares quoted outside Malaysia	**49,164**	48,944	**-**	-

14. DERIVATIVES

Group

	2011			2010		
	Notional Value RM'000	Assets RM'000	Liabilities RM'000	Notional Value RM'000	Assets RM'000	Liabilities RM'000
Current						
Forward currency contracts	**566,802**	**5,107**	**475**	786,400	585	4,882
Embedded derivatives	**618,241**	**64**	**788**	312,297	4,312	-
Interest rate swaps with currency options	**25,253**	**233**	**-**	-	-	-
	1,210,296	**5,404**	**1,263**	1,098,697	4,897	4,882
Non-current						
Interest rate swaps with currency options	**288,718**	**-**	**19,852**	199,503	-	21,255
Cross currency cum interest rate swaps	**689,696**	**62,261**	**-**	601,182	63,746	-
	978,414	**62,261**	**19,852**	800,685	63,746	21,255

Company

	2011			2010		
	Notional Value RM'000	Assets RM'000	Liabilities RM'000	Notional Value RM'000	Assets RM'000	Liabilities RM'000
Non-current						
Cross currency cum interest rate swaps	**642,080**	**43,829**	**-**	551,907	54,082	-

The Group and Company uses forward currency contracts, cross currency swaps, foreign currency options and 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.

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.

During the year, the Group entered into long-term purchase contracts with suppliers in Japan. The purchase price in these contracts are fixed and set in USD. These contracts contain embedded foreign exchange derivatives which have been separated and carried at fair value through profit or loss.

14. DERIVATIVES (CONT'D.)

(a) Forward Exchange Contracts

	2011 RM'000	2010 RM'000
Notional amounts		
Japanese Yen	**52,503**	42,314
United States Dollar	**493,789**	708,909
Euro	**9,367**	25,130
Swedish Krone	**5,903**	6,526
Singapore Dollar	**-**	644
Thai Baht	**5,240**	2,877

All the forward exchange contracts mature within one year.

(b) Interest Rate Swaps and Cross Currency Swaps

(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 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 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 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 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 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 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 July 2014.

14. DERIVATIVES (CONT'D.)

(b) Interest Rate Swaps and Cross Currency Swaps (Cont'd.)

(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 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 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 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 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 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 October 2015.

(xiv) A cross currency cum interest rate swap that entitles the Company to convert RM73.6 million to USD24.3 million and swaps the Company's obligation to pay interest at a fixed rate of 5.25% per annum to a MYR floating rate. The cross currency swap will mature on 25 March 2014.

(xv) A cross currency cum interest rate swap that entitles the Company to convert RM16.6 million to USD5.5 million and swaps the Company's obligation to pay interest at a USD floating rate per annum to a MYR floating rate. The cross currency swap will mature on 28 September 2016.

(xvi) An interest rate swap with a notional principal of USD1.25 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 7.1% per annum. The interest rate swap will mature on 20 May 2016.

(xvii) A cross currency cum interest rate swap that entitles a subsidiary in India to convert USD625,000 to INR28.106 million and fixed the entity's obligation to pay interest at a fixed rate of 6.3% per annum. The swap will mature on 20 May 2016.

14. DERIVATIVES (CONT'D.)

(b) Interest Rate Swaps and Cross Currency Swaps (Cont'd.)

(xviii) An interest rate swap with a notional principal of USD4.0 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 7.1% per annum. The interest rate swap will mature on 11 May 2016.

(xix) A cross currency cum interest rate swap that entitles a subsidiary in India to convert USD2.0 million to INR89.5 million and fixed the entity's obligation to pay interest at a fixed rate of 6.3% per annum. The swap will mature on 11 May 2016.

(xx) A cross currency cum interest rate swap that entitles the Company to convert RM32.08 million to USD10.0 million and swaps the Company's obligation to pay USD interest at a fixed rate of 4.25% per annum to a MYR fixed rate of 4.4% per annum. The cross currency swap will mature on 26 August 2016.

The above contracts were entered into 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 and inter company advances.

During the financial year, the Group recognised a net gain of RM3,999,000 (2010: RM55,002,000) and the Company recognised a net loss of RM10,253,000 (2010: net gain of RM54,658,000), arising from fair value changes of derivative assets/liabilities. The fair value changes are attributable to changes in yield curve and interest spot rate and foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 44.

15. INVENTORIES

	Group	
	2011	2010
	RM'000	RM'000
At cost:		
Equipment, unassembled and completed vehicles, attachments and spares	**1,248,912**	1,174,943
Other finished goods	**110,931**	90,575
Work-in-progress	**37,620**	28,776
Raw materials and consumables	**89,709**	90,914
	1,487,172	1,385,208
At net realisable value:		
Equipment, unassembled and completed vehicles, attachments and spares	**29,948**	9,369
Other finished goods	**1,312**	994
Raw materials and consumables	**451**	564
	31,711	10,927
	1,518,883	1,396,135

15. INVENTORIES (CONT'D.)

During the financial year, there was a reversal of a write down of inventories of RM12.22 million (2010: RM1.48 million). The reversal arose from an increase in net realisable value as a result of improving prices of inventories during the financial year.

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM9.91 billion (2010: RM9.80 billion).

Inventories of RM71.6 million (2010: RM275.1 million) have been pledged to banks for facilities granted to overseas subsidiaries and a jointly-controlled entity.

Included in the inventories are assets transferred during the year from property, plant and equipment (Note 4) and leased assets (Note 8) of RM329,000 (2010: Nil) and RM5,988,000 (2010: RM2,633,000) respectively.

16. RECEIVABLES

The receivables of the Group and the Company are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current:				
Trade receivables	**937,920**	814,153	**-**	-
Other receivables	**271,796**	295,015	**1,882**	983
	1,209,716	1,109,168	**1,882**	983
Non-current:				
Trade receivables	**7,858**	-	**-**	-
Due from subsidiaries	**-**	-	**908,809**	700,047
	7,858	-	**908,809**	700,047
Trade receivables (Note a)	**945,778**	814,153	**-**	-
Other receivables (Note b)	**271,796**	295,015	**1,882**	983
Due from subsidiaries (Note c)	**-**	-	**908,809**	700,047
Total trade and other receivables	**1,217,574**	1,109,168	**910,691**	701,030
Total trade and other receivables (current and non-current)	**1,217,574**	1,109,168	**910,691**	701,030
Less: Included within other receivables:				
Accrued income (Note b)	**(27,248)**	(12,895)	**(345)**	(124)
Tax recoverable (Note b)	**(5,047)**	(3,458)	**(1,110)**	(600)
Prepayments (Note b)	**(97,308)**	(91,665)	**(422)**	(254)
Add: Cash and bank balances (Note 17)	**2,219,430**	2,195,051	**66,519**	237,662
Total loans and receivables	**3,307,401**	3,196,201	**975,333**	937,714

16. RECEIVABLES (CONT'D.)

(a) Trade Receivables

	Group 2011 RM'000	Group 2010 RM'000
Trade receivables (Note (i))	**926,760**	785,481
Allowance for impairment	**(34,813)**	(35,793)
	891,947	749,688
Due from associates	**20,167**	29,345
Due from a corporate shareholder of a subsidiary	**33,664**	35,120
	945,778	814,153

The Group's normal trade credit terms range from 1 day to 120 days (2010: 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.

Note (i)
Trade receivables includes the lease receivables of RM10,524,000 (2010: Nil).

	Group 2011 RM'000	Group 2010 RM'000
Future minimum lease receivables		
Not later than 1 year	**4,272**	-
Later than 1 year and not later than 2 years	**4,272**	-
Later than 2 years and not later than 5 years	**5,248**	-
	13,792	-
Less : Future finance income	**(3,268)**	-
	10,524	-
Analysis of present value of lease receivables		
Not later than 1 year	**2,666**	-
Later than 1 year and not later than 2 years	**3,162**	-
Later than 2 years and not later than 5 years	**4,696**	-
	10,524	-
Less : Amount due within 12 months	**(2,666)**	-
Amount due after 12 months	**7,858**	-

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 (2010: 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.

16. RECEIVABLES (CONT'D.)

(a) Trade Receivables (Cont'd.)

	2011 RM'000	2010 RM'000
(i) Age analysis of trade receivables		
(a) Not due and not impaired	**616,069**	543,786
(b) Overdue but not impaired:		
1 - 30 days overdue but not impaired	**194,179**	107,941
31 - 60 days overdue but not impaired	**56,288**	46,261
61 - 90 days overdue but not impaired	**17,949**	59,657
91 - 120 days overdue but not impaired	**10,690**	21,947
121 - 150 days overdue but not impaired	**7,750**	4,807
151 - 180 days overdue but not impaired	**8,081**	9,281
More than 180 days overdue but not impaired	**25,057**	14,461
	319,994	264,355
(c) Impaired	**44,528**	41,805
Total trade receivables	**980,591**	849,946

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 RM7.2 million (2010: RM2.6 million) are secured by bank guarantee of RM1.3 million (2010: RM1.1 million).

(ii) Receivables that are impaired

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2011			
Trade receivables	**36,459**	**8,069**	**44,528**
Less: Allowance for impairment	**(28,916)**	**(5,897)**	**(34,813)**
	7,543	**2,172**	**9,715**
2010			
Trade receivables	34,631	7,174	41,805
Less: Allowance for impairment	(28,619)	(7,174)	(35,793)
	6,012	-	6,012

16. RECEIVABLES (CONT'D.)

(a) Trade Receivables (Cont'd.)

(ii) Receivables that are impaired (Cont'd.)

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
Movement in allowance for impairment:			
At 1 January 2011	**28,619**	**7,174**	**35,793**
Charge for the year	**2,899**	**779**	**3,678**
Utilised	**(1,772)**	**(720)**	**(2,492)**
Reversal of impairment loss	**(1,743)**	**(1,479)**	**(3,222)**
Exchange differences	**913**	**143**	**1,056**
At 31 December 2011	**28,916**	**5,897**	**34,813**
At 1 January 2010	27,100	4,957	32,057
Charge for the year	2,738	2,650	5,388
Utilised	(2,666)	(3)	(2,669)
Exchange differences	1,447	(430)	1,017
At 31 December 2010	28,619	7,174	35,793

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.

(b) Other Receivables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Accrued income	**27,248**	12,895	**345**	124
Tax recoverable	**5,047**	3,458	**1,110**	600
Deposits	**62,286**	55,845	**5**	5
Prepayments	**97,308**	91,665	**422**	254
Sundry receivables	**93,097**	146,932	**-**	-
	284,986	310,795	**1,882**	983
Allowance for impairment	**(13,190)**	(15,780)	**-**	-
	271,796	295,015	**1,882**	983

16. RECEIVABLES (CONT'D.)

(b) Other Receivables (Cont'd.)

	Individually impaired 2011 RM'000	Individually impaired 2010 RM'000
Receivables that are impaired		
Other receivables	**14,586**	17,729
Less: Allowance for impairment	**(13,190)**	(15,780)
	1,396	1,949
Movement in allowance for impairment:		
At 1 January	**15,780**	23,228
Charge for the year	**94**	-
Reversal of impairment loss	**-**	(7,538)
Utilised	**(2,799)**	(131)
Exchange differences	**115**	221
At 31 December	**13,190**	15,780

(c) Due From Subsidiaries

The amounts due from subsidiaries are unsecured, bear interest ranging at 3.1% - 6.0% (2010: 4.0% - 6.0%) and are repayable within 5 years.

Receivables of the Group amounting to RM66,958,000 (2010: RM183,160,000) are pledged to banks for credit facilities granted to overseas subsidiaries (Note 22).

17. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with licensed banks	**1,822,602**	1,752,373	**86**	113,891
Cash and bank balances	**396,828**	442,678	**66,433**	123,771
	2,219,430	2,195,051	**66,519**	237,662

Deposits with licensed banks and bank balances of the Group amounting to RM5,279,000 (2010: RM466,000) are pledged to banks for credit facilities granted to overseas subsidiaries (Note 22).

The range of interest rates of deposits at the reporting date was as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Deposits with licensed banks	**0.1 - 14.0**	0.1 - 10.5	**3.2**	1.8

17. DEPOSITS, CASH AND BANK BALANCES (CONT'D.)

The range of maturities of deposits as at the end of the financial year were as follows:

	Average Maturity			
	Group		Company	
	2011 Days	2010 Days	2011 Days	2010 Days
Deposits with licensed banks	**4 - 365**	3 - 365	**29**	25

18. NON-CURRENT ASSETS HELD FOR SALE

This represents long term leasehold land with a carrying value of RM4,548,000 (2010: RM6,839,000) which will expire in 2109.

The Group had entered into Sale and Purchase Agreement ("SPA") to dispose part of its leasehold land as detailed below:

Date of SPA	Name of Buyer	Sale Consideration RM'000	Status as at 31 December 2011
8 June 2011	WCT Assets Sdn. Bhd.	13,657	Pending completion*

* The Group has received approval for sub-division of the land from the relevant Authorities in the current financial year. The Group is now in the process of issuing title documents and the Sale and Purchase will be completed.

19. SHARE CAPITAL

	Number of Ordinary Shares of RM0.50 Each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 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	**1,153,374**	1,119,316	**576,687**	559,658
Issued under the ESOS	**14,920**	34,058	**7,460**	17,029
At 31 December	**1,168,294**	1,153,374	**584,147**	576,687

19. SHARE CAPITAL (CONT'D.)

(c) Employee Share Option Scheme

The UMW Holdings Berhad Employee Share Option Scheme ("ESOS") was approved by shareholders at an Extraordinary General Meeting of the Company held on 3 April 2006 and became effective on 18 April 2006.

The main features of the ESOS are as follows:

(i) Eligible persons are employees of the Group who have been confirmed in the employment of the Group including full-time salaried executive directors. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.

(ii) The total number of shares to be offered shall not exceed in aggregate 15% of the issued and paid-up ordinary share capital of the Company at the point of offer during the duration of the ESOS, which shall be in force for a period of five years from 18 April 2006. The ESOS has expired on 17 April 2011.

(iii) The option price for each share shall be determined by the ESOS Committee at its discretion based on the five (5)-day weighted average market price ("5D-WAMP") of the underlying shares of the Company immediately prior to the date of offer provided that the price so determined shall not be at a discount of more than 10% of the 5D-WAMP and shall not be less than the par value of the shares of the Company.

(iv) Not more than 50% of the shares available under the ESOS shall be allocated, in aggregate, to directors and senior management of the Group and not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible employee, who, either singly or collectively through persons connected with him/her holds 20% or more of the issued and paid-up share capital of the Company.

(v) Options granted under the ESOS shall be capable of being exercised by the grantee in stages upon satisfaction of stipulated service conditions ranging from immediately exercisable on grant date to 2 years of service from grant dates whilst he/she is in the employment of the Group, by notice in writing to the Company of his/her intention to exercise an option during the option period.

(vi) The number of shares under option or the option price or both so far as the options remain unexercised, may be adjusted following any alteration in the capital structure of the Company during the option period by way of rights issues, bonus issues, capital reduction, subdivision or consolidation of capital of the Company.

(vii) The new shares to be issued and allotted upon the exercise of any option shall upon issuance, allotment and full payment, rank pari passu in all respects with the existing shares of the Company at the time of allotment and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

(viii) Pursuant to Article 13 of the UMW ESOS By-Laws, the exercise prices were revised from RM6.67, RM6.66 and RM6.65 to RM3.335, RM3.330 and RM3.325, respectively, as a result of the UMW Share Split which involved the subdivision of every one (1) existing UMW Share of RM1.00 each into two (2) new ordinary shares of RM0.50 each. In addition, outstanding share options of 14,836,900 shares granted but not exercised as at 3 March 2008, was increased by 100% to 29,673,800 shares as a result of the Share Split.

19. SHARE CAPITAL (CONT'D.)

(c) Employee Share Option Scheme (Cont'd.)

The table below illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	<---------------- No. of Share Options of RM0.50 each			----------------->
	At	<---- Movements During the Year ---->			At
	1 January	Exercised	Forfeited	Lapsed	18 April
	'000	'000	'000	'000	'000
2011					
Exercise Price					
RM					
Options granted in 2006					
3.335	**637**	**587**	**49**	**1**	**-**
3.330	**904**	**850**	**-**	**54**	**-**
3.325	**96**	**96**	**-**	**-**	**-**
	1,637	**1,533**	**49**	**55**	**-**
WAEP	**3.332**	**3.332**	**3.335**	**-**	**-**
Options granted in 2008					
5.160	**5,429**	**5,324**	**42**	**63**	**-**
4.930	**7,147**	**7,147**	**-**	**-**	**-**
	12,576	**12,471**	**42**	**63**	**-**
WAEP	**5.029**	**5.028**	**5.160**	**-**	**-**

	<--------------------------- No. of Share Options of RM0.50 each					---------------------------->
	Outstanding				Outstanding	Exercisable
	at	<---- Movements During the Year ---->			at 31	at 31
	1 January	Exercised	Forfeited	Lapsed	December	December
	'000	'000	'000	'000	'000	'000
2010						
Exercise Price						
RM						
Options granted in 2006						
3.335	1,672	1,027	8	-	637	637
3.330	3,216	2,256	49	7	904	904
3.325	289	189	-	4	96	96
	5,177	3,472	57	11	1,637	1,637
WAEP	3.331	3.331	3.331	3.328	3.332	3.332
Options granted in 2008						
5.160	17,583	12,026	92	36	5,429	5,429
4.930	26,677	19,449	63	18	7,147	7,147
	44,260	31,475	155	54	12,576	12,576
WAEP	5.021	5.018	5.067	5.083	5.029	5.029

19. SHARE CAPITAL (CONT'D.)

(c) Employee Share Option Scheme (Cont'd.)

(i) Share options exercised during the year

As disclosed in Note 19(b), options exercised during the financial year resulted in the allotment and issuance of 14,919,800 (2010: 34,057,400) ordinary shares of RM0.50 each at an average price of RM4.843 (2010: RM4.850) per share of RM0.50 each. The related weighted average share price at the date of exercise was RM7.10 (2010: RM6.60).

(ii) Fair value of share options granted

The fair values of share options granted by the Company to the employees of the Group were estimated by using the trinomial option valuation model and take into account the terms and conditions upon which the options were granted. The fair values of share options measured at grant dates and the assumptions are as follows:

	Options Granted in 2006		
Grant date	**07.06.06**	**10.08.06**	**18.09.06**
Option price per share of RM1.00 (RM)			
- before share split	6.670	6.660	6.650
- after share split	3.335	3.330	3.325
Fair values at grant date:			
Immediately exercisable (RM)	0.937	1.051	1.635
Exercisable after 1 year of service (RM)	0.927	1.041	1.629
Exercisable after 2 years of service (RM)	0.899	1.014	1.611
Weighted average share price (RM)	7.28	7.38	7.50
Expected volatility (%)	14.17	14.52	23.52
Risk free rate (%)	4.08	4.32	4.35

	Options Granted in 2008	
Grant date	**21.10.08**	**01.12.08**
Option price per share of RM0.50 (RM)	5.160	4.930
Fair values at grant date:		
Immediately exercisable (RM)	1.068	0.632
Weighted average share price (RM)	5.81	5.16
Expected volatility (%)	24.11	21.56
Risk free rate (%)	3.69	3.22

The expected volatility reflects the assumption that the historical data is indicative of future trends, which may not necessarily be the actual outcome.

20. RESERVE

(i) Capital reserve

Capital reserve relates primarily to surplus on revaluation of properties conducted between 1979 and 1985, as disclosed in Note 4(b).

(ii) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(iii) 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.

21. PROVISION FOR LIABILITIES

	Retirement Benefits RM'000	Warranties RM'000	Total RM'000
Group			
At 1 January 2010	1,147	128,524	129,671
Charged to profit or loss	3,456	37,206	40,662
Utilised during the year	(3,697)	(19,567)	(23,264)
Exchange differences	(8)	(751)	(759)
At 31 December 2010	**898**	**145,412**	**146,310**
Charged to profit or loss	**3,748**	**12,323**	**16,071**
Utilised during the year	**(91)**	**(12,885)**	**(12,976)**
Reversed during the year	**-**	**(3,211)**	**(3,211)**
Exchange differences	**26**	**2,125**	**2,151**
At 31 December 2011	**4,581**	**143,764**	**148,345**
At 31 December 2011			
Current	**3,052**	**76,161**	**79,213**
Non-current:			
Later than 1 year but not later than 2 years	**81**	**31,457**	**31,538**
Later than 2 years but not later than 5 years	**345**	**36,146**	**36,491**
Later than 5 years	**1,103**	**-**	**1,103**
	1,529	**67,603**	**69,132**
	4,581	**143,764**	**148,345**

21. PROVISION FOR LIABILITIES (CONT'D.)

	Retirement Benefits RM'000	Warranties RM'000	Total RM'000
Group (Cont'd.)			
At 31 December 2010			
Current	102	80,716	80,818
Non-current:			
Later than 1 year but not later than 2 years	350	30,715	31,065
Later than 2 years but not later than 5 years	266	33,981	34,247
Later than 5 years	180	-	180
	796	64,696	65,492
	898	145,412	146,310

(a) Retirement Benefit Obligations

The Group operates funded, defined benefit plans ("the Plans") for its eligible employees. Contributions to the Plans are separately administered from the Group's funds. Under the Plans, eligible employees are entitled to retirement benefits after serving the Group for a period of not less than 5 years.

The amounts recognised in the financial position are determined as follows:

	Group 2011 RM'000	Group 2010 RM'000
Present value of funded defined contribution obligations	**26,917**	23,654
Fair value of plan assets	**(22,713)**	(22,637)
Present value of unfunded defined contribution obligations	**4,204**	1,017
Unrecognised actuarial loss/(gain)	**377**	(119)
Obligations representing net liability	**4,581**	898

The amounts recognised as operating expenses in the statement of comprehensive income are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Current service cost	**3,351**	3,437
Interest cost	**1,359**	1,184
Expected return on plan assets	**(1,044)**	(1,016)
Net actuarial loss/(gain) recognised during the year	**82**	(149)
Total (included in staff costs) (Note 28)	**3,748**	3,456

The actual return on the plan assets of the Group was RM919,679 (2010: RM1,092,337).

21. PROVISION FOR LIABILITIES (CONT'D.)

(a) Retirement Benefit Obligations (Cont'd.)

Principal actuarial assumptions used:

	2011 %	2010 %
Discount rate	**6.2**	6.1
Expected return on plan assets	**4.8**	4.8
Expected rate of salary increases	**4.0 - 12.0**	4.0 - 12.0

(b) Warranties

The Group gives 6 months to 3 years of 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 to 3 years 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.

22. LONG TERM BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Secured				
Term loan	**266,405**	325,059	**-**	-
Less: Amount payable within one year (Note 24)	**(18,840)**	(2,850)	**-**	-
	247,565	322,209	**-**	-
Unsecured				
Term loan	**1,674,376**	1,757,875	**609,642**	609,532
Less: Amount payable within one year (Note 24)	**(179,489)**	(222,874)	**-**	-
	1,494,887	1,535,001	**609,642**	609,532
Finance lease payable (Note 23)	**844**	989	**-**	-
	1,495,731	1,535,990	**609,642**	609,532
Total long term borrowings	**1,743,296**	1,858,199	**609,642**	609,532

22. LONG TERM BORROWINGS (CONT'D.)

The maturity and exposure to interest rate risk of the borrowings 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 2011						
Secured						
- Floating rate	**4.8 - 14.0**	**18,840**	**58,109**	**176,153**	**13,303**	**266,405**
		18,840	**58,109**	**176,153**	**13,303**	**266,405**
Unsecured						
- Floating rate	**0.2 - 5.0**	**179,489**	**190,364**	**635,304**	**55,657**	**1,060,814**
- Fixed rate	**4.0 - 7.4**	**-**	**-**	**609,642**	**3,920**	**613,562**
		179,489	**190,364**	**1,244,946**	**59,577**	**1,674,376**
		198,329	**248,473**	**1,421,099**	**72,880**	**1,940,781**
31 December 2010						
Secured						
- Floating rate	4.5 - 7.7	2,850	24,191	297,541	477	325,059
		2,850	24,191	297,541	477	325,059
Unsecured						
- Floating rate	0.1 - 3.8	222,874	508,415	410,439	1,767	1,143,495
- Fixed rate	3.0 - 7.4	-	99	610,361	3,920	614,380
		222,874	508,514	1,020,800	5,687	1,757,875
		225,724	532,705	1,318,341	6,164	2,082,934
Company						
31 December 2011						
Unsecured						
- Fixed rate	**4.03 - 4.55**	**-**	**-**	**609,642**	**-**	**609,642**
31 December 2010						
Unsecured						
- Fixed rate	4.03 - 4.55	-	-	609,532	-	609,532

* Range of Weighted Average Effective Interest Rate ("RWAEIR")

The secured long term borrowings of the Group for the years 2011 and 2010 were secured by legal charge, fixed and floating charge over assets of certain subsidiaries and corporate guarantee of certain foreign subsidiaries and directors' personal guarantee of a subsidiary.

22. LONG TERM BORROWINGS (CONT'D.)

In the financial year 2009, the Company obtained the approval for the issuance of Islamic Commercial Papers/ Islamic Medium Term Notes (ICP/IMTN) and Islamic Medium Term Notes (IMTN) under the Shariah Principles of Musyarakah. The programmes comprise the issuance of ICP, IMTN1 and IMTN2 (collectively known as Sukuk) under two stand-alone programmes:

(i) Up to RM300.0 million in nominal value ICP/IMTN Programme (ICP/IMTN1) with tenure of up to 7 years from the date of the first issuance; and

(ii) Up to RM500.0 million in nominal value IMTN Programme (IMTN2) with tenure of up to 10 years from the date of the first issuance.

The Company has utilised the IMTN2 (RM500 million) in September 2009, whilst IMTN1 (RM110 million) was utilised in October 2010. Both Sukuk were on a 5 year tenure.

23. FINANCE LEASE PAYABLES

	Group	
	2011	**2010**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	**482**	545
Later than 1 year and not later than 2 years	**430**	398
Later than 2 years and not later than 5 years	**492**	715
Later than 5 years	**50**	81
	1,454	1,739
Less: Future finance charges	**(206)**	(281)
Present value of finance lease liability	**1,248**	1,458
Present value of finance lease liability:		
Not later than 1 year	**404**	469
Later than 1 year and not later than 2 years	**378**	325
Later than 2 years and not later than 5 years	**427**	598
Later than 5 years	**39**	66
	1,248	1,458
Analysed as:		
Due within 12 months (Note 24)	**404**	469
Due after 12 months (Note 22)	**844**	989
	1,248	1,458

The interest rate at the reporting date for the lease liabilities ranges from 1.37% to 12.35% (2010: 2.26% to 12.35%).

24. SHORT TERM BORROWINGS

	Group 2011 RM'000	Group 2010 RM'000
Secured		
Short term loan	**157,942**	75,278
Bankers' acceptances and revolving credits	**17,378**	6,011
Trust receipts	**311**	-
Finance lease payable (Note 23)	**404**	469
Bank overdrafts	**42,466**	16,933
Long term loans payable within one year (Note 22)	**18,840**	2,850
	237,341	101,541
Unsecured		
Short term loan	**106,111**	147,481
Bank overdrafts	**31,355**	47,357
Bankers' acceptances and revolving credits	**296,412**	305,983
Long term loans payable within one year (Note 22)	**179,489**	222,874
	613,367	723,695
Total short term borrowings	**850,708**	825,236

The secured short term borrowings of the Group for the year 2011 and 2010 were secured by legal charge, fixed and floating charge over assets of certain subsidiaries, corporate guarantee of certain foreign 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 2011 %	Group 2010 %
Short term loan	**1.6 - 3.0**	0.9 - 7.7
Bank overdrafts	**5.3 - 16.5**	4.0 - 14.0
Trust receipts	**5.3**	-
Bankers' acceptances	**0.9 - 3.5**	2.8 - 5.3
Revolving credits	**1.3 - 4.0**	1.0 - 5.9
Long term loans	**0.2 - 14.0**	0.1 - 7.4

25. PAYABLES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade payables:				
Trade payables	**671,728**	571,289	**-**	-
Bill payables	**24,713**	11,463	**-**	-
Sales tax accruals	**51,292**	60,859	**-**	-
Customer deposits	**129,007**	97,224	**-**	-
Related parties	**287,454**	270,843	**-**	-
Other payables:				
Accruals	**429,746**	412,341	**6,329**	7,117
Provision for unutilised leave	**11,731**	10,121	**-**	-
Financial guarantees	**8,552**	5,104	**1,002**	1,503
Provision for losses on a maintenance and repair contract	**101,965**	-	**-**	-
Sundry payables	**208,067**	171,053	**135**	4,746
	1,924,255	1,610,297	**7,466**	13,366
Total trade and other payables (exclude provisions)	**1,810,559**	1,600,176	**7,466**	13,366
Add: Long term borrowings (Note 22)	**1,743,296**	1,858,199	**609,642**	609,532
Short term borrowings (Note 24)	**850,708**	825,236	**-**	-
Less: Finance lease payables (Note 23)	**(1,248)**	(1,458)	**-**	-
Total financial liabilities carried at amortised costs	**4,403,315**	4,282,153	**617,108**	622,898

The related party balances comprise of amounts due to corporate shareholder 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.

Included in sundry payables is an amount of RM31,373,000 (2010: RM33,414,000) being purchase considerations retained in respect of the acquisitions of equity interest in subsidiaries, which was payable upon satisfaction of certain conditions.

The provision of RM101,965,000 is made in respect of maintenance and repair cost, in order to operate and maintain the equipments sold to customers.

Financial guarantees relate to corporate guarantee and financial indemnity provided by the Group and by the Company in respect of facilities taken by a jointly-controlled entity and associated companies.

Trade payables are non-interest bearing and are normally settled from 7 days to 120 days (2010: 7 days to 90 days) terms.

Other payables are non-interest bearing and are normally settled within 30 days to 365 days (2010: 30 days to 365 days) terms.

26. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross dividend income from subsidiaries	**-**	-	**393,531**	373,258
Sales of goods and services	**13,533,871**	12,817,991	**-**	-
Rental income from investment properties	**1,882**	2,238	**-**	-
	13,535,753	12,820,229	**393,531**	373,258

27. OTHER OPERATING INCOME

Included in other operating income are:

	2011 RM'000	2010 RM'000
Group		
Net fair value gains on held for trading investments - investment in cash funds	**-**	390
Net fair value gains on derivatives	**3,999**	55,002
Gain on disposal of property, plant and equipment and leased assets	**29,414**	15,928
Net gain on disposal of investments	**144**	285
Excess of Group's share in net fair value of the acquired subsidiaries' identifiable assets/liabilities and contingent liabilities over the cost of business combination	**-**	7,604
Net foreign exchange gains		
- realised	**13,169**	27,130
- unrealised	**-**	12,071
Bad debts recovered	**3,774**	279
Rental income from operating leases	**11,199**	10,623
Commission	**65,558**	57,189
Company		
Net foreign exchange gains		
- realised	**486**	-
- unrealised	**22,849**	-
Net fair value gains on derivatives	**-**	54,658

28. EMPLOYEE BENEFITS

	Group 2011 RM'000	Group 2010 RM'000
(a) Staff costs		
Wages and salaries	**634,366**	573,160
Social security costs	**4,463**	4,519
Provision for unutilised leave	**(169)**	(1,035)
Pension costs - defined contribution plan	**70,283**	61,431
Pension costs - defined benefit plans (Note 21(a))	**3,748**	3,456
Other staff related expenses	**65,567**	58,694
	778,258	700,225
(b) Directors' remuneration is as follows:		
Salaries and other emoluments		
- the Company*	**1,164**	3,028
- subsidiaries	**22,892**	21,192
Pension costs - defined contribution plan		
- the Company*	**190**	286
- subsidiaries	**1,944**	2,254
Benefits-in-kind		
- the Company*	**241**	509
- subsidiaries	**2,570**	2,921

* The details of the salaries and other emoluments of directors of the Company are as follows:

	Salaries and Other Emoluments		Benefits-in-kind	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Group				
Executive Director				
Datuk Syed Hisham bin Syed Wazir	**1,354**	337	**113**	15
Dato' Abdul Halim bin Harun	**-**	2,977	**-**	362
Non-Executive Director				
Tan Sri Asmat bin Kamaludin	**-**	-	**128**	132

29. OTHER OPERATING EXPENSES

Included in the other operating expenses are:

	2011 RM'000	2010 RM'000
Group		
Non-executive directors' fees #		
- the Company's current year provision		
- Fees	**790**	709
- Other emoluments	**134**	-
- subsidiaries' current year provision	**83**	39
Rental	**172,927**	120,320
Legal fees	**1,036**	2,659
Research and development	**704**	509
Auditors' remuneration:		
Statutory audit		
- Auditors' of the Company	**2,109**	1,889
- Other auditors	**958**	1,446
Other services		
- Auditors' of the Company	**695**	599
Bad debts written off	**5,291**	2,800
Impairment of goodwill	**46,388**	23,185
Net inventories written down	**8,331**	10,048
Royalty	**7,469**	4,224
Property, plant and equipment and leased assets written off	**933**	1,160
Impairment/(reversal of impairment) losses of:		
- receivables	**(4,741)**	(4,950)
- leased assets	**-**	536
- available-for-sale financial assets	**31,430**	-
- other investments	**-**	(3,065)
- property, plant and equipment	**83**	16,936
- investments in associates	**101,329**	53,204
Amortisation of product development expenditure	**38**	158
Loss on disposal of property, plant and equipment and leased assets	**2,436**	2,406
Net unrealised foreign exchange losses	**38,558**	-
Provision for warranties, net of reversals	**9,112**	37,206
Net fair value loss on financial assets:		
- Designated as fair value through profit or loss	**25,550**	1,760
- Held for trading	**325**	-
Forfeiture of profit guarantee	**2,894**	-
Company		
Non-executive directors' fees and other emoluments#		
- the Company's current year provision		
- Fees	**790**	709
- Other emoluments	**134**	-
Auditors' remuneration - statutory audit	**168**	160
Net fair value loss on derivatives	**10,253**	-
Net unrealised foreign exchange losses	**-**	64,779
Net fair value loss on financial assets - held for trading	**68**	-

29. OTHER OPERATING EXPENSES (CONT'D.)

Details of the directors' fees and other emoluments paid to the Company's directors are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Directors' fees:				
Tan Sri Asmat bin Kamaludin	**182**	178	**177**	171
Tan Sri Datuk Mohamed Khatib bin Abdul Hamid	**51**	47	**50**	45
Tan Sri Dato' Mohamed Noordin bin Hassan	**50**	56	**50**	50
Dr. Leong Chik Weng	**146**	130	**127**	117
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani	**107**	87	**98**	85
Dato' Mohd. Nizam bin Zainordin	**130**	114	**109**	105
Dato' Siow Kim Lun @ Siow Kim Lin	**126**	106	**121**	106
Khalid bin Sufat	**117**	30	**106**	30
Wan Kamaruzaman bin Wan Ahmad	**98**	-	**86**	-

The number of directors of the Company whose total remuneration falls within the respective bands are as follows:

	Group		Company	
	2011	2010	2011	2010
Executive director:				
RM1,000,001 - RM3,500,000	**1**	1	**-**	-
RM300,001 - RM400,000	**-**	1	**-**	-
Non-executive director:				
Up to RM50,000	**1**	2	**2**	3
RM50,001 - RM100,000	**2**	2	**2**	1
RM100,001 - RM150,000	**5**	3	**4**	3
RM150,001 - RM200,000	**1**	1	**1**	1

30. FINANCE COSTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- Bank borrowings	**90,515**	75,394	**19,496**	16,412
- Others	**1,622**	3,609	**-**	-
	92,137	79,003	**19,496**	16,412
Less: Interest expense capitalised				
- Assets-in-progress	**(1,660)**	(17,896)	**-**	-
Net interest expense	**90,477**	61,107	**19,496**	16,412

31. INVESTMENT INCOME

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Investment income comprises:				
Gross dividend income from:				
- Available-for-sale financial assets				
- Quoted investments	**2,798**	-	**-**	-
- Unquoted investments	**3,183**	1,308	**-**	-
- Designated as fair value through profit or loss				
- Quoted investments outside Malaysia	**901**	922	**-**	-
Interest income from:				
- Loans and receivables				
- Subsidiaries	**-**	-	**27,214**	22,116
- Others	**65,553**	43,941	**5,526**	1,574
- Held to Maturity				
- Others	**40**	-	**-**	-
Distribution income from:				
- Quoted investments	**5,422**	4,678	**-**	-
	77,897	50,849	**32,740**	23,690

32. INCOME TAX EXPENSE

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian taxes	**395,520**	341,385	**-**	(26)
Overseas taxes	**23,119**	16,899	**309**	530
	418,639	358,284	**309**	504
(Over)/Under provision in prior year:				
Malaysian taxes	**(5,501)**	(6,737)	**(11)**	(3)
Overseas taxes	**3,426**	(938)	**-**	-
	(2,075)	(7,675)	**(11)**	(3)
	416,564	350,609	**298**	501
Deferred taxation (Note 12):				
Relating to origination and reversal of temporary differences	**(2,099)**	(9,727)	**-**	-
Relating to changes in tax rates	**-**	(453)	**-**	-
Over provision in prior years	**(2,492)**	(31)	**-**	-
	(4,591)	(10,211)	**-**	-
	411,973	340,398	**298**	501

32. INCOME TAX EXPENSE (CONT'D.)

Domestic current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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:

	2011 RM'000	2010 RM'000
Group		
Profit before taxation	**1,381,486**	1,313,219
Taxation at Malaysian statutory rate of 25% (2010: 25%)	**345,372**	328,305
Effect of different tax rates in other countries	**(16,861)**	5,251
Tax incentives	**-**	(859)
Income not subject to tax	**(25,872)**	(23,522)
Expenses not deductible for tax purposes	**71,840**	45,680
Tax losses not available for offsetting against future taxable profits	**509**	-
Utilisation of previously unrecognised reinvestment allowances	**-**	(14,514)
Utilisation of current year's reinvestment allowances	**(3,912)**	-
Utilisation of previously unrecognised tax losses	**(2,927)**	(2,133)
Utilisation of previously unrecognised capital allowances	**-**	(463)
Deferred tax assets recognised	**-**	(4,774)
Deferred tax assets not recognised	**80,791**	47,196
Over provision of deferred tax in prior years	**(2,492)**	(31)
Over provision of income tax expense in prior years	**(2,075)**	(7,675)
Effect of share of profits of associates	**(32,400)**	(32,063)
Tax expense for the year	**411,973**	340,398
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	**360**	1,260
Utilisation of tax losses brought forward from previous years	**1,675**	2,602
Company		
Profit before taxation	**417,308**	368,044
Taxation at Malaysian statutory rate of 25% (2010: 25%)	**104,327**	92,011
Income not subject to tax	**(104,361)**	(107,104)
Expenses not deductible for tax purposes	**3,486**	17,179
Utilisation of group relief	**(3,143)**	(1,582)
Over provision of income tax expense in prior years	**(11)**	(3)
Tax expense for the year	**298**	501

The Company will be able to distribute dividends out of its entire retained profits as at 31 December 2011 under the single-tier system.

33. EARNINGS PER SHARE

(a) Basic

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 2011	Group 2010
Net profit attributable to equity holders (RM'000)	**502,053**	526,903
Weighted average number of ordinary shares of RM0.50 in issue ('000)	**1,166,472**	1,138,483
Basic earnings per share of RM0.50 (sen)	**43.0**	46.3

(b) Diluted

Diluted earnings per share of RM0.50 is calculated by dividing the net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The dilutive potential ordinary shares of the Group comprises the employees' share options. The basis for the maximum number of ordinary shares to be issued upon the exercise of share options granted, the latest date for exercise and exercise price are disclosed in Note 19(c).

	Group 2011	Group 2010
Net profit attributable to equity holders (RM'000)	**502,053**	526,903
Weighted average number of ordinary shares of RM0.50 in issue ('000)	**1,166,472**	1,138,483
Adjusted for:		
Assumed shares issued from the exercise of options at no consideration ('000)	**-**	3,803
	1,166,472	1,142,286
Diluted earnings per share (sen)	**43.0**	46.1

The ESOS had expired on 17 April 2011.

The fair value of the shares in respect of the assumed exercise of options of RM6.60 for the year 2010 was determined based on the average weighted market value of the shares traded during the year 2010. The difference between the number of shares issued via the exercise of options and the number of shares that would have been issued at RM6.60 was assumed as issue of shares at no consideration.

34. DIVIDENDS

	Amount		Net Dividend Per Share of RM0.50 each	
	2011 RM'000	2010 RM'000	2011 Sen	2010 Sen
Recognised during the financial year:				
In respect of the financial year ended 31 December 2009				
- Final single-tier dividend of 18%	-	102,610	-	9.0
In respect of the financial year ended 31 December 2010				
- First interim single-tier dividend of 20%	-	114,772	-	10.0
- Second interim single-tier dividend of 27%	-	156,647	-	13.5
- Final single-tier dividend of 13%	**75,939**	-	**6.5**	-
In respect of the financial year ended 31 December 2011				
- First interim single-tier dividend of 20%	**116,829**	-	**10.0**	-
	192,768	374,029	**16.5**	32.5
Payable:				
In respect of the financial year ended 31 December 2011				
- Second interim single-tier dividend of 27%	**157,720**	-	**13.5**	-
	350,488	374,029	**30.0**	32.5

At the forthcoming Annual General Meeting of the Company, a final single-tier dividend in respect of the current financial year of 15% or 7.5 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM87.6 million (2010: a single-tier dividend of 13% or 6.5 sen per share of RM0.50 each, amounting to RM75.9 million net dividend) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. The proposed dividend, if approved by shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2012.

35. COMMITMENTS

(a) Capital Commitments

	Group 2011 RM'000	Group 2010 RM'000
Approved and contracted for:		
- land and buildings	**5,380**	134,819
- equipment, plant and machinery	**155,620**	284,754
- others	**5,387**	5,308
	166,387	424,881
Approved but not contracted for:		
- land and buildings	**24,395**	77,419
- equipment, plant and machinery	**406,936**	455,484
- others	**17,417**	3,642
	448,748	536,545
Total capital commitments	**615,135**	961,426

(b) Commitments Under Non-Cancellable Operating Leases

Amount payable within 1 year	**8,312**	7,537
Amount payable later than 1 year but not more than 2 years	**4,915**	7,472
Amount payable later than 2 years but not more than 5 years	**11,362**	11,412
Amount payable after 5 years	**38,217**	50,059

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		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unsecured				
Bank guarantee issued to third parties	**62,626**	62,381	**-**	-
Performance guarantee issued to third parties	**-**	56,705	**-**	56,705
Letter of credits issued to third parties	**36,653**	11,542	**-**	-
Corporate guarantee issued to financial institutions in respect of banking facilities of jointly-controlled entities	**57,024**	55,143	**95,040**	91,905
Financial indemnity on:				
- Trade facilities granted to associates	**254,365**	200,801	**-**	-
- Banking facilities of jointly-controlled entities	**389,851**	90,112	**500,544**	150,186
- Banking facilities of subsidiaries	**-**	-	**218,706**	194,710
	800,519	476,684	**814,290**	493,506

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 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 segment is involved in the provision of support services in insurance, travel, information technology, management and corporate services and various professional services.

Transfer prices between operating segments are at terms agreed between the parties.

37. SEGMENT REPORTING (CONT'D.)

(a) Business Segments

2011

	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
REVENUE:								
External customers	9,692,748	2,057,679	638,975	1,103,175	43,176	-		13,535,753
Inter-segment	6,279	21,215	31,458	6,449	15,295	(80,696)	I	-
Total revenue	9,699,027	2,078,894	670,433	1,109,624	58,471	(80,696)		13,535,753
RESULTS:								
Depreciation and amortisation	(98,657)	(78,048)	(17,805)	(92,508)	(10,555)	-		(297,573)
Interest expense	(75)	(13,119)	(14,798)	(106,318)	(33,822)	77,655		(90,477)
Interest income	55,626	2,358	1,838	27,523	61,325	(77,655)		71,015
Dividend income	2,916	-	8,840	23,805	983,894	(1,012,573)		6,882
Share of results of associates	156,126	-	-	(35,752)	515	-		120,889
Other material non-cash items	(12,847)	(78,081)	(22,629)	(245,023)	26,811	-	II	(331,769)
Segment profit/(loss) before taxation	1,547,897	70,510	(11,929)	(229,642)	4,650	-		1,381,486
Income tax expense	(337,877)	(43,900)	(11,879)	(16,158)	(2,159)	-		(411,973)
Segment profit/(loss) after taxation	1,210,020	26,610	(23,808)	(245,800)	2,491	-		969,513

37. SEGMENT REPORTING (CONT'D.)

(a) Business Segments (Cont'd.)

2011 (Cont'd.)

	Automotive RM'000	Equipment RM'000	Manufacturing and Engineering RM'000	Oil and Gas RM'000	Others RM'000	Note	Per Consolidated Financial Statements RM'000
ASSETS:							
Investment in associates	960,560	-	-	417,342	46,542		1,424,444
Additions to non-current assets	212,883	137,373	74,715	154,444	9,575	III	588,990
Segment assets	4,510,195	1,181,210	653,954	2,485,041	1,710,557		10,540,957
LIABILITIES:							
Segment liabilities	1,039,698	774,069	347,318	2,564,610	237,194		4,962,889

37. SEGMENT REPORTING (CONT'D.)

(a) Business Segments (Cont'd.)

2010

	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
REVENUE:								
External customers	9,935,795	1,570,766	640,914	633,346	39,408	-		12,820,229
Inter-segment	7,041	22,284	32,167	143	14,228	(75,863)	I	-
Total revenue	9,942,836	1,593,050	673,081	633,489	53,636	(75,863)		12,820,229
RESULTS:								
Depreciation and amortisation	(89,379)	(76,232)	(15,815)	(90,493)	(9,670)	-		(281,589)
Interest expense	-	(11,385)	(9,215)	(75,608)	(28,861)	63,962		(61,107)
Interest income	38,333	2,754	1,175	26,320	43,999	(63,962)		48,619
Dividend income	1,152	-	15,080	34,961	893,018	(941,981)		2,230
Share of results of associates	166,264	-	2,082	(63,726)	9,186	-		113,806
Other material non-cash items	(28,501)	797	(3,546)	(88,136)	56,240	-	II	(63,146)
Segment profit/(loss) before taxation	1,378,019	103,899	39,099	(180,428)	(27,370)	-		1,313,219
Income tax expense	(287,817)	(33,796)	(4,109)	(10,413)	(4,263)	-		(340,398)
Segment profit/(loss) after taxation	1,090,202	70,103	34,990	(190,841)	(31,633)	-		972,821

37. SEGMENT REPORTING (CONT'D.)

(a) Business Segments (Cont'd.)

2010 (Cont'd.)

	Automotive RM'000	Equipment RM'000	Manufacturing and Engineering RM'000	Oil and Gas RM'000	Others RM'000	Note	Per Consolidated Financial Statements RM'000
ASSETS:							
Investment in associates	872,146	-	-	533,406	47,507		1,453,059
Additions to non-current assets	67,770	128,532	80,298	430,424	20,404	III	727,428
Segment assets	4,160,886	1,083,884	665,641	2,700,749	1,412,658		10,023,818
LIABILITIES:							
Segment liabilities	1,072,705	619,623	310,714	2,517,388	236,377		4,756,807

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. Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM'000	2010 RM'000
Net fair value gains on derivatives	27	**3,999**	55,002
Net gain on disposal of property, plant and equipment and leased assets	27, 29	**26,978**	13,522
Net unrealised foreign exchange losses	29	**(38,558)**	-
Net inventories written down	29	**(8,331)**	(10,048)
Provision for warranties, net of reversals	29	**(9,112)**	(37,206)
(Impairment)/reversal of impairment losses of:			
- property, plant and equipment	29	**(83)**	(16,936)
- investment in associates	29	**(101,329)**	(53,204)
- available-for-sale financial assets	29	**(31,430)**	-
- other investments	29	**-**	3,065
Impairment of goodwill	29	**(46,388)**	(23,185)
Excess of Group's share in net fair value of the acquired subsidiaries' identifiable assets/liabilities and contingent liabilities over the cost of business combination	27	**-**	7,604
Fair value loss on financial assets:			
- Designated as fair value through profit or loss	29	**(25,550)**	(1,760)
Provision for losses on a maintenance and repair contract	25	**(101,965)**	-
		(331,769)	(63,146)

III. Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	**464,454**	565,693
Investment properties	**-**	4,057
Intangible assets	**-**	47,535
Land use rights	**-**	139
Leased assets	**124,536**	110,004
	588,990	727,428

37. SEGMENT REPORTING (CONT'D.)

(b) Geographical Segments

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
2011			
Revenue from external customers	**12,551,616**	**984,137**	**13,535,753**
Non-current assets	**1,458,319**	**2,132,120**	**3,590,439**
2010			
Revenue from external customers	11,918,862	901,367	12,820,229
Non-current assets	1,344,753	2,053,297	3,398,050

Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Property, plant and equipment	**3,077,195**	2,852,305
Investment properties	**77,574**	81,488
Intangible assets	**199,415**	258,489
Land use rights	**4,771**	4,931
Leased assets	**226,936**	193,998
Non-current assets held for sale	**4,548**	6,839
	3,590,439	3,398,050

38. SUBSIDIARIES

(i) The following are the subsidiaries of the Company:

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia			
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.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia (Cont'd.)			
UMW Australia Ventures (L) Ltd.	**100**	100	Investment holding.
UMW Malaysian Ventures Sdn. Bhd.	**100**	100	Investment holding.
UMW Oil & Gas Berhad	**100**	100	Investment holding.
Subsidiaries of: UMW Corporation Sdn. Bhd., UMW Petropipe (L) Ltd., UMW Australia Ventures (L) Ltd., UMW Malaysian Ventures Sdn. Bhd., UMW Oil & Gas Berhad			
UMW Oil & Gas Corporation Sdn. Bhd.	**100**	100	Provision of various management services to its related companies.
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.
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.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia (Cont'd.)			
UMW Linepipe (L) Ltd.	**66.12**	66.12	Investment holding.
UMW Drilling Co. Ltd.	**100**	100	Leasing of oil and gas semi-submersible drilling rigs.
UMW Oilfield International (L) Ltd.	**60**	60	Supply of oil and gas products and services and investment holding.
UMW Oilpipe Services (Turkmenistan) Ltd.	**51**	51	Provision of tubular inspection, repair and maintenance activities.
UMW China Ventures (L) Ltd.	**100**	100	Investment holding.
U-Insurance Sdn. Bhd.	**100**	100	Insurance agency services.
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	Investment holding and marketing, distribution and blending of 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 Auto Parts Sdn. Bhd.	**100**	100	Investment holding.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia (Cont'd.)			
UMW Vehicle Components Sdn. Bhd.	**100**	100	Dormant.
UMW Fabritech Sdn. Bhd.	**70**	70	Providing sandblasting, testing, priming, coating, inspection, maintenance and repair services of equipment and tubes.
UMW Oilfield International (M) Sdn. Bhd.	**100**	100	Supply of oil and gas products and services.
Lubetech Sdn. Bhd.	**100**	100	Blending and packaging of "Pennzoil" and other branded lubricants.
UMW Pennzoil Distributors Sdn. Bhd.	**100**	100	Marketing, selling and distribution of "Pennzoil" branded lubricants.
UMW Petrodril (Malaysia) Sdn. Bhd.	**99**	99	Provision of workover operations for the Oil and Gas Industry.
UMW JDC Drilling Sdn. Bhd.	**85**	85	Provision of drilling operations for the Oil and Gas Industry.
Inobel Sdn. Bhd.	**100**	100	Marketing and rendering of information technology services.
KYB-UMW Steering Malaysia Sdn. Bhd.	**52.1**	52.1	Manufacture and assembly of power steering pumps.
KYB-UMW Malaysia Sdn. Bhd.	**52.1**	52.1	Manufacture and assembly of vehicle shock absorbers.
UMW-PNSB Development Sdn. Bhd.	**51**	51	Investment holding and property development.
UMW Technology Management Sdn. Bhd.	**51**	51	Dormant.
UMW Bumi Hijau Sdn. Bhd.	**51**	51	Dormant.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia (Cont'd.)			
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.
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.	**100**	100	Provision of threading and repair services for oil country tubular goods.
UMW Naga Two (L) Ltd.	**100**	100	Investment holding.
UMW Naga Three (L) Ltd.	**100**	100	Investment holding.
UMW India Ventures (L) Ltd.	**75**	75	Investment holding.
UMW Sher (L) Ltd.	**45**	45	Provide contract drilling and engineering services for the Oil and Gas Industry and leasing of drilling rigs and vessels.
UMW Deepnautic Sdn. Bhd.	**87.14**	87.14	Provision of project management, design engineering and construction management.
UMW Standard Drilling Sdn. Bhd.	**100**	100	Contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas.
Coldfusion Engineering Sdn. Bhd.	**100**	60	Dormant.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia (Cont'd.)			
MK Autocomponents Limited	**51**	51	Investment holding.
MK Automotive Industries Limited	**55**	55	Investment holding.
UMW Pressure Control Sdn. Bhd.	**51**	51	Supply specialty snubbing, hot tapping technology and wellhead freezing equipment and services to the Oil and Gas Industry and manufacturing of oil and gas related products.
UMW Synergistic Generation Sdn. Bhd. (Formerly known as Synergistic Generation Sdn. Bhd.)	**60**	60	Total power solution provider.
UMW SG Power Systems Sdn. Bhd. (Formerly known as SG Power Systems Sdn. Bhd.)	**60**	60	General contractor, sales and services equipment.
UMW SG Engineering & Services Sdn. Bhd. (Formerly known as SG Engineering & Services Sdn. Bhd.)	**60**	60	Engineering works and general trading.
(b) Subsidiaries Incorporated in Singapore			
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	Sale of supplies used in the marine and offshore oil rig industry.
PFP Singapore Pte. Ltd.*	**75**	75	Sale of piping materials.
UMW Deepnautic Pte. Ltd.*	**35.7**	35.7	Fabrication of oil and gas steel structures.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(b) Subsidiaries Incorporated in Singapore (Cont'd.)			
UMW Helmsion Engineering Pte. Ltd.*	**42**	42	Manufacture of industrial cranes and related products and services.
Offshore Construction Services Pte. Ltd.*	**60**	60	Shipbuilding, repairing, marine construction and offshore equipment.
UMW Standard 1 Pte. Ltd.	**100**	100	Ownership of drilling rigs and related activities.
UMW Standard 3 Pte. Ltd.	**100**	100	Ownership of drilling rigs and related activities.
UMW Singapore Ventures Pte. Ltd.*	**100**	100	Investment holding.
UMW Marine and Offshore Pte. Ltd.*	**100**	100	Dormant.
(c) Subsidiary Incorporated in Papua New Guinea			
UMW Niugini Limited*	**94.4**	94.4	Distribution of heavy equipment and related spares.
(d) Subsidiaries Incorporated in People's Republic of China			
UMW Oilfield Services (Tianjin) Co., Limited*	**100**	100	Provision of repair services for oil country tubular goods.
UMW Industrial Trading (Shanghai) Co., Ltd.*	**100**	100	Marketing of Toyota industrial equipment, Aerex and other airport ground support equipment and environmental products.
UMW Industrial Equipment (Shanghai) Co., Ltd.*	**100**	100	Provision of after-sales and repair services for equipment.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(d) Subsidiaries Incorporated in People's Republic of China (Cont'd.)			
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.*	**75**	75	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.
(e) Subsidiary Incorporated in Thailand			
UOT (Thailand) Limited*	**58.8**	58.8	Provision of repair services for oil country tubular goods.
UMW Petrodril Siam Co., Ltd.	**99.52**	99.52	Provision of hydraulic workover rigs & other services for the Oil and Gas Industry.
(f) Subsidiaries Incorporated in Republic of Vietnam			
Vietnam Offshore Fabrication & Engineering Co. Ltd.*	**70**	70	Fabrication of oil and gas steel structures, and provision of offshore maintenance, hook-up and commissioning services.
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.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(g) Subsidiaries Incorporated in Myanmar			
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			
UMW ACE (BVI) Ltd.	**70**	70	Investment holding.
(i) Subsidiaries Incorporated in Australia			
PFP Holdings Pty. Ltd.	**100**	100	Investment holding.
PFP (Aust) Holdings Pty. Ltd.	**100**	100	Investment holding.
Australasia Piping Products Pty. Ltd. (Formerly known as PFP (Int) Holdings Pty. Ltd.)	**100**	100	Dormant.
PFP (Aust) Pty. Ltd.	**100**	100	Stockist and sales of pipes and fittings to the Oil and Gas Industry.
(j) Subsidiaries Incorporated in India			
Multicoat Coating Technologies Private Limited *#	**51**	51	Manufacture, produce, process, formulate and undertake research and development of refractory coatings, ceramic coatings, functional coatings, high emissivity coatings, nano coatings, new generation coatings and all types of advanced ceramic, composite and polymeric coatings.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(j) Subsidiaries Incorporated in India (Cont'd.)			
Sathya Auto Private Limited #	**51**	51	Manufacture of mechanical jacks, radiator caps and sheet metal components.
Castwel Autoparts Private Limited #	**51**	51	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 #	**33**	33	Original equipment manufacturer of stamped automotive upper body parts.
(k) Subsidiary Incorporated in Taiwan			
PFP Taiwan Co., Ltd.*	**75**	75	Wholesale of metal building materials and international trade.
(l) Subsidiary Incorporated in Bahrain			
UMW Middle East Ventures Holding W.L.L.	**100**	100	Investment holding.
(m) Subsidiary Incorporated in Oman			
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.

** Subsidiaries audited by firms of Chartered Accountants other than Ernst & Young.*
 # The financial year end of the above subsidiaries is 31 March.

38. SUBSIDIARIES (CONT'D.)

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Subsidiaries Incorporated in Malaysia			
UMW Management Systems Sdn. Bhd.	**51**	51	Dormant.
UMW Properties Sdn. Bhd.	**51**	51	Dormant.
UMW Bumi Indah Sdn. Bhd.	**51**	51	Dormant.
Seat Industries (Malaysia) Sdn. Bhd.	**51**	51	Dormant.
(b) Subsidiary Incorporated in Brunei			
UMW Orient Sdn. Berhad	**100**	100	Dormant.
(c) Subsidiary Incorporated in the Philippines			
UMW Industries (Philippines) Inc.	**100**	100	Dormant.
(d) Subsidiary Incorporated in Thailand			
UMW Auto Parts (Thailand) Co., Ltd.	**100**	100	Dormant.
(e) Subsidiary Incorporated in Solomon Islands			
UMW Solomon Islands Limited*	**85**	85	Dormant.

* *Audited by firms of Chartered Accountants other than Ernst & Young.*

39. JOINTLY-CONTROLLED ENTITIES

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Jointly-Controlled Entity Incorporated in Singapore			
Tubulars International Pte. Ltd.*	**30**	30	Investment holding.
(b) Jointly-Controlled Entity Incorporated in Hong Kong			
Lubritech International Holdings Limited	**60**	60	Investment holding.
(c) Jointly-Controlled Entity Incorporated in India			
United Seamless Tubulaar Private Limited *	**32.2**	32.2	Manufacturing of seamless tubular green pipes.
(d) Jointly-Controlled Entities Incorporated in China			
Lubritech Limited	**60**	60	Produce and operate lubrication oil business and import and wholesale of lubrication oil and lubrication grease.
Sichuan Haihua Petroleum Steel Pipe Co. Ltd.*	**40**	40	Manufacturing of oil, gas, water and other liquid from transmission pipes, and provision of antisepsis coating services for steel pipes.

Other than United Seamless Tubulaar Private Limited whose financial year end is 31 March, the financial year end of all the above jointly-controlled entities is 31 December.

* *Audited by firms of Chartered Accountants other than Ernst & Young.*

40. ASSOCIATES

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(a) Associated Companies Incorporated in Malaysia			
Rail-Tech Industries Sdn. Bhd.	**50**	50	Dormant.
Perusahaan Otomobil Kedua Sdn. Bhd.	**38**	38	Investment holding and provision of management and administrative services.
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 Stamping Sdn. Bhd.	**38**	38	Dormant.
UMW Toyotsu Motors Sdn. Bhd.	**30**	30	Sales and after-sales services of Toyota brand of motor vehicles, parts and other relevant products.
Toyota Capital Malaysia Sdn. Bhd.	**30**	30	Hire purchase financing, factoring and trade confirming.
Toyota Capital Acceptance Malaysia Sdn. Bhd.	**30**	30	Hire purchase financing, debt factoring and money lending.
Seabanc Kredit Sdn. Bhd.	**30**	30	Hire purchase financing, leasing and debt factoring.
Toyota Lease Malaysia Sdn. Bhd.	**30**	30	Provision of lease financing.
PFP (Malaysia) Sdn. Bhd.	**40**	40	Supply of materials to the marine process and petro-chemical industries.
Arcus Malaysia Sdn. Bhd.	**40**	40	Dormant.
Lada Motors Sendirian Berhad	**40**	40	Dormant.

40. ASSOCIATES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(b) Associated Companies 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; and 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.
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.
Wuxi Seamless Oil Pipe Co., Ltd.*	**22.3**	22.3	Design and manufacture of seamless OCTG and line pipes for the Oil and Gas Industry.
(c) Associated Company Incorporated in India			
Multicoat Surfaces Private Limited*	**22.5**	22.5	Undertake research in the field of new generation coatings and solutions.
(d) Associated Company Incorporated in Thailand			
Oil-Tex (Thailand) Company Limited*	**20**	20	Provision of logistic services for the Oil and Gas Industry.
(e) Associated Company Incorporated in British Virgin Islands			
First Space Holdings Limited*	**22.3**	22.3	Investment holding.

40. ASSOCIATES (CONT'D.)

Company	Group Effective Interest 2011 %	Group Effective Interest 2010 %	Principal Activities
(f) Associated Company Incorporated in the Cayman Islands			
WSP Holdings Limited*	**22.3**	22.3	Investment holding.
(g) Associated Company Incorporated in Brunei Darussalam			
Premium Tubular Services Sdn. Bhd.*	**50**	50	Under liquidation.

* *Audited by firms of Chartered Accountants other than Ernst & Young.*

Other than 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.

41. SIGNIFICANT EVENTS

(a) On 21 January 2011, UMW Standard Drilling Sdn. Bhd. was awarded by Petronas Carigali Sdn. Bhd. ("PCSB") contract for the provision of Jack-Up Drilling Rig "NAGA 3" for PCSB's domestic operations within Malaysian waters. The contract is for a duration of one year (1) with two (2) one-year options for renewal with a contract value of approximately USD41.5 million (equivalent to RM127.4 million), for the first year.

(b) On 31 January 2011, the Company had announced that the 46,700 Preferred Shares in HL Cayman subscribed by UMW China Ventures (L) Ltd. had been converted into 46,700 ordinary shares of par value HK$0.10 each.

(c) On 14 February 2011, UMW Corporation Sdn. Bhd. ("UMWC"), a wholly-owned subsidiary of the Group, had entered into a Sale and Purchase of Shares Agreement with Titanium Assets Holdings Sdn. Bhd., for the acquisition of 2,400,000 ordinary shares of RM1.00 each, representing 40% of the issued and paid-up capital of Coldfusion Engineering Sdn. Bhd. ("CESB"), at a nominal value of RM1.00. Upon completion of the above acquisition, CESB became a wholly-owned subsidiary of UMWC.

(d) On 27 April 2011, Seat Industries (Malaysia) Sdn. Bhd., a dormant 51%-owned subsidiary of the Group, was placed under members' voluntary winding up.

(e) On 18 July 2011, UMW Management Systems Sdn. Bhd., UMW Properties Sdn. Bhd. and UMW Bumi Indah Sdn. Bhd., dormant companies of UMW, were placed under members' voluntary winding up.

(f) On 29 November 2011, UMW Solomon Islands Limited, a subsidiary of the Group incorporated in Solomon Islands was placed under members' voluntary winding up.

41. SIGNIFICANT EVENTS (CONT'D.)

(g) On 13 December 2011, WSP Holdings Limited ("WSP"), a 22.3%-owned associated company in the UMW Group, listed on the New York Stock Exchange ("NYSE") had announced to the NYSE that its Board of Directors has formed a special committee of independent directors to consider strategic alternatives which would enhance shareholders' value.

(h) On 19 December 2011, UMW Synergistic Generation Sdn. Bhd. ("USGSB")(formerly known as Synergistic Generation Sdn. Bhd.), a 60% owned-subsidiary of the Group, has entered into a contract with Petronas Carigali Iraq Holding B.V for the setting up of Phase 1 of the Garraf Power Plant Phase 1 for Garraf Field, Republic of Iraq, at a contract value of USD29.7 million.

42. SUBSEQUENT EVENTS

(a) On 13 February 2012, the Group received a confirmation on the de-registration of UMW Solomon Islands Limited, a dormant subsidiary of the Group.

(b) On 30 March 2012, UMW Standard Drilling Sdn. Bhd., received a Letter of Contract Amendment And Extension from Petronas Carigali Sdn. Bhd. for a 2-year extension of the Provision of Jack-Up Drilling Rig "NAGA 3" contract. The extension is valid from 22 March 2012 to 21 March 2014 with a contract value of approximately USD105.0 million (equivalent to RM321.1 million).

43. SIGNIFICANT RELATED PARTY DISCLOSURES

Group

(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:

UMW & Its Subsidiaries	Transacting Parties	Nature of Transactions	2011 RM'000	2010 RM'000
UMW Industries (1985) Sdn. Bhd.	Perodua Group*	Lease rental	**7,346**	6,249
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Perodua Group*	Sale of shock absorbers	**63,155**	79,700
U-TravelWide Sdn. Bhd.	Perodua Group*	Air tickets	**5,615**	5,461
UMW Toyota Motor Sdn. Bhd. and subsidiaries	Perodua Group*	Sale of goods and services	**230,431**	248,623
		Purchase of goods and services	**311,348**	291,898
UMW Industrial Power Sdn. Bhd.	Perodua Group*	Sale of goods and services	**2,172**	11,291
UMW Advantech Sdn. Bhd.	Perodua Group*	Sale of goods and services	**32,096**	33,208
UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co. Ltd. and its subsidiaries	Purchase of goods and services	**20,589**	15,783
		Bare boat charter	**66,407**	25,176
Lubetech Sdn. Bhd.	UMW Pennzoil Distributors Sdn. Bhd.	Sale of goods and services	**-**	91,411
		Purchase of services	**-**	530

* *Comprises Perusahaan Otomobil Kedua Sdn. Bhd., its subsidiaries and associates.*

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:

UMW & Its Subsidiaries	Transacting Parties	Nature of Transactions	2011 RM'000	2010 RM'000
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Sale of goods and services	**1,248,090**	1,058,837
		Purchase of goods and services	**3,607,598**	2,297,724
	UMW Toyotsu Motors Sdn. Bhd.	Sale of goods	**148,193**	156,753

(c) Transactions by the Group with the corporate shareholders of KYB-UMW Malaysia Sdn. Bhd. are as follows:

UMW & Its Subsidiaries	Transacting Parties	Nature of Transactions	2011 RM'000	2010 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Kayaba Industry Co. Ltd., Japan and its subsidiaries	Sale of goods and services	**21,267**	22,725
		Purchase of goods and services	**8,474**	9,864
	Toyota Tsusho Corporation, Japan and its affiliated company	Sale of goods and services	**227**	145
		Purchase of goods and services	**38,022**	48,086

(d) Transactions by the Group with a related company of the corporate shareholder of UMW Fabritech Sdn. Bhd. are as follows:

UMW & Its Subsidiaries	Transacting Parties	Nature of Transactions	2011 RM'000	2010 RM'000
UMW Fabritech Sdn. Bhd.	DKLS Construction Sdn. Bhd.	Construction of structures, plant and machinery	**-**	21,379

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(e) 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:

UMW & Its Subsidiaries	Transacting Parties	Nature of Transactions	2011 RM'000	2010 RM'000
UMW Sher (L) Ltd.	Jaybee Energy Pte. Ltd.	Bare boat charter	**13,041**	13,486
		Purchase of services	**1,408**	2,008
Jaybee Drilling Pvt. Ltd.		Purchase of goods and services	**11,561**	13,850

(f) Compensation of Key Management Personnel

	2011 RM'000	2010 RM'000
Salaries and wages	**15,757**	16,181
(Write back)/Provision for unutilised leave	**(56)**	800
Pension costs - defined benefit plan	**1,875**	1,978
Retirement gratuity	**2,150**	1,098
Other staff related costs	**1,677**	2,068
	21,403	22,125

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Note	2011 Carrying Amount RM'000	2011 Fair Value RM'000	2010 Carrying Amount RM'000	2010 Fair Value RM'000
Group					
Financial assets					
Other investments (non-current)					
- Unquoted shares, at costs	13	**4,567**	*	82,519	*
Financial liabilities					
Long term borrowings					
- Fixed rate borrowings	22	**613,562**	**615,316**	614,380	619,058
Financial guarantees	25	**8,552**	**9,817**	5,104	6,428
		622,114	**625,133**	619,484	625,486
Company					
Financial liabilities					
Long term borrowings					
- Fixed rate borrowings	22	**609,642**	**611,396**	609,532	614,210
Financial guarantees	25	**1,002**	**1,121**	1,503	1,619
		610,644	**612,517**	611,035	615,829

* 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.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of Fair Values

(i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables	
- Trade receivables (current)	16
- Other receivables (current)	16
- Due from subsidiaries (non-current)	16
Long term borrowings	
- Floating rate borrowings (non-current)	22
- Floating rate borrowings (current)	22
Payables	
- Trade and other payables (current)	25
- Trade and other payables (non-current)	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instrument that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(ii) Amounts due from subsidiaries, finance lease payables, fixed rate bank loans and bonds

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(iii) Quoted equity instruments

Fair value is determined directly by reference to their published market mid price at the reporting date.

(iv) Unquoted debt instruments

Fair value is estimated by using a discounted cash flow model based on various assumptions. Including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of Fair Values (Cont'd.)

(v) Derivatives

Forward currency contracts, interest rate swap and cross currency swap 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 and interest rate curve.

(vi) Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3 Input for the asset or liability that are not based on observable market data (unobservable input).

31 December 2011

Financial asset:	**Note**	**Level 1 RM'000**
Quoted investment in cash funds	13	**392,271**
Quoted shares outside Malaysia	13	**49,164**

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.

45. CAPITAL MANAGEMENT (CONT'D.)

For the purpose of maintaining a strong credit rating, the Group endeavours to keep its debt to equity ratio at around 50%.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term borrowings	**850,708**	825,236	**-**	-
Long term borrowings	**1,743,296**	1,858,199	**609,642**	609,532
Total borrowings	**2,594,004**	2,683,435	**609,642**	609,532
Total equity	**5,578,068**	5,267,011	**1,447,495**	1,308,714
Gearing ratio	**47%**	51%	**42%**	47%

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, liquidity, interest rate and foreign currency risks. The principal aim of the Group's financial risk management practices is to identify, evaluate and manage financial risks with an objective to minimize 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.

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.

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

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 Indian Rupee.

Approximately 11% (2010: 5%) of the Group's trade receivables are denominated in foreign currencies whilst almost 30% (2010: 44%) 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 RM131,068,000 (2010: RM123,587,000) and RM5,630,000 (2010: RM109,041,000) for the Group and the Company respectively.

Material foreign currency exposures are hedged via forward exchange contracts, cross currency swaps and foreign currency options 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.

At 31 December 2011, the Group hedged currency exposures on its individual transactions in excess of RM100,000 of its foreign currency denominated sales and purchases for which firm commitments existed at the reporting date, extending to April 2012.

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, Japanese Yen, Australian Dollar and Indian Rupee exchange rates against Ringgit Malaysia with all other variables held constant:

		2011 RM'000	2010 RM'000
		Effect on profit after tax	
US Dollar	+ 10%	**20,794**	(14,730)
	- 10%	**(20,794)**	14,730
Japanese Yen	+ 10%	**(2,616)**	1,276
	- 10%	**2,616**	(1,276)
Australian Dollar	+ 20%	**(2)**	(10,190)
	- 20%	**2**	10,190
Indian Rupee	+ 10%	**20**	(1,560)
	- 10%	**(20)**	1,560

(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:

	Basis points	2011 RM'000	2010 RM'000
		Effect on profit after tax	
Ringgit Malaysia	+ 50	**(724)**	7,202
	- 50	**724**	(7,202)
US Dollar	+ 50	**(3,896)**	(6,357)
	- 50	**3,896**	6,357

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 counterparts 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.

(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.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011				
	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	Total RM'000
Group					
Financial liabilities:					
Trade and other payables	**1,924,255**	**-**	**-**	**-**	**1,924,255**
Derivatives:					
- Forward contracts (gross payments)	**1,263**	**-**	**-**	**-**	**1,263**
- Interest rate swaps (settled net)	**-**	**1,029**	**18,823**	**-**	**19,852**
Loans and borrowings	**877,772**	**259,425**	**1,451,437**	**80,088**	**2,668,722**
Total undiscounted financial liabilities	**2,803,290**	**260,454**	**1,470,260**	**80,088**	**4,614,092**

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity Risk (Cont'd.)

	2011				
	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	Total RM'000
Company					
Financial liabilities:					
Trade and other payables	**7,466**	**-**	**-**	**-**	**7,466**
Loans and borrowings	**-**	**-**	**635,795**	**-**	**635,795**
Total undiscounted financial liabilities	**7,466**	**-**	**635,795**	**-**	**643,261**

	2010				
	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	Total RM'000
Group					
Financial liabilities:					
Trade and other payables	1,610,297	-	-	-	1,610,297
Derivatives:					
- Forward contracts (gross payments)	4,882	-	-	-	4,882
- Interest rate swaps (settled net)	-	2,135	19,120	-	21,255
Loans and borrowings	854,325	542,030	1,391,574	10,952	2,798,881
Total undiscounted financial liabilities	2,469,504	544,165	1,410,694	10,952	4,435,315
Company					
Financial liabilities:					
Trade and other payables	13,366	-	-	-	13,366
Loans and borrowings	-	-	627,696	-	627,696
Total undiscounted financial liabilities	13,366	-	627,696	-	641,062

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 2011.

47. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011 and 31 December 2010 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.

	2011	
	Group RM'000	**Company RM'000**
Total retained profits of the Company and its subsidiaries:		
- Realised	**2,015,955**	**2,188**
- Unrealised	**21,254**	**66,678**
	2,037,209	**68,866**
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	**1,064,844**	**-**
- Unrealised	**(42,198)**	**-**
Total share of accumulated losses from jointly-controlled entities:		
- Realised	**(61,298)**	**-**
- Unrealised	**(40,563)**	**-**
	2,957,994	**68,866**
Less: Consolidation adjustments	**(51,182)**	**-**
Total retained profits	**2,906,812**	**68,866**

	2010	
	Group RM'000	**Company RM'000**
Total retained profits of the Company and its subsidiaries:		
- Realised	1,901,547	10,833
- Unrealised	(5,365)	(10,028)
	1,896,182	805
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	960,321	-
- Unrealised	(12,581)	-
Total share of (accumulated losses)/retained profits from jointly-controlled entities:		
- Realised	(47,176)	-
- Unrealised	9,864	-
	2,806,610	805
Less: Consolidation adjustments	(53,975)	-
Total retained profits	2,752,635	805

FORM OF PROXY

UMW HOLDINGS BERHAD (090278-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.

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 Thirtieth 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, 21 June 2012 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below -

RESOLUTIONS			FOR	AGAINST
ORDINARY BUSINESS				
ADOPTION OF AUDITED FINANCIAL STATEMENTS AND REPORTS	-	Ordinary Resolution 1		
DECLARATION OF DIVIDEND	-	Ordinary Resolution 2		
RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 123 OF THE ARTICLES OF ASSOCIATION				
A) DR. LEONG CHIK WENG	-	Ordinary Resolution 3		
B) DATO' DR. NIK NORZRUL THANI BIN N.HASSAN THANI	-	Ordinary Resolution 4		
C) DATO' SIOW KIM LUN @ SIOW KIM LIN	-	Ordinary Resolution 5		
APPROVAL OF DIRECTORS' FEES	-	Ordinary Resolution 6		
RE-APPOINTMENT OF AUDITORS AND AUTHORISING DIRECTORS TO FIX THEIR REMUNERATION	-	Ordinary Resolution 7		
SPECIAL BUSINESS				
PROPOSED RENEWAL OF/NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS	-	Ordinary Resolution 8		
PROPOSED RENEWAL OF SHARE BUY-BACK	-	Ordinary Resolution 9		
PROPOSED REVISED/ADDITIONAL REMUNERATION FOR NON-EXECUTIVE DIRECTORS	-	Ordinary Resolution 10		
SPECIAL RESOLUTION				
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	-	Special Resolution		

Please indicate with an "X" in the appropriate spaces provided how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit, or, at his discretion, abstain from voting.

Signed this day of 2012.

Number of Shares Held	Tel. No./Handphone No.

....
Signature of Member(s)/Common Seal

Notes

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(ii) A proxy need not be a member of the Company but, in accordance with Section 149 of the Companies Act, 1965 and the Articles of Association of the Company, if not a member of the Company, he/she must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies, Companies Commission of Malaysia, in a particular case.

(iii) 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.

(iv) The proxy form must be signed by the appointer or his attorney duly authorised in writing or in the case of a corporation, executed under its common seal or attorney duly authorised in that behalf.

(v) All proxy forms should 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.

PLEASE FOLD HERE

AFFIX STAMP

UMW Holdings Berhad (090278-P)
3rd Floor, The Corporate, No. 10, Jalan Utas (15/7)
Batu Tiga Industrial Estate
40200 Shah Alam
Selangor Darul Ehsan
Malaysia

PLEASE FOLD HERE

UMW HOLDINGS BERHAD 090278-P
No. 10, Jalan Utas 15/7, P.O. Box 7052, 40915 Shah Alam
Selangor Darul Ehsan, Malaysia
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