UMW HOLDINGS BERHAD
090278-P

BEYOND BOUNDARIES®

ANNUAL REPORT 2012

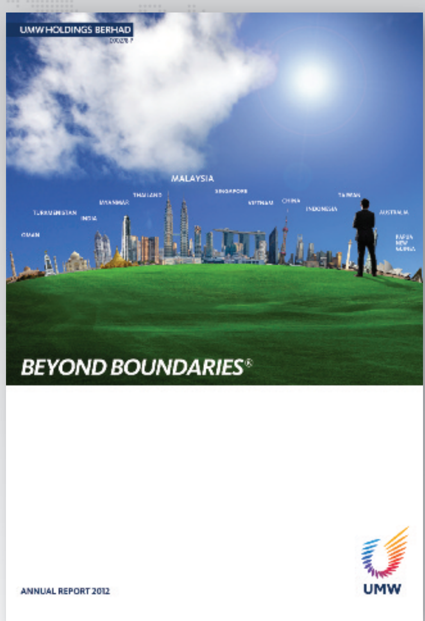
UMW

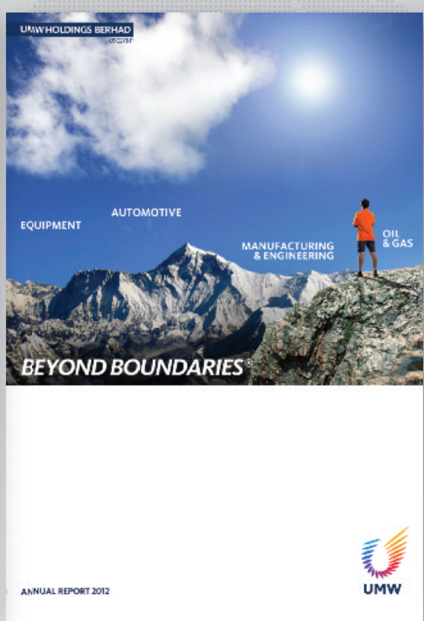
OUR BUSINESS

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

The cover design for the 2012 UMW Annual Report celebrates the best performing year in UMW's history to date. The field on which the figure stands upon, illustrates our belief that the grass is always greener, where we choose to water it. With fresh thinking and boundless energy, we nurture potential and fuel growth in our operations across 13 different countries - each with its own unique landmark, but all united under the same sun, and in a shared goal of going *Beyond Boundaries*®, towards even greater heights of success.

A mountain range to some, represents a large and insurmountable obstacle, but to UMW, it signifies the heights to which we will scale to achieve peak performance in all our four core businesses. The shining sun is a reflection of how we challenge ourselves towards an even brighter future ahead. This is how we go *Beyond Boundaries*® and remain at the top of our game.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First 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, 27 June 2013 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 2012 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To declare a final single-tier dividend of 25.0 sen per share of RM0.50 each for the year ended 31 December 2012, giving a total gross dividend of 50.0 sen per share of nominal value RM0.50 each for the year. **Ordinary Resolution 2**

3. To re-elect Datuk Syed Hisham bin Syed Wazir who is retiring in accordance with Article 116 of the Company's Articles of Association. **Ordinary Resolution 3**

4. To re-elect Khalid bin Sufat who is retiring in accordance with Article 123 of the Company's Articles of Association. **Ordinary Resolution 4**

5. To approve Directors' fees of RM890,000 for the year ended 31 December 2012. **Ordinary Resolution 5**

6. To re-appoint Messrs. Ernst & Young as Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

7. 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 Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** the mandate granted by the shareholders of the Company on 21 June 2012 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), authorising the Company and its subsidiaries ("the UMW Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.1.1 (b)(i) of Part A of the Circular to Shareholders dated 4 June 2013 ("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 additional recurrent related party transactions 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 parties mentioned therein, which are necessary for the UMW Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company,

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 7**

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 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 8

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 Thirty-First Annual General Meeting, the Final Dividend comprising a single-tier dividend of 25.0 sen per share of RM0.50 each, for the financial year ended 31 December 2012, will be paid on 15 August 2013 to shareholders whose names appear in the Record of Depositors at the close of business on 25 July 2013.

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

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 23 July 2013 (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 25 July 2013 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)

4 June 2013
Shah Alam, Selangor Darul Ehsan.

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 may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

(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 must be deposited at the Registered Office of the Company at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

Explanatory Notes on Special Business

(i) ***Proposed 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 ("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 21 June 2012 and to seek a new mandate for additional recurrent related party transactions. 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 4 June 2013.

(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.

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 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 18 of this annual report. Directors' interests in the securities of the Company are disclosed on page 87 of this annual report.

FINANCIAL CALENDAR

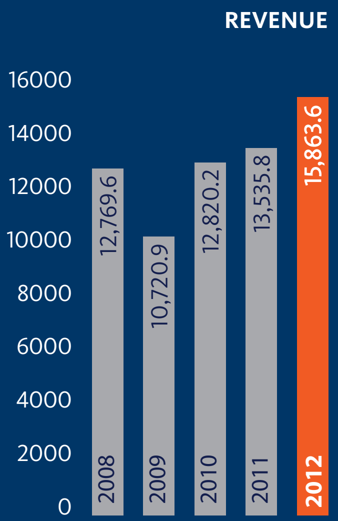
Financial Year Ended/Ending	31 Dec 2012	31 Dec 2013
Announcement Of Results		
First Quarter	29 May 2012	23 May 2013
Second Quarter	16 Aug 2012	Aug 2013
Third Quarter	23 Nov 2012	Nov 2013
Fourth Quarter	26 Feb 2013	Feb 2014
Issue Of Annual Report And Financial Statements	29 May 2012	4 June 2013
Annual General Meeting	21 June 2012	27 June 2013
Dividends		
Interim		
- Declaration	16 Aug 2012	Aug 2013
- Payment	8 Oct 2012	Oct 2013
Second Interim		
- Declaration	23 Nov 2012	Nov 2013
- Payment	8 Feb 2013	Feb 2014
Final		
- Declaration	27 June 2013	June 2014
- Payment	15 Aug 2013	Aug 2014

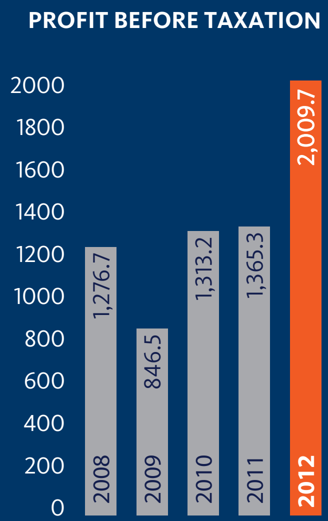
SUMMARY OF GROUP RESULTS

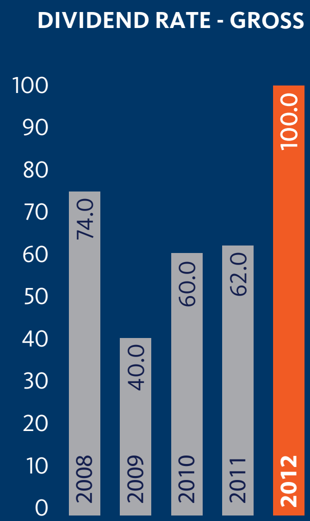
Financial Year Ended	2012 RM'000	2011# RM'000
Revenue	**15,863,617**	**13,535,753**
Profit Before Taxation	**2,009,693**	**1,365,251**
Net Profit For The Year	**1,578,082**	**953,278**
Share Capital	**584,147**	**584,147**
Reserves	**4,266,621**	**3,665,017**
Basic Earnings Per Share	**85.1 sen**	**41.6 sen**
Dividend Per Share		
- Gross	**50.0 sen**	**31.0 sen**
- Net	**50.0 sen**	**31.0 sen**
Net Assets Per Share	**RM 4.15**	**RM 3.64**

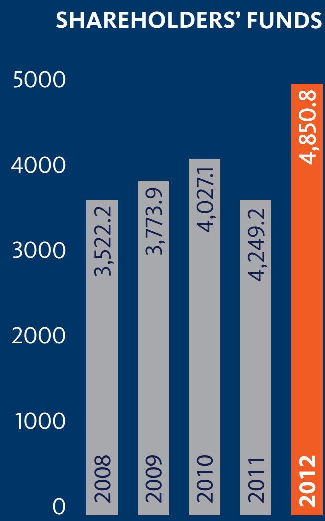
 # The Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income have been adjusted in accordance with MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards.

FIVE-YEAR GROUP SUMMARY RESULTS









Year Ended 31 December		2008	2009	2010	2011#	2012
Revenue	RM million	12,769.6	10,720.9	12,820.2	13,535.8	15,863.6
Profit Before Taxation	RM million	1,276.7	846.5	1,313.2	1,365.3	2,009.7
Profit Attributable To Equity Holders Of The Company	RM million	565.8	382.4	526.9	485.8	994.3
Shareholders' Funds	RM million	3,522.2	3,773.9	4,027.1	4,249.2	4,850.8
Return On Shareholders' Funds	%	17.0	10.5	13.5	11.7	21.9
Return On Total Assets	%	16.3	9.6	13.1	13.0	17.1
Dividend Rate - Gross	%	74.0	40.0	60.0	62.0	100.0
Dividend Yield	%	6.02	3.38	4.55	4.37	5.79
Dividend Payout Ratio	%	57.7	59.0	75.8	75.2	58.8
Basic Earnings Per Share*	Sen	52.3	34.6	46.3	41.6	85.1
Net Assets Per Share*	RM	3.22	3.37	3.49	3.64	4.15
Share Price At Year End*	RM	5.15	6.35	7.02	7.00	11.94
Market Capitalisation At Year End	RM million	5,624.3	7,107.6	8,096.9	8,178.1	13,949.5

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

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

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

BOARD COMMITTEES

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

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

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

Investment and Risk Management Committee
Dr. Leong Chik Weng (Chairman)
Dato' Mohd. Nizam bin Zainordin
Dato' Siow Kim Lun
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 - 5163 5000
Facsimile : 603 - 5519 3890

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 - 2084 9000
Facsimile : 603 - 2094 9940

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

Principal Bankers
Affin Bank Berhad
Asian Finance Bank Berhad
Bank Islam (Malaysia) Berhad
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
CIMB Bank Berhad
Malayan Banking Group
Mizuho Corporate Bank (Malaysia) Berhad
RHB Banking Group
Standard Chartered Group
The Royal Bank of Scotland, Offshore Labuan

Stock Exchange Listing
Main Market
Bursa Malaysia Securities Berhad

Website
www.umw.com.my

BOARD OF DIRECTORS

From left to right :

Tan Sri Asmat bin Kamaludin, Dr. Leong Chik Weng, Dato' Siow Kim Lun, Khalid bin Sufat, Fadzilah binti Samion (Group Secretary), Dato' Mohd. Nizam bin Zainordin, Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani, Datuk Syed Hisham bin Syed Wazir

TAN SRI ASMAT BIN KAMALUDIN

Age 69, Malaysian
Group Chairman
Non-Independent Non-Executive Director

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

Membership of Associations
- None

Date Appointed to the Board
- 20 February 2001 (Group Chairman)

Date of Last Re-election
- 23 June 2011

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
- AirAsia X Berhad
- 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
- 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
- 13 out of 13 Board meetings held

DATUK SYED HISHAM BIN SYED WAZIR

Age 58, Malaysian
President & Group CEO
Non-Independent Executive Director
Member of Investment & Risk Management 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)

Date of Last Re-election

- 23 June 2011
  (pursuant to Article 109 of Articles of Association of the Company)

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

- 12 out of 13 Board meetings held

DR. LEONG CHIK WENG

Age 50, Malaysian
Independent Non-Executive Director
Chairman of Nomination Committee and Investment & Risk Management Committee
Member of Remuneration Committee

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

Membership of Associations
- None

Date Appointed to the Board
- 29 November 2007

Date of Last Re-election
- 21 June 2012

Working Experience and Occupation
After graduation, Dr. Leong Chik Weng joined Raychem Corporation in Menlo Park, California, USA, from 1989 to 1996, where he was subsequently promoted as Technical Director. In 1997, he was appointed Consultant to Guidant Corporation, Santa Clara, California, one of the world's largest cardiovascular product companies, where he developed an advanced chaotic mixing screw technology to produce micro-tubing using polymer alloys. Dr. Leong later joined Universal Search Machine Sdn. Bhd. as Managing Director from 1998 to 2000. He is also the founder and currently the Chief Executive Officer of e-Lock Corporation Sdn. Bhd., a company involved in the provision of information technology services.

Directorships of Other Public Companies
- A-Rank Berhad
- Chemical Company of Malaysia 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
- 13 out of 13 Board meetings held

DATO' DR. NIK NORZRUL THANI BIN N.HASSAN THANI

Age 52, 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 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 Financial Services Institute of Australia

Date Appointed to the Board

- 13 August 2008

Date of Last Re-election

- 21 June 2012

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 "Group"
- MSIG Insurance (Malaysia) Bhd

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

- 13 out of 13 Board meetings held

DATO' SIOW KIM LUN @ SIOW KIM LIN

Age 62, 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

Date of Last Re-election

- 21 June 2012

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 had served as Director of its Issues & Investment Division (now known as Corporate Finance & Investment Division) and Director of its Market Supervision Division. Currently, Dato' Siow is also a Director of Kumpulan Wang Persaraan (Diperbadankan) ("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

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

- 12 out of 13 Board meetings held

DATO' MOHD. NIZAM BIN ZAINORDIN

Age 49, 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

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

Date Appointed to the Board

- 13 August 2008

Date of Last Re-election

- 23 June 2011

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

- 10 out of 13 Board meetings held

KHALID BIN SUFAT

Age 57, Malaysian
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee, Nomination 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

Date of Last Re-election
- 23 June 2011 (pursuant to Article 109 of Articles of Association of the Company)

Working Experience and Occupation

Khalid bin Sufat has considerable experience in the banking industry having held several senior positions, namely General Manager, Consumer Banking of Malayan Banking Berhad in 1994, Executive Director of United Merchant Finance Berhad from 1995 to 1998 and Managing Director of Bank Kerjasama Rakyat Malaysia Berhad from 1998 to 2000. This experience has led him to become involved in the managing and restructuring of a number of public-listed companies. He became the Executive Director of Tronoh Mines Malaysia Berhad in 2002 and the 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
- 12 out of 13 Board meetings held

BEYOND BOUNDARIES®
IS BOTH A JOURNEY, AND A GOAL.

"***BEYOND BOUNDARIES®***
IS OUR COMMITMENT TO
REACHING GREATER HEIGHTS
OF SUCCESS.
THE ROAD MAY BE LONG,
THE CLIMB MAY BE STEEP BUT WITH AN
HONOURABLE,
VIBRANT,
UNSHAKEABLE AND
PIONEERING SPIRIT;
WE ARE CONFIDENT OF
COMING OUT ON TOP."

MANAGEMENT COMMITTEE

From left to right :
Dr. Wafi Nazrin bin Abdul Hamid, Nik Juliah binti Nik Jaafar,
Rohaizad bin Darus, Azmin bin Che Yusoff,
Datuk Syed Hisham bin Syed Wazir, Badrul Feisal bin Abdul Rahim,
Datuk Ismet bin Suki, Megat Shahrul Azmir bin Nordin, Lee Chin Min

AUDIT COMMITTEE REPORT

CHAIRMAN

Dato' Siow Kim Lun
Independent Non-Executive Director

MEMBERS

Dato' Mohd. Nizam bin Zainordin
Non-Independent Non-Executive Director

Khalid bin Sufat
Independent Non-Executive Director

SECRETARY

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.

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

The composition of the Audit Committee and the qualification of members comply with Paragraph 15.09(1) of the Main Market Listing Requirements.

The term of office and performance of the Audit Committee and each of the members are 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 carried out in 2013.

TERMS OF REFERENCE

Functions

The Audit Committee's functions are to review, evaluate and report to the Board on the following 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 Group Internal Audit Division ("GIAD") is adequately resourced and has appropriate standing within the Group, and to formulate the terms of reference of the GIAD.

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

7. To consider the major findings of internal investigations (by internal and external auditors) and management's response.

8. To review the adequacy and effectiveness of the Group's accounting procedures and policies, the adequacy and effectiveness of its risk management and internal control systems as well as the financial reporting standards of the Group.

9. To consider any related party transactions that may arise within the Group.

10. 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 attends all Audit Committee meetings to facilitate direct communication and to provide clarification on audit issues and the operations of the Group. The Executive Director, Group Financial Services Division and the Head of GIAD are present at all Audit Committee meetings to table the respective internal audit reports. Any other Board members and any other representatives as deemed necessary, may be invited to attend the meeting to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the 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 Audit Committee met with the external auditors twice during the year under review, without the presence of management or Executive Board member.

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

During the year ended 31 December 2012, the Audit Committee met eight (8) times, i.e., on 22 February 2012, 4 April 2012, 18 April 2012, 24 May 2012, 1 August 2012, 16 August 2012, 4 October 2012 and 21 November 2012. The Audit Committee's attendance record is provided in the Corporate Governance Statement.

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 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 2012 -

1. Reviewed the quarterly financial statements of the Company for the fourth quarter of 2011 on 22 February 2012 and the financial statements for the first, second and third quarters of 2012 on 24 May 2012, 16 August 2012 and 21 November 2012, 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 2011 on 18 April 2012 with the external auditors and Management to ensure compliance with all legal and regulatory requirements prior to submission to the Board for approval and for announcement to the Bursa Malaysia Securities Berhad.

3. Reviewed the Statement on Internal Controls and Risk Management in respect of the year ended 31 December 2011, and the Terms of Reference from Messrs. Ernst & Young in undertaking the review of the statement.

4. Reviewed the GIAD's annual audit plans, budget and organisation restructuring for 2012 to ensure adequate scope and comprehensive coverage over the activities of the UMW Group.

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

6. Reviewed the internal audit reports covering the performance of companies/branches audited in the fourth quarter of 2011 and in the first, second and third quarters of 2012.

7. Reviewed the internal audit and investigative reports prepared by the GIAD and external auditors and thereafter monitored corrective actions taken by Management on the outstanding audit issues to ensure that all audit issues, key risks and lapses in controls, have been addressed.

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

9. Reviewed the 2012 Audit Planning Memorandum prepared by the external auditors to ensure adequate scope and comprehensive coverage over the activities of the UMW Group.

10. Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board on their re-appointment, scope of works and also discussed the proposed audit fees given for the UMW Group for the financial year 2012.

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

12. Reviewed the update on actions taken in relation to the management letter on issues raised by the external auditors.

13. Reviewed the related party transactions entered into by the UMW Group with related parties.

14. 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.

15. Reviewed and recommended to the Board, dividends to be declared to the shareholders of the Company.

16. Reviewed and discussed the revised UMW Group Financial Limits of Authority Guidelines and new Procurement Policy.

17. Reviewed and discussed the 2013 Audit Methodology and the GIAD's manpower requirements.

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

GROUP INTERNAL AUDIT DIVISION AND ITS FUNCTIONS

The GIAD is independent of business operations and has a group-wide mandate set out in its Audit Charter. The GIAD provides the Board, through the Audit Committee, with reasonable assurance of the adequacy and effectiveness of the risk management and internal control system, and governance processes in the Group. The GIAD carries out its functions in accordance with an annual internal audit plan approved each year by the Audit Committee. It performs routine audit on and reviews all operating units within the UMW Group with emphasis on principal risk areas. All high risk areas are audited annually. The GIAD also carries out investigative audit as and when required. GIAD reports directly to the Audit Committee of the Board on major findings and any significant control issues and concerns. The Head of the GIAD attends all Audit Committee meetings.

The GIAD also highlights to the Management Audit Committee ("MAC"), audit findings which require follow-up action by management as well as outstanding audit issues which require corrective action. The MAC reviews the reports of GIAD and external auditors for the purpose of assessing the adequacy and integrity of the system of internal control of the Group.

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

During the financial year ended 31 December 2012, the GIAD carried out audits of 178 business units in the UMW Group. A total of 97 reports relating to the audit of companies/branches in the fourth quarter of 2011 and the first and second quarters of 2012, generated in the financial year, were reviewed by the Audit Committee.

The total cost incurred by GIAD in discharging its internal audit functions and responsibilities in 2012 was RM6,634,922 (2011:RM5,797,009).

Details of the activities of the GIAD are set out in the Statement on Risk Management and Internal Control on pages 70 to 73 of this annual report.

UMW GROUP STRUCTURE

AS AT 9 MAY 2013

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.*
- *Perodua Global Manufacturing Sdn. Bhd.*
  (formerly known as Perodua Stamping Sdn. Bhd.)

UMW OIL & GAS BERHAD
(798108-A)

OIL & GAS

UMW Australia Ventures Sdn. Bhd.

UMW Oil & Gas Corporation Sdn. Bhd.
- UMW Rig Asset (L) Ltd.

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

UMW PETROPIPE (L) LTD.
(LL 03753)

UMW AUSTRALIA VENTURES (L) LTD.
(LL 06487)

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.
- UMW SG Power Systems Sdn. Bhd.
- UMW 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.

UMW Drilling Academy 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, China
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 Co., Ltd., China
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 Drilling 4 (L) Ltd.
Offshore Driller B324 Ltd.

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

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

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
Sichuan Haihua Petroleum Steelpipe Co., Ltd., China

UMW Offshore Investment (L) Ltd.

MANUFACTURING & ENGINEERING

UMW M&E Sdn. Bhd.
(formerly known as UMW Auto Parts Sdn. Bhd.)
Lubetech Sdn. Bhd.
UMW Pennzoil Distributors Sdn. Bhd.

UMW Advantech Sdn. Bhd.

KYB-UMW Malaysia Sdn. Bhd.
KYB-UMW Steering Malaysia Sdn. Bhd.

UMW Lubricant International Sdn. Bhd.

Lubritech International Holdings Limited, Hong Kong
Lubritech Limited, China

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

MK Automotive Industries Limited
UMW Dongshin Motech Private Limited, India

UMW M&E Limited

SUPPORT OPERATIONS

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

U-TravelWide Sdn. Bhd.

UMW Development Sdn. Bhd.
(formerly known as UMW-PNSB Development Sdn. Bhd.)

Notes:
1) Companies in italics are associated companies of the Group.
2) The UMW Group is currently undertaking a corporate restructuring exercise.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

YOU WILL BE DELIGHTED TO HEAR THAT FOR THE FIRST TIME SINCE UMW BECAME PUBLIC LISTED, THE UMW GROUP ATTAINED THE RM2 BILLION MARK IN PROFIT BEFORE TAXATION. THE PHENOMENAL ACHIEVEMENT IN 2012 MARKS THE 12TH RECORD PERFORMANCE FOR UMW, ARISING FROM IMPROVED CONTRIBUTIONS FROM ALL FOUR CORE BUSINESS SEGMENTS.

ASMAT BIN KAMALUDIN
GROUP CHAIRMAN

The all-new Toyota Avanza

Toyota Camry and the iconic Toyota 86

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2012 ("FY2012"), the Group achieved revenue of RM15.9 billion, exceeding the RM13.5 billion recorded in the previous year. In tandem with the increase in revenue, the Group profit before taxation ("PBT") increased substantially to RM2.0 billion, an increase of 47.2% from about RM1.4 billion registered in 2011. Net profit attributable to shareholders surged by 104.7% from RM485.8 million in the previous year to RM994.3 million in 2012.

The Automotive Division performed admirably to achieve record sales, and remained the biggest contributor to Group earnings. Group revenue and profit were further boosted by the turnaround in the Oil & Gas and Manufacturing & Engineering Divisions' performance. The Equipment Division also registered a steady increase in PBT.

DIVISION HIGHLIGHTS

AUTOMOTIVE

Total industry volume ("TIV") improved to 627,753 units for FY2012 compared to 600,123 units registered in 2011. This comes as vehicle manufacturing operations reached a certain degree of normality, with better availability of automotive parts globally, after two natural disasters - the East Japan earthquake and Tsunami, and massive flooding in Thailand which affected the industry in 2011. Higher demand for vehicles in 2012 was driven by a stable domestic economy, positive consumer sentiments, employment stability, and the launch of new models from various makers. To catch up with lost sales in 2011, UMW Toyota Motor Sdn. Bhd. ("UMW Toyota Motor") and Perusahaan Otomobil Kedua Sdn. Bhd. ("PERODUA") both intensified their production, marketing and sales activities in the year under review.

Production volume at UMW Toyota Motor's assembly/manufacturing arm was increased by 32% from 2011. Vios continued to be UMW Toyota Motor's best-selling model, offering favourable design at an affordable price. This was followed by Toyota Hilux - a new and improved version was introduced to the market in October 2012. The Toyota Camry full model change, launched in June, also registered encouraging sales. UMW Toyota Motor maintained its No.1 position in the non-National Automotive Segment for the 23rd consecutive year.

Although the tightening of Bank Negara Malaysia's lending regulations affected sales of Viva in 2012, PERODUA still retained its No.1 overall position in the industry for the 7th consecutive year, contributed by the best-selling MyVi and increased sales of Alza.

UMW Toyota Motor (including Lexus) and PERODUA continued to dominate the industry with total vehicle sales of 295,759 units and a combined market share of 47.1%.

EQUIPMENT

The Equipment Division achieved a 3% improvement in revenue in FY2012 over the previous year. Despite the slight increase in revenue, PBT for the Division jumped 160% for FY2012.

While a slump in commodity prices led to a marked slowdown in equipment demand from the agriculture and iron ore mining sectors, the performance of the Division's Malaysian operations was buoyed by robust activities in the civil engineering and residential sub-sectors, driven by the Government's Economic Transformation Programme ("ETP"). Intensive customer relationship building programmes and sales promotions carried out by the Division further contributed towards producing positive results.

Komatsu HB205-1 hybrid hydraulic excavator

The unveiling of Repsol's locally blended products

UMW continued to be the market leader in Malaysia's heavy equipment business, closing 2012 with an overall market share of above 30%. Toyota forklifts maintained its dominance with a 50% market share in the country's material handling equipment business. UMW again won the prestigious President's Gold Award 2012 from Toyota Material Handling International for excellent performance in sales and customer support as well as achievement in market share of above 50%.

Assisted by strong demand from the jade mining sector, the Myanmar operations registered a new record PBT in 2012 - an increase of 62% over FY2011.

The Equipment Division's overall increase in PBT was also greatly aided by a strong turnaround from its Papua New Guinea operations. A new parts supply agreement signed with the mining sector contributed positively to the company's profitability.

MANUFACTURING & ENGINEERING

Despite a tough local and global business environment, the Manufacturing & Engineering Division ("M&E") achieved a 4.3% or RM29.1 million improvement in revenue in FY2012 over the previous year. The higher revenue was contributed by stronger demand for Kayaba products, as well as higher utilisation of the Division's automotive component plant and lubricant plant in India and China, respectively.

Consequently, after suffering a loss before taxation of RM11.9 million in 2011, the Division closed 2012 on a more positive note with an overall PBT of RM3.6 million.

Amongst the companies in the Division's stable, Lubetech Sdn. Bhd. ("Lubetech") in particular, made an impressive turnaround in performance. This improvement was attributed to greater cost savings, especially in operational costs. Sales of REPSOL lubricants also improved as the brand gained market acceptance in both Malaysia and China. Lubetech further secured new businesses from PERODUA and other original equipment manufacturers in 2012.

Our efforts in turning around the Division, which included organisation restructuring, process improvements, as well as cost optimisation, have proven to be success factors for us.

Profitability in certain segments of the Division was still somewhat affected by factors such as higher material costs, higher Japanese currency, as well as foreign exchange loss from operating companies in India due to the weakening of Indian Rupee against the US Dollar. Operations in Malaysia fared better, backed by improved overall demand in the automotive and lubricant market.

OIL & GAS

The Oil & Gas Division embarked on a restructuring and rationalisation exercise in 2012, focussing on its strongest source of business growth - drilling operations and oilfield services. Evaluation of the Division's non-core business assets in fabrication, oilfield products and pipe manufacturing is still ongoing, with divestment opportunities being explored.

After two consecutive years of losses, the restructured Division achieved a PBT of RM57.7 million in 2012, on the back of a significant 40% hike in revenue from 2011. The revenue improvement was attributable to the increase in day-rate for the NAGA 3 jack-up rig, full year revenue contributions from the semi-submersible rig, HAKURYU 5, and additional contribution from the GARRAF Power Plant Phase 1 project in Iraq. There was also favourable movement in fair value of the Division's overseas quoted investments, as

NAGA 4

well as lower impairment on certain investments and assets.

The dry-docking of NAGA 1 for refurbishment in the second and third quarters of 2012 has extended the semi-submersible rig's life by 15 years. NAGA 1 resumed operations in the first quarter of 2013 with PETRONAS Carigali Sdn. Bhd. for the remainder of its 5-year contract, which expires in August 2016. Recently, the contract was further extended by another two years until 2018.

The contract for NAGA 3 was also extended by another two years in March 2012 with an increased day-rate.

Other highlights from the year included the signing of an agreement to purchase a new, premium, high-specification jack-up rig, as part of the Division's plans to expand its drilling operations to new markets and address the higher technical requirements of the industry. The new rig, UMW NAGA 4, was delivered in February 2013.

UMW also signed a Memorandum of Understanding with Institut Teknologi Petroleum Petronas ("INSTEP") in June 2012 to establish a Drilling Academy to train and develop drilling personnel in the Oil & Gas industry. This academy is envisioned to provide continuous supply of professional drilling personnel, not only for UMW, but for the whole industry.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

UMW continued to encourage employees to lend their time to worthwhile causes via its employee-volunteer programme, the UMW Community Champions. Volunteers have spent more than 11,000 hours working on various public service and community projects since the programme was launched in June 2009. One such project had the Community Champions planting 2,500 mangrove tree saplings in Sg. Pelek, Sepang, Selangor Darul Ehsan.

UMW's CSR partnership with MERCY Malaysia marked its 4th year in 2012. Along with manpower support from its employees, UMW has so far provided MERCY Malaysia with more than RM2 million to carry out various medical and humanitarian activities. UMW is also one of the first corporate entities to launch an Employee Payroll Giving Scheme, in benefit of MERCY Malaysia.

On the education front, UMW maintained its long-running involvement in the PINTAR ("Promoting Intelligence, Nurturing Talent, Advocating Responsibility") school adoption programme. A new pilot programme, the UMW-PMR Clinic was launched in September 2012 to provide students from under-performing schools in Shah Alam with intensive coaching on three core PMR examination subjects.

The Toyota Eco Youth programme, organised by UMW Toyota Motor, marked its 12th successful year in 2012, encouraging secondary students as well as the community at large to find innovative ways to resolve local environmental issues. UMW Toyota Motor also organised the 21st Toyota Classics Concert on 8 November 2012, which collected more than RM320,328 from ticket sales and corporate donations. Proceeds went to benefit Persatuan Pemulihan Orang-Orang Cacat Selangor & Wilayah Persekutuan and the Malaysia-Japan International Institute of Technology.

DIVIDEND

The Board is pleased to declare a final single-tier dividend of 50% or 25.0 sen (versus 15% or 7.5 sen in 2011) per share of RM0.50 each, amounting to a net dividend payable of approximately RM292.1 million (versus RM87.6 million in 2011) for FY2012. The proposed final dividend, if approved by shareholders, will be paid on 15 August 2013.

The above would bring the total single-tier dividend for FY2012 to 100% or 50.0 sen per share of RM0.50 each, amounting to approximately RM584.1 million of net dividend (versus 62% or 31.0 sen per share of RM0.50 each in 2011, amounting to a net dividend of RM362.2 million).

This payout represents approximately 58.8% of the 2012 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

The Malaysian economy is expected to grow steadily at 5% to 6% in 2013 following strong domestic demand, robust private investment and a better global outlook. More projects under the ETP in 2013 are expected to create a positive spillover effect on several sectors, including the construction sector. While growth in private consumption is predicted to likely moderate from 2012, it will still be reasonably supported by robust labour market conditions, low inflation and higher incomes. On the back of this projected scenario, UMW is fairly optimistic that 2013 prospects for all four core business divisions will remain favourable.

On the Automotive side, it is expected that vehicle sales in 2013 will be around 2% higher than the vehicle sales in 2012, with the Malaysian Automotive Association forecasting TIV at 640,000 units. There is stiff competition in the market, with the launch of new models from other non-National car makers but UMW Toyota Motor is cautiously confident that it can defend its market share, as well as mitigate any downside given the strength of its brand and the high resale value of the Vios. Group promotions have been aggressively boosting sales, while continuous cost-control and waste reduction efforts are expected to result in better operating margins.

To retain its competitiveness in the wake of market liberalisation, the PERODUA Group is embarking on a comprehensive business transformation programme, covering the areas of manufacturing, research and development, and customer service. It is investing RM790 million to set up a new company with state-of-the-art manufacturing facilities, adjacent to its existing manufacturing plant in Rawang.

There is a risk that socio-political situations in the Equipment Division's overseas operating locations, as well as inroads made by cheaper equipment brands from China will adversely impact the Equipment Division's revenue in 2013. The profitability of the Division however, is expected to be maintained due to better cost management as well as demand from heightening construction activities in Malaysia, driven by the ETP. Good prospects are also foreseen for the marine and power equipment business due to upcoming upstream projects.

Performance for the M&E Division will likely improve in 2013, considering higher capacity utilisation of the automotive component plants in India and lubricant plant in China, as well as from projected increased sales of REPSOL and Pennzoil lubricants. The KYB-UMW Group anticipates that the export replacement market will lead to improved profit in 2013, offsetting the lower revenue from declining demand for power steering pumps.

The Oil & Gas Division is expecting higher revenue next year driven by higher charter rates and with the full year contribution from NAGA 1. The outlook for drilling operations remains bright as the stabilising oil price has spurred oil field developments in the ASEAN region. The Division's latest jack-up rig, NAGA 4, received a contract from PETRONAS Carigali for a 3-year period with an option for a two-year extension, while NAGA 2 secured a contract with a new client, PetroVietnam Drilling & Well Services Corporation. NAGA 2 will move to Vietnam waters after completing operations in Indonesia with HESS (Indonesia-Pangkah) Limited. The rationalisation exercise for the Division's non-core businesses will continue, including the privatisation of WSP Holdings Limited which is likely to be completed in 2013.

The 21st Toyota Classics featured the world-renowned Vienna Chamber Orchestra

ACKNOWLEDGEMENT

It gives me great pleasure to pay tribute to our management team and to all our employees for their efforts, dedication and commitment which have resulted in such outstanding performance for the Group. I urge them to remain vigilant to the challenges ahead and look forward to their continuous support in the future.

My sincere appreciation also goes to fellow members of the Board, whose efforts, guidance and advice have been invaluable. On behalf of the Board, I would like to express my deepest appreciation to Encik Wan Kamaruzaman bin Wan Ahmad, who resigned as Director on 30 April 2013, for his invaluable contributions to the Group during his tenure of office.

Not forgetting, my gratitude also to our principals, customers, shareholders, suppliers, bankers and business associates, for their kind support and cooperation over the years.

ASMAT BIN KAMALUDIN
Group Chairman

4 June 2013

REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

DEAR SHAREHOLDERS,

THE COMBINED EFFORTS OF OUR TEAM IN RETAINING CUSTOMER CONFIDENCE, MAKING STEADY IMPROVEMENTS AND PULLING OFF IMPRESSIVE TURNAROUNDS, LED TO THE MOST PROFITABLE YEAR IN UMW'S 95-YEAR HISTORY YET. THE RM2 BILLION PROFIT BEFORE TAXATION REGISTERED IN 2012 AFFIRMS OUR BELIEF THAT THE MORE WE CHALLENGE OURSELVES THE MORE WE CAN ACHIEVE.

DATUK SYED HISHAM BIN SYED WAZIR
PRESIDENT & GROUP CEO

Launch of the all-new Lexus GS

Alza Advanced Version

AUTOMOTIVE

UMW Toyota Motor Sdn. Bhd. ("UMW Toyota Motor")
In 2012, UMW Toyota Motor retained its No.1 position in the Non-National car category for the 23rd consecutive year. A total of 106,622 units were sold in 2012, representing 17% of the total industry volume ("TIV") and a 2% increase in market share, over the previous year. There was strong consumer demand arising from a stable domestic economy.

A special 30th Anniversary sales promotion particularly boosted sales in the fourth quarter of 2012 by 15.7% over the previous quarter. The year's positive performance was further supported by the company's prudent cost management, customer relationship programmes and also by the number of new models launched during the year.

2012 saw the launch of improved versions of the Hilux, Fortuner, Lexus RX, Lexus CT200h and the all-new Avanza, Camry, Lexus GS and Lexus LS. The Toyota 86, Prius c and hybrid version of the Lexus GS were also introduced to the Malaysian market for the very first time. The Vios made up 28% of total units sold by the company in 2012, and continued to be the best-selling model. The Hilux and Camry also performed very well in their respective categories.

Toyota continues to be the No.1 preferred choice in the Non-National segment, winning several awards in 2012, namely:

- 2012 Autocar Asean Car of the Year Awards - Toyota 86 won in the "Small Coupe/Convertible" category and Lexus GS won in the "Midsize Luxury Sedan" category;
- NST/Maybank Car of the Year Awards Night 2012 - Toyota 86 won the "Performance Car of the Year 2012" award;
- Inisiatif Kualiti Kumpulan PNB 2012 - "Anugerah Kualiti";
- Putra Brand Awards - Gold (Automotive);
- Frost & Sullivan Malaysian Excellence Awards - Toyota Hilux won the "Pick-up Truck of the Year" award and Toyota Vios won the "Value for money COTY (1.3L and above)" award;
- Asian Auto : Fuel Efficiency Awards 2011 in the following categories -
  Hybrid - 1st place for Lexus CT200h and 2nd place for Toyota Prius 3rd Generation;
  Luxury Family Car - 1st place for Toyota Altis 1.8L 7-speed - winner since 2009;
  Luxury SUV - 1st place for Lexus RX Hybrid;
  Compact MPV - 3rd place for Toyota Avanza 1.5L;
  Premium SUV - 3rd place for Toyota Fortuner 2.7L Diesel; and
- Shell V-Power Autoworld Car of the Year Award 2011 - Toyota Altis won the "Best Passenger Car (Compact)" award and Toyota Hilux 3.0G won the "Best Pick-up Truck" award.

Assembly Services Sdn. Bhd. ("ASSB")
Operations in ASSB, which is involved in the manufacturing/assembly of selected Toyota and Hino vehicles, regained momentum in 2012 after two unexpected natural disasters caused supply-chain disruptions the previous year. ASSB's production volume increased by 32%, revenue improved by 29% and profit before taxation ("PBT") jumped by 87%, compared to results registered in 2011.

Three main projects were carried out to upgrade and enhance the production system at ASSB in 2012, all of which went towards enhancing speed and efficiency as well as safety of work processes. The "Voice of

Customers" programme is a concerted effort at speeding up resolution of quality issues through close inter-division and inter-affiliate communication.

The Toyota Hilux was rated No.1 in the 2012 JD Power Initial Quality Study in the Pick-Up Segment.

Automotive Industries Sendirian Berhad ("AISB")
AISB achieved higher sales volume, revenue and profit in 2012, while continuing to be the leading exhaust systems manufacturer in the country, with a market share of 97%. In 2012, the company secured a contract to supply exhaust systems to Nissan Malaysia and Isuzu Malaysia. It also secured a contract to supply instrument panel reinforcements to Proton. The company's focus on cost reduction and efficiency improvement initiatives continued intensively.

AISB was conferred the Zero Defect Award and Manufacturing Process Audit Grade A by PROTON, recertified with ISO 140001 by SIRIM and named as *Majikan Terbaik Peringkat Shah Alam* by *Kumpulan Wang Simpanan Pekerja.*

Toyota Boshoku UMW Sdn. Bhd. ("TBU")
TBU is involved in the manufacture and assembly of car seats, door trims and leather covers. In 2012, package trays were added to their product range. The year saw the company increased its market share to 15% from 12% in 2011. Increase in sales volume, combined with cost reduction measures and quality and process improvement initiatives boosted the company's PBT by 71% from the previous year.

Towards enhancing safety at the workplace, TBU implemented a Man-and-Machine separation rule at the Production Control and Logistics Department, with strict zoning of tow truck usage within the confines of its plant. The speed limit was also reduced from 30 km/h to 10 km/h.

Perusahaan Otomobil Kedua Sdn. Bhd. Group ("PERODUA")
PERODUA held on to its No.1 position in the Automotive sector for the seventh consecutive year, maintaining a market share of 30%, while registering higher revenue and PBT for 2012. While there was a slight decline in the sale of Viva following the tightening of lending guidelines by Bank Negara Malaysia ("BNM"), PERODUA still managed to achieve its highest sales volume since 1994, with a total of 189,137 units sold in 2012.

In 2012, PERODUA launched the MyVi 1.5L, as well as additional and enhanced variants of the Alza. MyVi continued to be PERODUA's best-selling model while sales volume for the Alza went up by 11% from the previous year.

The company also registered higher profit contribution from after-sales service and parts sales. New services introduced by the company in 2012 include Flexi Bijak I, a flexible and affordable service package for after-warranty customers.

PERODUA continued to garner accolades for its products and services in 2012. They include:

- Shell V-Power Autoworld Car of the Year Award - Best Super Compact Passenger Car for MyVi 1.3;
- Frost & Sullivan Malaysian Excellence Award - Best Car Model of the Year for MyVi;
- Frost & Sullivan Malaysian Excellence Award - Value for Money Car of the Year Award (1.3L and below) for Viva;
- Malaysian Institute of Road Safety Research Appreciation Award;
- Readers' Digest Trusted Brands Gold Award; and
- Autocar Asean Car of the Year Award - Small/Midsize MPV Category for Alza.

EQUIPMENT

HEAVY EQUIPMENT

UMW Equipment Sdn. Bhd. / UMW (East Malaysia) Sdn. Bhd. / UMW Niugini Limited, Papua New Guinea / UMW Engineering Services Limited, Myanmar (collectively known as the "Heavy Equipment Group")
The Heavy Equipment Group is involved in the importation, distribution, repair, maintenance and service of all types of heavy equipment, and related spares in Malaysia, Brunei, Papua New Guinea and the Republic of the Union of Myanmar.

For the year under review, the Malaysian operations registered healthy revenue and profit, although results were lower than the previous year. A drop in commodity prices, particularly for iron ore, timber and crude palm oil, led to slower demand. The Malaysian operations nevertheless worked closely with its principals for support to protect its fleet customers' accounts. It successfully expanded sales to medium-sized business customers. Parts sales improved to contribute positively to overall results.

The Myanmar operations performed well in 2012, with strong delivery of machines and spare parts to the jade mining industry. Despite a much smaller TIV for mining equipment compared to the previous year, the company's market share strengthened to 19%.

CASE skid steer loader

The Maintenance & Repair Contract with Morobe Mining Joint Venture in Papua New Guinea ("PNG") expired on 30 June 2012. Effective 1 July 2012, the company entered into a new Goods & Services Agreement for the supply of spare parts and services. The PNG operations registered an increase in parts and equipment sales in 2012, which led to a strong turnaround in performance.

INDUSTRIAL EQUIPMENT

UMW Industries (1985) Sdn. Bhd. ("UMW Industries")
UMW Industries represents some of the world's most recognised names in industrial equipment - Toyota material handling equipment, BT and Raymond warehouse trucks, and Tennant industrial sweepers and scrubbers. For 2012, the company turned in a satisfactory performance, with results that were in line with its target and expectation. The company continued to dominate the material handling equipment business in Malaysia with a 50% market share.

The new generation Toyota 8FB series battery-operated electric forklift was successfully launched in 2012 to strengthen the company's product range. Along with offering customers new products and value-added services such as personalised technical training sessions, UMW Industries continued making internal improvements to reinforce its position as a market leader. The company embarked on a 5S programme in June 2012, aimed at improving employee productivity and encouraging more efficient management of resources. It is expected to be fully 5S-certified by the 3rd quarter of 2013.

UMW Industries invested in a new 3-storey office and warehouse building in August 2012. The new building is being constructed on a 1.84 acre piece of land located adjacent to the company's existing head office, and will be fully equipped with modern training facilities for employees and customers alike. Construction is expected to be completed by mid-2014.

In recognition of the company's excellence in both sales and customer support, it was awarded the prestigious Toyota Material Handling International President's Gold Award for the 3rd time in 2012. The company was also announced as Tennant SEAT Export Distributor of the Year.

UMW Industrial Trading (Shanghai) Co., Ltd., China / UMW Industrial Equipment (Shanghai) Co., Ltd., China
2012 was a challenging year for the China operations, which is engaged in the sales, rental and after-sales service of Toyota forklifts in Shanghai and Zheijiang. Local brands continued to dominate the Chinese forklift market due to their very competitive pricing.

Plans are in place to turnaround the performance of the China operations in the year ahead. Focus will be on rental and after-sales service which have good growth prospects. More value-added sales campaigns for after-market products will be launched.

UMW Equipment & Engineering Pte. Ltd., Singapore ("UEEPL")
UEEPL is an exclusive distributor of Toyota, BT and Raymond material handling equipment, as well as Komatsu construction equipment and related spare parts. The year 2012 saw the company continue to expand its Fleet Management rental business - a consistent source of strong revenue for the company. Simultaneously, UEEPL expanded its used equipment business, as well as its tyre, lubricant and battery business into regional markets. This move helped to buffer the company against the negative impact from the slowdown in Singapore's economic growth. UEEPL also continued to offer loyalty reward programmes and incentive schemes that contributed towards increased sales and high customer retention. For the financial year ended 31 December 2012, UEEPL posted revenue that was higher than the previous year.

UMW Equipment Systems (Vietnam) Company Limited, Vietnam ("UESV")
UESV is the official distributor of Toyota and BT forklifts in Vietnam. The company had an outstanding year in 2012, with higher revenue and profit that was more than double the results of the previous year. Market share surged well above 30%. In an effort to provide better customer support in North Vietnam, the company invested in a full-fledged 3S branch in Bac Ninh Province, near Hanoi. The new facility was completed in 2012, dominantly placing it well ahead of other competitors in North Vietnam.

MARINE & POWER EQUIPMENT

UMW Industrial Power Sdn. Bhd. ("UMWIP")
UMWIP distributes marine engines, generator sets, and natural gas and air compressors in Malaysia. It achieved improved overall performance in 2012, predominantly due to higher sales of Mitsubishi marine engines and compressors to a robust, regional Oil & Gas sector. Improved margins and favourable foreign exchange rates also contributed to the company's excellent finish to the year.

UMWIP successfully renewed its OHSAS 18001:2007 Occupational Health and Safety certificate on 29 May 2012, for a period of three (3) years. Its head office in Shah Alam, along with seven (7) of its branches in East and West Malaysia, also received the Quality Environment Management System certification from Malaysia Productivity Corporation.

MANUFACTURING & ENGINEERING

UMW Advantech Sdn. Bhd. ("UASB")
UASB is primarily involved in two principal activities, i.e., manufacturing of automotive filtration systems and related components, and the distribution of automotive and industrial after-market parts. Revenue for 2012 was 5% lower than 2011, with shortfalls primarily coming from the replacement equipment ("RE") segment, which suffered stock supply issues in the first half of the year. Nevertheless, the company registered an operating profit that was comparable to 2011 figures.

In 2012, UASB received a Letter of Award from Proton to supply plastic air intake manifold and air cleaner module for the Proton Saga new engine replacement. Mass production is expected to commence in the second quarter of 2014. UASB is also working with Suzuki Motor Corporation to develop charcoal canisters for Suzuki cars in the Asean market, and to supply to the assembly plant in Indonesia.

Annual cost reduction activities continued via contract price negotiations, value engineering, alternative sourcing and employee suggestion scheme initiatives. A total of RM2 million savings was achieved for 2012.

To address shortfalls in the RE segment, UASB secured a partnership with Delphi Aftermarket for the distribution of parts and after-market service solutions. The collaboration will allow UASB to tap into Delphi's strength in four (4) core product areas, i.e., vehicle electronics, thermal systems, diesel and diagnostics, for the year ahead. A new product, battery distribution business, under the brand Solite Korea, was also secured. The new business started in the third quarter of 2012 and

The new Toyota 8FB series electric forklifts

will leverage on UASB's existing business network and channels.

Lubetech Sdn. Bhd. ("Lubetech") / UMW Pennzoil Distributors Sdn. Bhd. ("UPD") / UMW Lubricant International Sdn. Bhd. ("ULI") (collectively known as the "Lube Group")
Lubetech offers end-to-end total business solutions for hassle-free full chain lubrication contract manufacturing services. It provides toll blending services for Pennzoil, Repsol, Toyota and Grantt. In 2012, it secured new business from PERODUA and Delphi. UPD markets, sells, and distributes Pennzoil lubricants, with over 1,000 active authorised dealers throughout Malaysia, while ULI is the exclusive importer and distributor of Repsol lubricants and industrial products.


Lubetech was appointed as lubricant supplier to Perodua

After registering a loss in 2011, the Lube Group was able to turnaround its performance and register positive results in 2012.

The Lube Group contributed significantly to the M&E Division's total cost savings of RM22 million during the year by implementing multi-pronged cost reduction measures. Significant savings were achieved through savvier advertising and promotional activities, with the Group focusing on attractive, small-pack products for its sales campaigns. A switch to centralised procurement resulted in an annual savings of 10% while warehouse optimisation through 5S activities reduced throughput time by 100 hours. Localisation of Repsol products was also undertaken to better manage costs and increase profit.

To cater for future growth, RM2 million was invested in a new full-fledged quality assurance and quality control lubricant laboratory. The new facility is equipped with technologically advanced equipment and testing devices to cater for customers' growing R&D requirements.

To complete its year of comprehensive improvements, the Lube Group conducted a reorganisation of its workforce, assessing and assigning employees to their areas of expertise.

Lubritech Limited, China ("Lubritech")
Lubritech is involved in the distribution and manufacturing of premium lubricants in China. It distributes Repsol lubricants exclusively in China and operates one of the most advanced lubricant blending plants in China.

The local lubricant industry contracted in 2012, as China's economy suffered its worst downturn in more than a decade. Despite the challenging situation, Lubritech managed to increase its sales by 200%. This was achieved through aggressive sales and marketing campaigns and cost savings initiatives.

The market however, is on the road to recovery and Lubritech expects revenue to grow aggressively again by 70% in 2013. It expanded its Repsol distribution business to North and West China to seize opportunities resulting from the upswing.

The company registered a major milestone by supplying high-end automotive lubricants to First Automobile Works of China ("FAW"), Mazda, Hong Qi and Ben Teng, with an estimated value of RMB100 million - RMB150 million per year. This also opened up further opportunities with the FAW Group, one of the biggest automotive groups in China. This is a significant achievement for Lubritech as it has been in operations for only two (2) years.

KYB-UMW Malaysia Sdn. Bhd. ("KMSB") / KYB-UMW Steering Malaysia Sdn. Bhd. ("KSMSB") (collectively known as the "KYB-UMW Group")
The KYB Group holds a leading position in the manufacturing of shock absorbers and power steering pumps for both local and overseas markets.

KMSB leads both the original ("OE") and RE markets in Malaysia. Its OE market share for 4-wheelers maintained at a strong 44% in 2012, while market share for its 2-

KYB-UMW launched the "Caring & Sharing" sales campaign in conjunction with its 30th anniversary

wheeler segment increased to 41% from 39% in 2011. KMSB also had bullish sales in the RE market, spurred by its Programme 301 Caring & Sharing sales campaign. KMSB registered an increase in revenue from 2011, although profit was lower year-on-year due to higher material costs and strengthening of the Japanese Yen. There was also a decline in KSMSB's share in the power steering pump market as automotive players made a switch from hydraulic power systems to electric power systems.

To contain the impact of rising material costs and Japanese Yen appreciation on its profitability, the KYB-UMW Group turned to strategic sourcing and localisation. This measure resulted in a total savings of RM1.8 million in 2012. To optimise operational costs, process improvements were simultaneously made to the KYB-UMW Group's production system, which reduced defect rates by 18% and reduced cycle time by 12%.

KMSB secured deals to supply shock absorbers for the PROTON Prevé, PERODUA MyVi Lagi Best, Modenas MR1 and ACE 115, as well as NAZA Blade 250.

The KYB-UMW Group is optimistic about 2013 performance, particularly from the export RE market.

Sathya Auto Private Limited, India ("Sathya")
Sathya is involved in the manufacturing of automobile components such as jacks, toolkits, wheel hubs, wiper arms, stampings and hot forgings. The company's Plant 3 commenced commercial production of forged automotive components in 2012, which contributed to a 10% increase in revenue, from the previous year. Market share for jacks grew from 30% in 2011 to 33% in 2012. Despite the higher revenue, the company registered a pre-tax loss for 2012.

The company expects more revenue to be generated by Plant 3 in 2013, with additional capacity and new products in the mix. Repeat orders have been received from Hyundai, Toyota, Renault, Nissan, Wabco and Bosch for their new product models. The company has also entered into a technical tie-up with Kawasaki, Japan, for the manufacture of Bottle Jacks, which will be supplied to Toyota for its Innova model. Contribution from RE business is also expected in 2013.

UMW Dongshin Motech Private Limited, India ("UMW Dongshin")
For 2012, UMW Dongshin posted a revenue increase of 18% and reduced its pretax losses by 52% from the previous year. The company is involved in the OE market for stamped automotive body parts in India for General Motors, Volkswagen, TATA Motors and Mahindra.

During the year under review, UMW Dongshin established a local engineering centre to reduce dependency on Korean partners. It further carried out Lean Management and Toyota Production System activities to enhance its production system. Cost savings and material yield improvement were achieved through blank optimisation.

The company expects to breakeven in 2013, particularly with encouraging new business deals in the pipeline.

Castwel Auto Parts Private Limited, India ("Castwel")
Castwel produces aluminium die casting automotive parts. In 2012, the company's revenue increased by an encouraging 37% while pretax loss was reduced by half from the previous year. Market share improved to 15% in 2012 from 6% in 2011. The year under review saw higher plant capacity utilisation, with the company receiving orders for electronic power steering systems from Mando, Taeyong and GSB. Additionally, cost savings were achieved by switching to private power and usage of a centralised melting furnace in place of individual ones. The Toyota Production System has also been implemented at the plant. With expected improvement in sales, the company is confident of better performance in the year ahead.

OIL & GAS

ONSHORE DRILLING

UMW Sher (L) Ltd. ("UMW Sher") / Jaybee Drilling Private Limited, India ("Jaybee Drilling")
Currently, UMW Sher is the asset owner of three (3) onshore rigs, Sher 1, 2, and 3 - located in the state of Assam in Northeast India. Operations of drilling activities for these rigs are undertaken by Jaybee Drilling which is 60% owned by UMW India Ventures.

In 2012, the combined revenue of both UMW Sher and Jaybee Drilling fell slightly due to competitive operating day rates. Jaybee Drilling managed to secure two (2) new contracts with Oil India Limited for both Sher 2 and Sher 3 rigs on 5 May 2012 and 21 November 2012, respectively. The contracts are for two (2) years plus an option for a one-year extension and these contracts will ensure both UMW Sher and Jaybee Drilling continue to perform satisfactorily as per expectation.

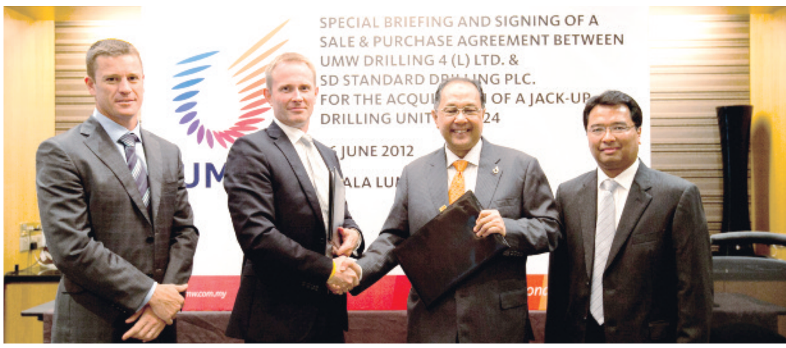
The 2013 outlook for the Indian Oil & Gas industry is optimistic, with corresponding increases in demand for drilling rigs and related services. Competition however, has become stiffer with more drilling companies coming into the picture, and this has led to a falling day rate. By sealing the deal for both Sher 2 and 3 with Oil India Limited, Jaybee Drilling has strengthened its financial standing for the near future. Jaybee Drilling continues to take measures to increase efficiency and reduce wastages, while focusing on providing integrated services to meet the growing demand of the industry.

Arabian Drilling Services L.L.C, Oman ("ADS")
ADS serves as the foundation and "local drilling operator" for UMW's ventures into the onshore drilling business in the Middle East. It offers onshore drilling services to local, regional and international clients. Currently, ADS owns four (4) American-made super-single onshore drilling rigs.

Ghazal I had a one-year dry lease contract with Academy Drilling, the United States of America which expired in February 2012, while Ghazal III and IV, both 1,000 hp rigs were on long-term contracts with the Petroleum Development of Oman ("PDO"), a Shell operating company, while Ghazal V is leased to MEDCO of Oman since May 2011.

The two (2) contracts with PDO have been subsequently extended on increased operating day rates for another four (4) years from 1 April 2013 with two periods of 12 months extension.

ADS registered a slight increase in revenue for the year 2012 and will expect its revenue and earnings to improve further in the following year through the increased operating day rates of the two extended contracts with PDO and a new contract. In addition, ADS will continue with its efforts to reduce operating costs and non-productive time as well as to achieve "zero" lost time incidents ("LTI").



SPA signing for the acquisition of a jack-up drilling unit

The immediate outlook for Oman's Oil & Gas industry remains positive with expected increase in spending by major players.

MANUFACTURE OF OCTG & LINE PIPES

Zhongyou BSS (Qinhuangdao) Petropipe Co., Ltd., China ("Zhongyou BSS")
Zhongyou BSS is principally involved in the manufacturing and sales of large diameter Longitudinal Submerged Arc Welded and Spiral Submerged Arc Welded steel pipes, Bend-pipes for transmission of oil and gas, and offshore pipes for undersea pipelines. The plant capacity is 487,000 metric tonnes per annum based in Qinghuangdao.

In 2012, the company 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. Strong domestic demand continued to be the main driver for another excellent performance by the company. The year in review saw a marked improvement in the company's revenue and profit, with a growth of more than 300%.

Shanghai BSW Petro-Pipe Co., Ltd., China ("Shanghai BSW")
Shanghai BSW's core business is in the manufacturing of Spiral Submerged Arc Welded ("SSAW") pipes and the provision of external and internal coating for line pipes. The plant capacity is 163,000 metric tonnes per annum based in Shanghai. With continuous support from China National Petroleum Corporation ("CNPC") and the increasing demand for oil-related products in China, it is expected to create demand for SSAW line pipes. Hence the Company is confident that it will continue to record positive results in the immediate term.

United Seamless Tubulaar Private Limited, India ("USTPL")
USTPL is a joint venture with the Kamineni Group of Hyderabad, and is the manufacturer of high grade OCTG. Its plant in India has been operational since January 2011, with a capacity of 300,000 metric tonnes per annum. USTPL is predominantly focused on the United States of America market. A huge increase in demand for high grade and high collapse OCTG products is expected from 2013 onwards.

The year 2011-2012 was a period of stabilisation for USTPL; hence production levels were lower - at approximately 60% utilisation. Being a new player in a competitive industry, profitability margins remained low but this was mitigated by continuous cost reduction measures undertaken at the company. For 2013, USTPL is optimistic that it will be able to increase its production levels as demand in the United States of America and Middle East increases.

FABRICATION OF OIL AND GAS AND OTHER STRUCTURES

UMW Fabritech Sdn. Bhd. ("UMW Fabritech")
UMW Fabritech owned two yards in Kemaman, Terengganu and Lumut, Perak. It 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. 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 2012 as the Lumut yard had entered into a Tenancy Agreement with UMW Synergistic Generation Sdn. Bhd. However, due to shrinking domestic market and thinning profitability margins, UMW Fabritech made the decision to close operations in Kemaman from 1 November 2012 onwards.

UMW Helmsion Engineering Pte. Ltd., Singapore ("UMW Helmsion")
UMW Helmsion is involved in the repair and fabrication of steel structures for lifting, handling and hoisting for the marine, oil and gas, construction and other related industries in Singapore. The company continued to contribute positively to the Group for 2012 due to an increase in order books as well as better profit margins.

Vina Offshore Holdings Pte. Ltd., Singapore ("Vina Offshore")
Vina Offshore has operating subsidiaries involved in the engineering and fabrication of offshore equipment (modules and jackets), repair and maintenance of offshore platforms and drilling rigs, sale and maintenance of lifting gears and is a service provider to offshore operations for the Oil & Gas industry. Its performance was enhanced in 2012 due to increase in demand for its maintenance services. Despite the above factor, the industry continues to experience razor thin margins and on 16 May 2012, the company entered into a Sale and Purchase Agreement with Technics Offshore Engineering Pte. Ltd. for the disposal of Vina Offshore's 100% subsidiary, Vietnam Offshore Fabrication & Engineering Co. Ltd. ("VOFE"). VOFE is no longer a subsidiary of the UMW Group.

Offshore Construction Services Pte. Ltd., Singapore ("OCS")
On 5 November 2012, UMW Holdings Berhad announced that UMW Singapore Ventures Pte. Ltd. ("UMWSV") has entered into a Share Sale Agreement with Mr. Neo Teck Seng for the disposal of UMWSV's 60% shareholding in OCS for a total consideration of SGD7,050,000. OCS has ceased to be a subsidiary of the UMW Group.

SUPPLY OF OILFIELD PRODUCTS

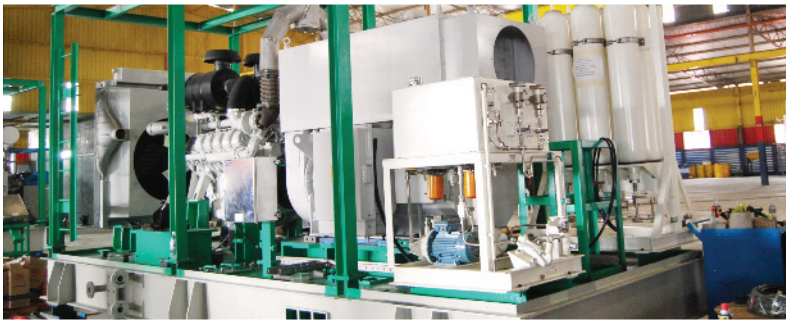
UMW Oilfield International (M) Sdn. Bhd. ("UOIM") / UMW Oilfield International (L) Ltd. ("UOIL")
UOIM and UOIL are involved in the marketing, import, export and distribution of equipment and component parts to the Oil & Gas industry. It also offers technical support, consultancy and other industry-related general services. UOIM posted higher revenue for 2012 compared to the previous year, fuelled by an increase in orders to India and the United States of America. UOIL's revenue however, was down slightly as expected orders for OCTG line pipes in 2012 were delayed to 2013.

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 & Gas, and mining sectors. It has operations in Australia, Singapore, Malaysia, China and Taiwan. It holds around 25% of the carbon, stainless steel and duplex stainless steel market in Australia.

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd., China ("STPPC")
STPPC was set up in March 2002 with anti-abrasion internal coating, hardbanding and related products and services for drill pipes, tubings, casings and line pipes as its main activities. It has received certification for ISO9001:2000 quality system and NS-1 certificate and its products were also testified by CNPC. 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. The recent structural changes in the global Oil & Gas sector have created strong incentives for operators, contractors and coating suppliers to use mobile pipe coating technologies and facilities, which includes the long due China-Kazakhstan Crude Pipeline project that potentially may provide significant positive impact on STPPC's balance sheet in the future.

Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China ("JTSC")
The need and opportunity in the China market for anti-abrasion internal coating, hardbanding and related products and services for drill pipes, tubings, casings and line pipes saw the establishment of JTSC in October 2003. The company has also been certified by ISO9001:2000 quality system and passed all tests by CNPC.

The imposition of anti-dumping tariffs in the United States of America on China steel pipes mean lesser global demand for China pipes, which has indirectly affected the business. It is further compounded by the existence of more than 106 epoxy resin manufacturers in China as at 2012.


Generator packages - total energy solution for oil & gas and utility players

The Chinese steel sector faced strong challenges in 2012 as it grappled with lower steel demand, overcapacity, a fragmented industry and weak profit margins which further adds to the already intense competition within the local market in China.

Diversification of its products, is the way forward for the company to avoid being overly dependent on a single product.

Sichuan Haihua Petroleum Steelpipe Co., Ltd., China ("Sichuan Haihua")
Our 40% equity joint venture in Sichuan Haihua, which provides coating services for the secondary gas pipeline for households, primarily for the Sichuan province, has successfully completed its expansion plan in the construction of a new Electric Resistance Welded ("ERW") pipe manufacturing plant in Guanghan, Sichuan, 6 km away from the existing coating plant.

The new ERW plant has the capacity to produce 120,000 metric tonnes of ERW pipes annually with outside diameter ranging between 114.3mm - 355.6mm. The ERW plant was successfully completed on 15 December 2012 and is at the testing and commissioning stage. The company is also in the process of applying for API certification for its ERW plant, expected by 4th quarter 2013.

The new plant also includes a coating facility to perform 2PE/3PE coating for pipe sizes ranging from 114mm - 406mm with an annual capacity of 1.2 million square metres. The new coating facility was successfully commissioned on 15 November 2012 and is presently in commercial production.

OIL & GAS EXPLORATION

UMW Standard Drilling Sdn. Bhd. ("UMWSD") / UMW Standard 1 Pte. Ltd. ("UMWSD1") / UMW Standard 3 Pte. Ltd. ("UMWSD3")/ UMW Drilling 4 (L) Ltd. ("UMWD4")
UMWSD provides offshore drilling and other engineering services for oil and gas exploration, development and production in Malaysia and overseas. It operates three (3)

jack-up rigs, i.e., NAGA 2, NAGA 3 and NAGA 4. NAGA 2 was contracted to HESS (Indonesia-Pangkah) Limited in 2012 while NAGA 3 is on contract with PETRONAS Carigali for operations in Malaysia. There was an increase in day rate for NAGA 3 jack-up rig from 20 March 2012.

UMWD4 signed a Share Purchase Agreement on 26 June 2012 with SD Drilling Pte. Ltd. to acquire a new jack-up drilling rig at a total consideration of USD214 million. UMW took delivery of NAGA 4 in February 2013 and the rig is currently under contract with PETRONAS Carigali.

UMW JDC Drilling Sdn. Bhd. ("UJD")
UJD is principally involved in the provision of drilling operations for the oil and gas industry. It operates two (2) semi-submersible rigs, i.e., NAGA 1 and HAKURYU 5. In terms of financial performance, UJD registered a 41% revenue increase in 2012 due to longer operating days and higher day rates for HAKURYU 5. Profitability for the year however, was affected due to the dry-docking of NAGA 1 for major upgrading and refurbishment works. The upgrade has extended NAGA 1's operating life by up to 15 years and enhanced the rig's future marketability. NAGA 1 resumed its operations for PETRONAS Carigali in January 2013.

NAGA 1 received an award from the International Association of Drilling Contractors for achieving a remarkable 12 years (four million man hours) without LTI for the period from 6 June 2000 to 5 June 2012.

UMW Petrodril (Malaysia) Sdn. Bhd. ("UPSB")
UPSB is a workover operations provider for the oil and gas industry. In 2012, it secured two (2) out of three (3) contracts awarded in Malaysia. With a significant increase in trading sales, revenue registered for 2012 was 81% higher than 2011.

During the year under review, the company began putting measures in place to improve its cost structure and competitiveness. The company is also looking into widening its range of services to strengthen its dominance in Malaysia, while preparing itself to enter the Brunei, Vietnam and Myanmar markets through a strategic joint venture/partnership.

OILFIELD SERVICES

UMW Oilpipe Services Sdn. Bhd. ("UOS")
UOS owns and operates one of Malaysia's premium threading plants for OCTG, in Labuan Federal Territory. It currently holds about 70% of the market share in East Malaysia.

In 2012, UOS registered higher revenue, but the same level of profit as the previous year. This was primarily caused by an increase in operating cost for threading new HP/HT thread patterns. UOS's West Plant was 5S-certified by Malaysia Productivity Corporation for its quality programme while the East Plant is slated to complete its 5S programme by mid-2013. Both plants achieved one million man hours without LTI in 2012.

UMW Oilfield Services (Tianjin) Co., Limited, China ("UOS Tianjin")
UOS Tianjin is a premier OCTG threading plant in China, focusing on premium connection accessory threading. The company's overall performance improved in 2012 with new premium connections threading licences and new customers.

The company expanded its scope to include threading of perforated pipes, drill tools rental programme and inspection. Tailor-made service programmes were provided to Baker-Hughes and Schlumberger. On the production front, local content was increased to reduce import costs. The company also enhanced its production system by improving production flow and quality control processes, as well as further developing employees' technical skills.

UMW Synergistic Generation Sdn. Bhd. ("SGSB")
SGSB is a total power solutions provider to the Oil & Gas, public utilities, industrial application and building construction sectors. It has also recently expanded its business to include marine equipment engine works.

2012 was a remarkable year for the company, with improved results compared to the previous year. The contract secured with PETRONAS Carigali Iraq Holding B.V. for the Garraf Power Plant Project in Iraq was the main contributor for the outstanding results. There was also an increase in new power plant and marine business projects.

During the year under review, the company established dedicated units, UMW SG Power Systems Sdn. Bhd. and UMW SG Engineering & Services Sdn. Bhd., for the design, fabrication and packaging of customised rotating equipment and related components for the Oil & Gas and industrial sectors. This move is expected to enhance packaging quality as well as shorten delivery times. SGSB also worked closely with offshore crane manufacturers to provide alternative crane engine equipment suitable for offshore hazardous area application.

UOT (Thailand) Limited, Thailand ("UOT")
UOT is principally involved in the provision of threading, inspection, repair and maintenance services for OCTG. 2012 was a good year for the company as profit jumped by more than 200% from the previous year. In August, UOT was awarded a 3-year contract by PTT Exploration and Production, Myanmar, for the provision of X-Over and Pup-Joint services. UOT also provided tubings to the

Department of Energy, Thailand and achieved increased sales to Pearl Oil. Simultaneously, UOT continued with cost savings activities and implemented an Enterprise Risk Management ("ERM") programme in accordance with the UMW Group ERM policy. The company's ISO9001:2008 certification was renewed on 23 May 2012 and is valid until 2015.

Winners of CEO Awards 2011

UMW Oilpipe Services (Turkmenistan) Ltd., Turkmenistan
Besides the normal core business, the supply of cargo handling equipment also contributed to a 24% increase in PBT from the previous year. The company is currently preparing itself for the API Licencing Programme, as well as arranging for group training in Non-Destructive Testing.

SUPPORT OPERATIONS

Toyota Capital Malaysia Sdn. Bhd. ("TCAP")
TCAP provides innovative auto-financing products and leasing packages to support vehicle sales of the Motor Group. Despite intense competition and the challenges posed by BNM's responsible lending guidelines, TCAP achieved RM3.9 billion in total managed assets in 2012. Customer base grew from 73,000 in 2011 to 87,500 in 2012.

With the growing popularity of Islamic financing in Malaysia, TCAP continued to strengthen its position as a Centre of Excellence for Islamic Financing for the Toyota Financial Group globally. Products include Al-Ijarah Thumma Al-Bay, a Syariah compliant hire-purchase scheme and the Toyota Drive & Lexus Access, which is TCAP's own, unique, Islamic lease programme. To date, TCAP's Islamic financing schemes constitute about 30% of its product mix.

Business Processes Re-engineering ("BPR") was initiated at TCAP in 2012. BPR leverages on the latest technology infrastructure, loan origination and credit scoring systems to enhance the speed, coverage and efficiency of the company's vehicle financing transactions.

U E-Technologies Sdn. Bhd. ("UET")
In 2012, UET successfully upgraded the Group Human Resource System to provide embedded Business Intelligence and Analytical functions, as well as to enable access and workflow functions from smart mobile devices.

At the end of 2012, UET completed its transformation from a separate business unit into an internal Corporate support division, now known as Group IT. In addition to providing strategic and operational IT services, the Division focuses and continuously looks for innovative technologies to enable the UMW business units to operate more efficiently and effectively.

U-TravelWide Sdn. Bhd. ("U-TravelWide")
U-TravelWide experienced a positive year in 2012 with higher sales revenue and PBT. The company won the Outstanding Sales Achievement Award, in the Diamond Category from Malaysian Airline System Berhad. The company plans to launch a new website in 2013. U-TravelWide is also in the midst of signing more "Corporate Signature" programmes with other foreign airlines. The company foresees another succesful year ahead.

UMW Development Sdn. Bhd. (formerly known as UMW-PNSB Development Sdn. Bhd.)
The company changed its name to UMW Development Sdn. Bhd. on 18 October 2012. There was no sale of land concluded in 2012. Demand for properties in Serendah is expected to improve once the Sungai Buaya interchange along the North-South Highway is completed, expected by mid-2014.

U-Insurance Sdn. Bhd. ("U-Insurance")
Under the TERAJU initiative mooted by the Prime Minister, UMW divested its shareholding in U-Insurance to Kudrat Maritime Sdn. Bhd. for RM1.8 million. The new owners will continue to operate under the U-Insurance name for two years as a service provider to UMW Group of Companies.

In tandem with the divestment, UMW has set up a Group Insurance Division under UMW Corporation Sdn. Bhd., which will be exclusively focused on lowering the Group's overall risk profile and providing optimum insurance coverage to the Group.

CORPORATE GOVERNANCE STATEMENT

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

The UMW Group has adopted a governance framework based on the belief that sound corporate governance practices are fundamental towards enhancing long-term shareholder value and protecting stakeholders' interests. An effective corporate governance structure, which includes amongst others, ethical conduct, business integrity, commitment to values, delivering sustainable values and managing stakeholders' expectations, is essential in achieving the Company's vision and long-term strategic goals.

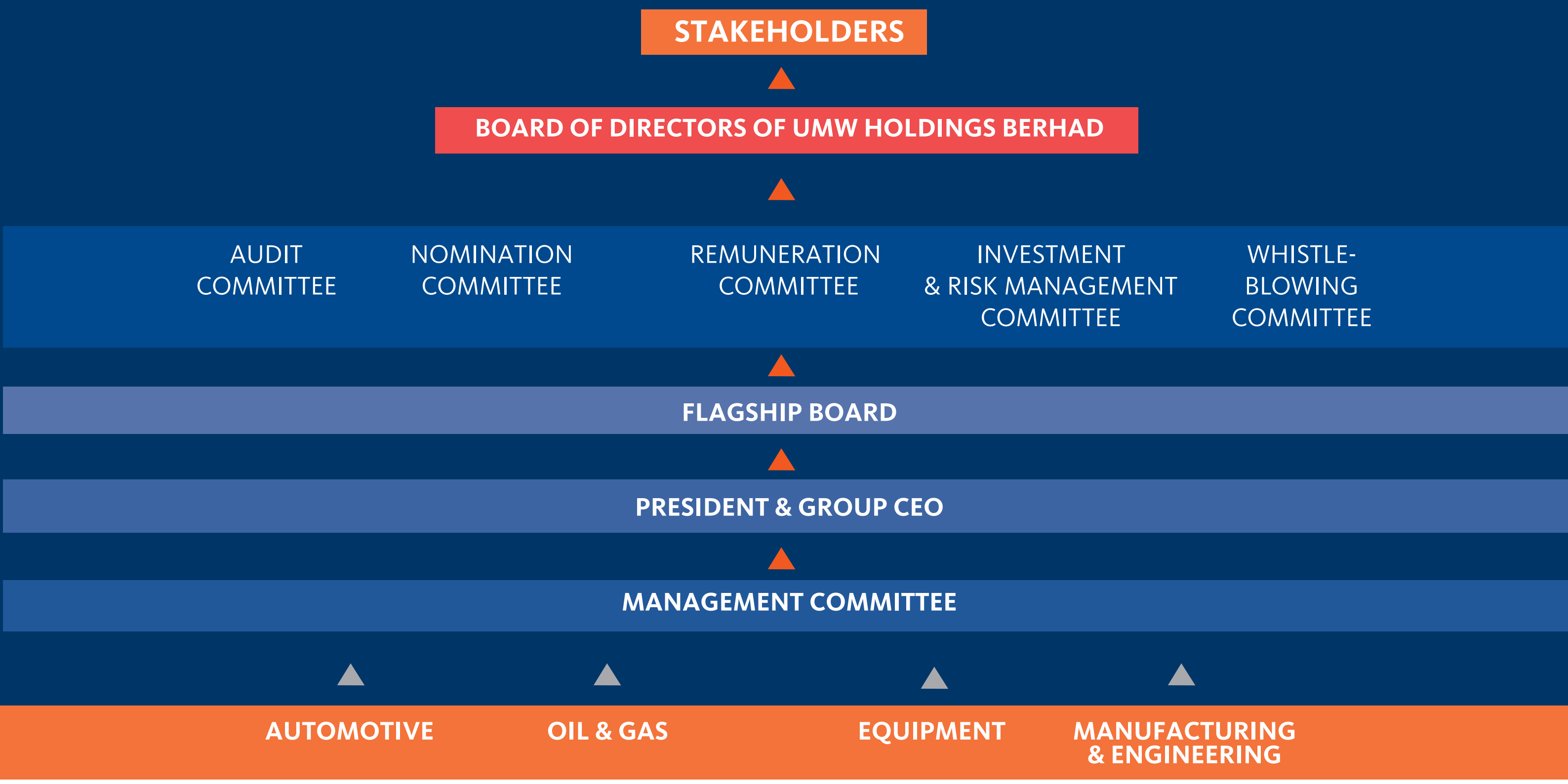
The commitment of the Board, management and employees of the Group in enhancing shareholder value by way of upholding the highest standards of corporate governance is affirmed and remains resolute at all times. The Group's corporate governance model adopts the following requirements and guidelines -

- Malaysian Code on Corporate Governance 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 Shareholders 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.

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 UMW Board, the Committees of the Board, Flagship Boards 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.

During the year under review, three (3) Flagship subsidiary companies were established for the Oil & Gas, Equipment and Manufacturing & Engineering Divisions. The purpose of the Flagship Board is to oversee the overall operations of companies within each division, subject to the direction and counsel of the UMW Board and compliance with the guidelines, policies and delegated authority limit set by the UMW Board. Representatives of the Flagship Boards comprise several members of the UMW Board and Heads of Strategic Business Units. The purpose of having members of the UMW Board on the Board of the Flagship companies is to ensure clear oversight on each core business division at the holding company level.

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

Board Composition and Balance

UMW continues to be led by an active, engaged, experienced and diversified Board that is 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.

At present, the Board consists of seven (7) members, comprising six (6) Non-Executive Directors, including the Chairman, and one (1) Executive Director designated as President & Group Chief Executive Officer ("President & Group CEO").

The Chairman is a Non-Independent Non-Executive Director. Three (3) of the Board members are Independent Non-Executive Directors representing 43% of the Board composition. The Independent Directors fulfil 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. They provide unbiased and independent views, advice and judgment to Board deliberation. 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 tenure of service of Independent Directors will be nine (9) years as advocated by the Code. At present, none of the Independent Directors has served more than nine (9) years.

The size and composition of the Board are reviewed from time to time. The Board considers and confirms that the present size of the Board is deemed appropriate to oversee the overall businesses of the Group.

The profile of each Director is set out in the Directors' Profile on page 12 to page 18 of this annual report, respectively.

Non-Independent Chairman

The Chairman, Tan Sri Asmat bin Kamaludin, being a nominee of Permodalan Nasional Berhad, is Non-Independent Non-Executive since his appointment to the Board on 20 February 2001. As the Chairman is Non-Independent and in compliant with the Code's Best Practices relating to Board membership being majority independent, UMW will make every effort to increase the number of Independent Directors on the Board.

Senior Independent Non-Executive Director

Dr. Leong Chik Weng is the Senior Independent Non-Executive Director to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders. This position has been held by Dr. Leong 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 e-mail address at kleong@elock.com.my.

Functions, Roles and Responsibilities

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.

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.

The Board takes full 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, Flagship Boards or 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.

The Board is responsible for exercising reasonable care towards protecting the Company's resources and safeguarding the Company's assets. Proposed strategies for the financial year and ensuing years are presented to the Board for approval. Information is provided to enable them to discharge their duties in the best interests of the Company. The financial performance of the Company is reviewed and reported on a quarterly basis by both management and the Board.

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.

The Board is committed to ensure that there is diversity and completeness in its deliberations. With the diversity of perspective, the Board is able to discharge its fiduciary duties effectively.

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.

Directors' Code of Ethics

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.

Board Charter

The Board Charter, which was adopted by the UMW Board on 21 January 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.

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.

The Board Charter is being reviewed to be in line with recent changes in regulations and best practices. A summary of the present Board Charter is published on the Company's website.

Whistle-Blowing Policy and General Guidelines

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 the Board, management or employees. This policy provides employees with accessible avenue to report wrongdoings in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate matter and without fear of reprisal.

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.

At Annual General Meetings ("AGM") and other shareholders' meetings, the Chairman, Tan Sri Asmat bin Kamaludin, 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.

Board Meetings

The Board meets seven (7) 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 2012. A total of thirteen (13) Board meetings were held during the year under review to deliberate on business performance reports of the Company and its major subsidiaries and associated companies, evaluate the feasibility of business propositions and corporate proposals, prevailing economic issues, risk management, strategies and direction, and standards of conduct and compliance by the Group.

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 -

Present Directors	Date of Appointment	No. of Meetings Attended	Percentage
Non-Independent Non-Executive Directors			
Tan Sri Asmat bin Kamaludin	20/02/2001	13/13	100
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani	13/08/2008	13/13	100
Dato' Mohd. Nizam bin Zainordin	13/08/2008	10/13	77
Independent Non-Executive Directors			
Dr. Leong Chik Weng	29/11/2007	13/13	100
Dato' Siow Kim Lun	10/07/2009	12/13	92
Khalid bin Sufat	01/09/2010	12/13	92
Non-Independent Executive Director			
Datuk Syed Hisham bin Syed Wazir	01/10/2010	12/13	92

Past Directors	Date of Resignation	No. of Meetings Attended	Percentage
Non-Independent Executive Director			
Wan Kamaruzaman bin Wan Ahmad	30/04/2013	11/13	85

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

No.	Date of Board Meeting	Independent Directors	Non-Independent Directors	Total Attendance	
1	14/01/2012	3	4	3 out of 7*	43%
2	17/01/2012	3	4	3 out of 7*	43%
3	24/02/2012	3	5	3 out of 8*	38%
4	07/03/2012	3	5	3 out of 8*	38%
5	25/04/2012	2	5	2 out of 7*	29%
6	29/05/2012	3	5	3 out of 8*	38%
7	21/06/2012	3	5	3 out of 8*	38%
8	13/08/2012	2	5	2 out of 7*	29%
9	16/08/2012	3	5	3 out of 8*	38%
10	12/10/2012	3	3	3 out of 6*	50%
11	22/10/2012	3	3	3 out of 6*	50%
12	23/11/2012	3	5	3 out of 8*	38%
13	13/12/2012	3	5	3 out of 8*	38%

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

BOARD COMMITTEES

To assist the Board in discharging its duties, the Board has established several Committees, namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), Investment and Risk Management Committee ("IRMC") and Whistle-Blowing Committee ("WBC"). The delegation of certain responsibilities of the Board to its Committees is necessary as there is now greater reliance on Board Committees in response to 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 operate 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. Details of the Terms of Reference ("TOR") of the AC of the Board are set out on pages 22 to 25 of this annual report. Details of the TOR of the NC, RC, IRMC and WBC are set out from page 52 to page 57 of this annual report.

The Board receives regular reports on the Board Committees' proceedings and deliberations. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board's deliberation and endorsement. Decisions of the Board Committees are incorporated into the minutes of meetings of the Board.

Independent and Non-Executive Directors play a leading role in the above committees, whilst management and third parties are co-opted into the committees as and when required.

Nomination Committee

Composition
The NC comprises three (3) Non-Executive Directors, namely Dr. Leong Chik Weng, Dato' Siow Kim Lun and Khalid bin Sufat. All members of the NC are Independent Directors. The Chairman of the NC is Dr. Leong Chik Weng, a Senior Independent Director of the Board, and the Group Secretary is also Secretary of the NC.

Terms of Reference
The TOR of the NC provides that the NC shall have specific responsibilities in relation to nomination matters which include the following -

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 Bursa Securities MMLR; 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 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 NC for consideration by the NC and subsequently for recommendation to the Board.

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

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

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

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

Meetings, Quorum and Procedures
Meetings are held seven (7) times a year although additional meetings may be held as and when necessary. The President & Group CEO attends and makes presentations at meetings. The quorum for each meeting is two (2). The NC will decide its own procedures and other administrative arrangements.

During the year ended 31 December 2012, the NC met nine (9) times, details of which are given in page 57 of the annual report.

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

Remuneration Committee

Composition

The RC comprises three (3) Non-Executive Directors, namely Khalid bin Sufat, Dr. Leong Chik Weng and Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani. The Chairman of the RC is Khalid bin Sufat and the Group Secretary is also Secretary of the RC.

Terms of Reference

The RC was established with specific duties, as follows -

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.

Meetings, Quorum and Procedures

Meetings are held seven (7) times a year although additional meetings may be held as and when necessary. The President & Group CEO attends and makes presentations at meetings whenever business is not related to Executive Directors' remuneration. The RC decides its own procedures and other administrative arrangements.

During the year ended 31 December 2012, the RC met ten (10) times, details of which are given in page 57 of the annual report.

Reports/Minutes

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

Investment & Risk Management Committee

The 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 to review possible risk factors affecting projects and recommending measures to mitigate such risks.

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 IRMC, Dato' Mohd. Nizam bin Zainordin, Dato' Siow Kim Lun and Datuk Syed Hisham bin Syed Wazir. The Group Secretary is also Secretary of the IRMC.

Terms of Reference
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 IRMC is authorised to call for any additional information that may be required, including research or survey material 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.
   - In the case of projects that do not meet targets for a prolonged period of time, to make recommendations to the Board on their 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 option selected and risk action plans development.
   - To provide half-yearly reports to the Board on ERM.

Meetings, Quorum and Procedures
The IRMC meets on a monthly basis. 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 2012, the IRMC met eleven (11) times, details of which are given in page 57 of the annual report.

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

Composition
To further strengthen the governance framework of the Group, a WBC was established in 2011, comprising three (3) Non-Executive Directors, the majority of whom are independent, namely Dato' Siow Kim Lun, who is also the Chairman of the WBC, Dato' Mohd. Nizam bin Zainordin and Khalid bin Sufat. The Head of Group Internal Audit Division is Secretary of the WBC.

The WBC is responsible for the review, investigation and disposal of complaints received against senior management employees of the Group with the rank of Executive Director in Grades 23 and above and any member of the Board. The WBC exercises its powers and carries out its duties and responsibilities in accordance with the WBC and General Guidelines of the Group.

Terms of Reference
The primary functions of the WBC are -

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 employees of the Group in Grades 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; and

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

Authority
The WBC is authorised to -

1. Carry out its duties and responsibilities as 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 WBC takes the view that the complaints relate to specific wrongdoings of a serious nature which merit investigation.

Meetings, Quorum and Procedures
Meetings are held as and when necessary as called for by the Chairman of the WBC.

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 WBC 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 WBC.

During the year ended 31 December 2012, the WBC met three (3) times, details of which are given in page 57 of the annual report.

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

Reports/Minutes
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 WBC will 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 will report to the Board on the recommendations made by the Committee and the Board will, upon receiving the recommendation from the Committee, have the final decision on the matter raised.

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

Committee Composition and Meeting Attendance

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

Present Members	Audit Committee	Nomination Committee	Remuneration Committee	Investment & Risk Management Committee	Whistle-Blowing Committee
Non-Independent Non-Executive Directors					
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani			Member (9/10)		
Dato' Mohd. Nizam bin Zainordin	Member (7/8)			Member (10/11)	Member (1/3)
Independent Non-Executive Directors					
Dr. Leong Chik Weng[1]		Chairman (3/3)	Member (10/10)	Chairman (11/11)	
Dato' Siow Kim Lun	Chairman (8/8)	Member (9/9)		Member (10/11)	Chairman (3/3)
Khalid bin Sufat[2]	Member (8/8)	Member (9/9)	Chairman (10/10)		Member (3/3)
Non-Independent Executive Director					
Datuk Syed Hisham bin Syed Wazir				Member (10/11)	

Past Members	Audit Committee	Nomination Committee	Remuneration Committee	Investment & Risk Management Committee	Whistle-Blowing Committee
Tan Sri Asmat bin Kamaludin[3]		Member (5/6)			

Note:

1. *Dr. Leong Chik Weng was appointed as member of the NC on 16 August 2012 in place of Tan Sri Asmat bin Kamaludin. He assumed the position of Chairman of the NC on 16 August 2012 in place of Khalid bin Sufat, following a re-composition of the NC.*
2. *Khalid bin Sufat assumed the position of Chairman of the RC on 16 August 2012 in place of Dr. Leong Chik Weng, following a re-composition of the RC. Khalid bin Sufat was also appointed as member of the AC on 17 January 2012 in place of Dr. Leong Chik Weng.*
3. *Tan Sri Asmat bin Kamaludin resigned as member of the NC on 16 August 2012.*

The Board is satisfied with the level of time commitment given by the Directors towards discharging their duties as Directors of UMW, as evidenced by their attendance record at Board and Board Committee meetings.

BOARD ACCESS TO INFORMATION

Access to Management

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.

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.

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.

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.

Access to External Experts

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.

Access to 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 plays an advisory role to the Board in relation to compliance with relevant laws, rules, regulations and governance best practices, boardroom effectiveness and Directors' duties and responsibilities.

The Company Secretary also ensures that deliberations at meetings of the Board and committees of the Board are properly captured, minuted and communicated to relevant management for necessary action.

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 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. 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.

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 116 of the Articles of Association of the Company stipulates that the President & Group CEO shall be subject to retirement by rotation. 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.

In this regard, the NC has recommended the re-election of the following Directors, who are subject to retirement at the forthcoming AGM -

1. Datuk Syed Hisham bin Syed Wazir retiring under Article 116; and
2. Khalid bin Sufat, retiring under Article 123.

The Board had adopted a retirement age policy for Directors, 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.

Board Performance, Evaluation and Review

The Board has entrusted the NC 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 NC for assessing the effectiveness of the Board as a whole and the effectiveness of each Director, including the Chairman.

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 NC evaluates the performance of the Chairman of the Board. Thereafter, the Chairman of the NC 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. The report on the overall evaluation of the Board is given to Directors for their information.

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

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.

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 2012 are as follows -

Name of Director	Training Programme Attended	Date Held	Organiser	Total
Tan Sri Asmat bin Kamaludin	4th Annual Corporate Governance Summit Kuala Lumpur 2012 - Bringing Asia onto the Board	05/03/2012 to 06/03/2012	Asian World Summit	6
	Leaders Luncheon with YB Dato' Sri Idris Jala - Sustaining Progress in the Face of Economic Uncertainty	03/04/2012	MICCI	
	Mandatory Accreditation Programme ("MAP")	16/05/2012 to 17/05/2012	Bursatra	
	Optimising IFRS MFRS Convergence	25/05/2012	-	
	Financial Institutions Directors' Education Programme (FIDE Training)	09/07/2012 to 10/07/2012	FIDE	
	38th ASEAN-Japan Business Meeting - Global Challenges : Japan-ASEAN Response	22/10/2012 to 23/10/2012	MAJECA	
Datuk Syed Hisham bin Syed Wazir	The National Procurement Forum 2012	14/02/2012	MICG	4
	4th Annual Corporate Governance Summit Kuala Lumpur 2012 - Bringing Asia onto the Board	05/03/2012 to 06/03/2012	Asian World Summit	
	The Malaysian Code on Corporate Governance 2012 - The Implication and Challenges to Public-Listed Companies	03/07/2012	MICG/FPLC	
	MAICSA Annual Conference 2012 - Moving Forward: Changing Perspective	09/07/2012 to 10/07/2012	MAICSA	

Name of Director	Training Programme Attended	Date Held	Organiser	Total
Dr. Leong Chik Weng	Highlights of Key Provisions in the Proposed Companies Bill	19/10/2012	CCM/SSM/ MTRAC	1
Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani	The International Conference on Global Movement of Moderates ("GMM") Conference 2012	17/01/2012 to 19/01/2012	GMM	5
	Islamic Banking and Finance	23/03/2012 to 31/03/2012	University of Sydney	
	Global Islamic Forum (GIFF) 2012 - Legal and Shariah Governance	18/09/2012 to 20/09/2012	BNM	
	International Symposium on Sustainable Growth - Financial Stability : Current Lessons for Social and Economic Governance	02/10/2012	Global Movement of Moderates Foundation/ Institute of International Monetary Affairs	
	ASEAN: Economic and Regional Integration Moving Forward	23/11/2012	Labuan FSA	
Dato' Siow Kim Lun	Private Equity Programme	23/02/2012 to 24/02/2012	FIDE	4
	Corporate Governance - The Competitive Advantage	16/04/2012	MSWG	
	Bursa Malaysia's Half Day Governance Programme - Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012	18/06/2012	Bursa Malaysia	
	MAICSA Annual Conference 2012 - Moving Forward: Changing Perspective	09/07/2012 to 10/07/2012	MAICSA	

Name of Director	Training Programme Attended	Date Held	Organiser	Total
Dato' Mohd. Nizam bin Zainordin	Senior Management Presentation for Business Continuity Management (BCM) Project	23/02/2012	PNB	6
	Senior Management Series : Global Issues Influencing the Capital Market Outlook	10/05/2012	PNB	
	Senior Management Series : Data Protection Act, 2010	25/05/2012	PNB	
	Senior Management Series : Behavioral Finance (Neuroscience), Business Strategy & The Market	05/06/2012	PNB	
	PNB Nominee Directors' Convention & Executive Luncheon Talk 2012	09/10/2012	PNB	
	MIA Conference 2012 - MIA International Accountants Conference	27/11/2012 to 28/11/2012	MIA	
Khalid bin Sufat	Risk Management in Takaful	30/3/2012	FIDE	6
	Corporate Governance - The Competitive Advantage	16/04/2012	MSWG	
	IT Automation and Disaster Recovery	06/07/2012	FIDE	
	ACCA Annual Conference - Accounting for the Future	11/10/2012	ACCA	
	Key Provisions in the Proposed Companies Bill	19/10/2012	SSM	
	MIA Conference 2012 - MIA International Accountants Conference	27/11/2012 to 28/11/2012	MIA	

DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

The RC 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 RC 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.

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.

The remuneration of Executive Directors includes salary and emoluments, bonus and benefits-in-kind. 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, hand phone and bill subsidy, and club membership.

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 50^{th} percentile of an appropriate peer group.

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

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM100,001 - RM150,000	-	2	2
RM150,001 - RM200,000	-	4	4
RM250,001 - RM300,000	-	1	1
RM1,000,001 - RM2,000,000	1	-	-
	1	7	8

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

In 2012, the Hay Group was tasked to review the total remuneration package of management employees in the UMW Group of companies in Malaysia to align them to industry standards to ensure competitiveness. Resulting from the findings, a market adjustment was made across the board for management employees in Malaysia to bring the existing package in line with the market. UMW has also implemented a minimum wage for employees in compliant with the Government's Minimum Wages Order 2012.

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.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Corporate Disclosure Policy and Procedures

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 Kingdom, Hong Kong, Australia and Singapore 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 & Media Relations Unit coordinates the disclosure of information to analysts, institutional investors, the media and the investing public. The unit reports to the Executive Director, Group Management Services Division.

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.	Dr. Wafi Nazrin bin Abdul Hamid	Executive Director, Group Management Services Division	(603) 51635054 wafi@umw.com.my
3.	S. Vikneshwaran a/l Sathasivan	Manager, Investor & Media Relations	(603) 51635044 vikneshwaran.s@umw.com.my

Leverage on Information Technology for Effective Dissemination of Information

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.

Shareholder Participation at 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.

Strategies to Promote Sustainability

UMW promotes good Corporate Governance in the application of sustainability practices within the Group. Sustainability strategies are inculcated in the UMW Group's Corporate Social Responsibility Programmes, taking into consideration various short/medium to long term sustainable programmes to protect the environment, economic and social interests.

ANNUAL GENERAL MEETINGS

Counting of votes shall be carried out by show of hands or by poll if demanded by the Chairman or by at least two (2) members as regulated by law and the Articles of Association.

All eight (8) Directors were present in person to engage directly with shareholders at the 30th AGM held on 21 June 2012.

The proceedings of the 30th AGM included the President & Group CEO's presentation of the Company's operating and financial performance for 2011, the presentation of the external auditors' unqualified report to the shareholders, and a question and answer ("Q&A") session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting the resolution to vote. Shareholders were also invited to submit any additional questions they might have had via an enquiry box placed at the venue of the 30th AGM so that these could be responded to in writing after the meeting. Officers of the Company were present to handle other face-to-face enquiries from shareholders.

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 Q&A 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 President & Group CEO also shared with the shareholders, the Company's responses to questions submitted in advance of the AGM, by the Minority Shareholder Watchdog Group.

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

The Board is fully accountable for ensuring that the financial statements of each financial year are prepared in accordance with applicable approved 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.

Key Performance Indicators

The Company's actual performance for the year ended 31 December 2012, surpassed its target headline key performance indicators ("KPIs"), as stated below -

KPI	2012 Target Headline (%)	2012 Achievement (%)
Annual return on shareholders' funds	10	21.9
Annual dividend payout ratio of net profit attributable to shareholders	50	58.8

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, purchase of vehicle parts, sale of vehicle spare parts, sale of vehicle original equipment ("OE") exhaust systems, sale of stamping parts/manifold assembly exhaust, purchase of completed vehicle seats and local vehicle OE parts, purchase of fabric and completely knocked down seat components and bareboat charter.

Details of related party transactions entered into by the Group during the financial year under review are set out on pages 90 to 93 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.

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.

Relationship with Auditors

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

The AC undertakes an assessment of the suitability and independence of the external auditors and having satisfied itself with their performance and effectiveness, the AC will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM. In this regard, the AC had in April 2012, assessed the independence of Messrs. Ernst & Young ("EY") as external auditors of the Company as well as reviewed the level of non-audit services to be rendered by EY to the Company for financial year 2012. The AC was satisfied with EY's technical competency and audit independence.

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 AC 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 2012 is as follows -

	Company (RM'000)	Group (RM'000)
Fees paid to principal auditors		
• Statutory Audit	190	2,335
• Non-Audit	-	752*
Fees paid to other auditors		
• Statutory Audit	-	638
• Non-Audit	-	-
Total	190	3,725

Note: *Tax fee and consultancy/advisory services

The Group's external auditors are invited to attend AC meetings when deemed necessary. The AC 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 AC in relation to both external and internal auditors is set out on pages 22 to 25 of this annual report.

Internal Audit Function

The internal audit function is performed in-house by the Group Internal Audit Division. The division audits internal control practices and reports significant findings to the AC together with recommended corrective actions. Management is responsible in ensuring that the corrective actions are undertaken within an appropriate time frame.

Details of the Company's internal control system and framework are set out in the Statement on Risk Management & Internal Control and as set out on pages 70 to 73 of this annual report.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risks

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

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

UMW Group Policies & Guidelines

On 24 September 2011, UMW published the UMW Group Policies & Guidelines to formalise the operating principles that represent the distinctive culture of UMW. As a multi-national group of companies UMW is united by its common aspiration to become leaders in the industries that UMW compete in by going beyond boundaries to accomplish it.

These policies and guidelines serve to describe UMW's way of doing business. UMW is guided by the need to continually create a unique competitive advantage to exceed its stakeholders' expectations by ensuring that there is strong organisational alignment towards achieving its goals. These policies and guidelines serve to facilitate alignment between the group and operating units as well as across all business divisions. All subsidiaries within the Group adopt the policies and guidelines that are outlined in the book. These policies and guidelines may be reviewed and updated from time to time to reflect the changing external demands and internal conditions that are necessary to support the overall business objectives.

Gender Diversity Policy

UMW does not practice gender discrimination, neither at the management level nor at the Board level. There is women representation in management as well as on the Boards of subsidiary companies. At present, there is no woman representation at the holding company level but in identifying suitable candidates to fill in vacancies, the Board will assess the suitability of all candidates, based on their merits and contribution to the Board, irregardless of gender.

UMW Code of Business Conduct and Ethics

The UMW Code of Business Conduct and Ethics incorporates the Group's stance with regard to integrity in business conduct. One of the objectives of the UMW Code of Business Conduct and Ethics is to state clearly how UMW employees should conduct themselves in managing UMW business affairs. The said employees are to be driven by UMW values, i.e., "Honour" where they are to continuously display integrity and trust when managing stakeholders, customers, suppliers, vendors and contractors.

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 17 May 2013.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

Pursuant to the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the requirements of the Malaysian Code on Corporate Governance, the Board of Directors ("Board") is committed to maintaining a sound system of internal control in the Group to manage risks and to report on internal controls and regulatory compliance so as to safeguard shareholders' investment and the Group's assets.

Set out below is the Board's Statement on Risk Management and Internal Control for the financial year ended 31 December 2012 which was prepared in accordance with the Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Securities on the issuance of a statement about the state of internal control of the Group pursuant to Paragraph 15.26(b) of the MMLR. This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations except for associate companies.

RESPONSIBILITY

The Board recognises the importance of establishing and maintaining a sound system of risk management and internal control in the Group and as such, affirmed their commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, organisational and compliance controls, and for reviewing the adequacy and integrity of these systems.

Whilst the Board is ultimately responsible for these systems, it has delegated the implementation of these control systems to the Management who regularly report on risks identified and action steps taken to mitigate and/or minimise the risks. The oversight of this critical area is carried out by the Audit Committee and the Investment & Risk Management Committee comprising of the Board members.

The Group's risk management and internal control systems are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, provide information for accurate reporting and ensure compliances with regulatory and statutory requirements. The process for the identification, evaluation, monitoring and managing significant risks that may materially affect the Group's business objectives has been in place throughout the year under review and regularly appraised by the Board.

However, in view of the limitations inherent in any system, it should be appreciated that these systems are designed to manage and mitigate, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. These systems can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Group's concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting the risk ownership and continuous monitoring of key risks identified.

UMW has implemented and enhanced its ERM framework and processes which have been adopted for implementation throughout the Group. This was conducted 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.

Briefings on the ERM were conducted for senior management as part of the Group's efforts to instil a proactive risk management culture and implement a proper ERM framework in the Group.

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

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

Operational risks are inherent in the on-going activities within the different SBUs of the Group. Typically, some of the risks cover foreign exchange, credit, competency, technology, etc. senior management needs on-going assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Heads of Strategic Business Units ("SBU").

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, the status of key 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.

INTERNAL AUDIT FUNCTION

The Group has an adequately resourced Group Internal Audit Division ("GIAD") which provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management, internal controls and governance processes. GIAD is independent of the Group's business operations and has a group-wide mandate set out in its Audit Charter approved by the Audit Committee of the Board. GIAD carries out its functions in accordance with the annual audit plan approved by the Audit Committee each year covering the scope of the audit work and resources needed to perform such work. The Audit Committee regularly evaluates and monitors the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities. The Head of GIAD attends all Audit Committee meetings.

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

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

The GIAD is a corporate member of the Institute of Internal Auditor Malaysia ("IIAM") and subscribed to the standards issued by the IIAM. For the year under review, GIAD was awarded 2nd Place by IIAM for its strong commitment towards the Certified Internal Auditor ("CIA") Programme.

INTERNAL CONTROL FRAMEWORK

The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks of the Group. Such process is applied consistently throughout the Group and is constantly reviewed by the Board with the assistance of GIAD.

The key elements of the Group's internal control structure and environment are described below -

Board Committees
The Board is the pillar of the Group's risk management and internal control practices. The Board is committed in maintaining a sound system of internal control and continues to uphold and implement a strong culture and environment for the proper conduct of the Group's business operations. The Board, in discharging its duties, has established several Committees namely the Audit Committee, the Nomination Committee, the Remuneration Committee, IRMC and the Whistle Blowing Committee. The Board Committees operate within clearly defined terms of reference, procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board and its Committees meet at least on quarterly basis respectively to receive and review management reports and to ensure that actions are taken to resolve operational and strategic issues promptly and satisfactorily.

Organization Structure and Reporting Lines
The Group has a well-defined organisation structure that is aligned to business requirements with clearly defined delegation of responsibilities to the Board and its Committees and to Management that promotes accountability for appropriate risk management and control procedures. Apart from the Board Committees, the Board is supported operationally by the Management Committee which consists of senior members of the organisation including the President & Group CEO.

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

Comprehensive Budgeting and Forecasting System
The Group performs a comprehensive annual budgeting and forecasting exercise including the development of business strategies and key performance indicators which is deliberated and 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 the achievement of the key performance indicators after taking into account the changes in market conditions and significant business risks. The Group employs the reward and recognition framework which is based on the achievement of the key performance indicators that measures the goals and targets for each individual operating unit in alignment with the Group's business objectives and strategies.

Policies and Procedures
The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations and has put in place the following -

- **Written Policies and Procedures**
  Clearly defined and documented internal policies and guidelines have been established through the relevant charters, terms of reference, organisational structures and appropriate authority limits. The Group's policies and guidelines as contained in the Group Policies & Guidelines Manual have been communicated throughout the Group for implementation and compliance. These policies and guidelines are approved by the Board and regularly updated to reflect changing business requirements.

- **Limits of Authority and Responsibility**
  Clearly defined and documented lines and limits of authority, responsibilities and accountability have been established by the Group in the form of Financial Limits of Authority Guidelines ("FLAG").

  The FLAG outlines the authority of the Board and its Committee and that of Management 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. The FLAG are also regularly updated to reflect changing risks or to address operational deficiencies.

Monitoring, Reporting and Reviewing

The effectiveness of the Group's systems of risk management and internal controls are monitored through monthly management review of financial and operating results, business processes, the state of internal controls and business risk profile by the respective Heads of SBUs and reported to the Management Committee. In addition to the monthly reporting, the President & Group CEO performed mid-term business review on all operating units and initiate corrective measures where needed. Apart from that, regular internal visits are also made to the operating units by senior management to monitor compliance with policies and to assess performance. The Board is updated on the business performance on quarterly basis.

On top of that, these reviews are supplemented by a comprehensive review undertaken by GIAD on controls implemented at each individual business units and operations. Reports on the reviews carried out by GIAD are submitted on a regular basis to Management and the Audit Committee. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls. The President & Group CEO and the Executive Director of Group Financial Services report to the Audit Committee on the status of Management's action plans to address issues highlighted by the GIAD 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 influence over the financial and operating policies of the associated companies.

The monitoring, reviewing 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.

ASSURANCE TO THE BOARD

In line with the Guidelines, the Board has received written assurance from the President & Group CEO and the Executive Director of Group Financial Services stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, for the financial year ended 31 December 2012 up to the date of this Statement.

The Board is of the view that there is a continuous process in identifying, evaluating, monitoring and managing the significant risks faced by the Group and that during the year under review there were no significant weaknesses in the risk management and internal control systems of the Group which had resulted in material losses, contingencies or uncertainties requiring disclosure in the Annual Report. The Board is satisfied that the systems of risk management and internal controls in the Group are sound and sufficient to safeguard shareholders' investments and the Group's assets for the year under review and up to the date of the Annual Report.

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

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, this Statement has been reviewed by the External Auditors, Messrs. Ernst & Young for inclusion in the Annual Report of the Group for the financial year ended 31 December 2012 and has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's systems of risk management and internal control.

This Statement is made in accordance with the resolution of the Board dated 25 April 2013.

COMMUNITY CHAMPIONS

UMW empowers employees to lend their time to worthwhile causes via its employee volunteer programme - the UMW Community Champions.

From June 2009 to December 2012, the UMW Community Champions have spent over 11,000 hours working on various public service and community projects, together with the Group's Corporate Social Responsibility ("CSR") partners.

COMMUNITY DEVELOPMENT

UMW's CSR partnership with MERCY Malaysia continued for the fourth consecutive year in 2012. Along with manpower support from its employees, UMW provided MERCY Malaysia with over RM2 million to conduct mobile clinics, alcohol misuse intervention groups, fire risk reduction activities, as well as disaster relief efforts for remote or vulnerable communities in Malaysia.

UMW was one of the first corporations to establish a Payroll Giving Scheme to benefit MERCY Malaysia. The scheme which took effect in 2012 provides employees with the opportunity to contribute to MERCY Malaysia on a monthly basis.

2012 also saw UMW turn its CSR efforts towards creating awareness on issues faced by the disabled community. In March, the "UMW Cares for the Blind" Charity Bazaar was held at the UMW corporate office, in collaboration with the Malaysian Association for the Blind.

In May, the UMW Community Champions carried out a *gotong-royong* programme at the Rita Handicapped and Disabled Welfare Home. The Community Champions further participated in "Mini Karnival Sukan Rakyat", together with children of Rumah Pertubuhan Kanak-Kanak Istimewa Cemerlang Rawang in October.

It has long been a tradition at UMW to celebrate all major religious and cultural festivals in Malaysia with social and charitable activities. UMW treated the children of Good Samaritan Home to a movie outing, *ang pows* and other festive goodies, in conjunction with Chinese New Year 2012.

The home also received a financial donation from UMW to help ease and improve the lives of the children. As in previous years, UMW marked the holy month of Ramadhan with its annual *Majlis Buka Puasa* with underprivileged children. In conjunction with Deepavali, the children of Agathians Shelter Home were treated to a fun and educational outing to KidZania, while Christmas was ushered in with a *gotong royong* at Grace Home for the Elderly.

UMW Toyota Motor Sdn. Bhd. ("UMW Toyota Motor") held the 21st Toyota Classics featuring the Vienna Chamber Orchestra at Dewan Filharmonik PETRONAS on 8 November 2012.

Proceeds from the concert's ticket sales and corporate donations amounted to RM320,328. The funds were channeled to two organisations for specific purposes. Persatuan Pemulihan Orang-Orang Cacat Selangor & Wilayah Persekutuan received a Toyota Hiace to facilitate its residents' mobility, while the Malaysia-Japan International Institute of Technology received a Toyota Prius 1.8 for academic usage.

EDUCATION

UMW continued its participation in PINTAR - a school adoption programme aimed at fostering

excellence among youths in under-served communities.

In 2012, UMW had seven (7) national and vernacular primary schools under its wings. The Group provided funds for motivational camps, tuition classes as well as additional educational material for these schools. To date, nine (9) schools graduated from the UMW-PINTAR programme.

The UMW-PMR Clinic was launched in September. The pilot clinic was a collaborative effort between UMW, Petaling Perdana Education District ("PPED") and New Straits Times Press (under Newspaper in Education).

The clinic provided participating students with intensive coaching on three (3) core PMR examination subjects - Science, Mathematics and English. It benefited 104 students from 10 schools who were selected based on assessment of the PPED as being under-performing.

ENVIRONMENT

The Toyota Eco Youth ("TEY"), a programme organised by UMW Toyota Motor, marked its 12th successful year in 2012. Since its inception in 2001 as an environmental project for students in secondary schools, the TEY had evolved into a much anticipated and popular programme that every school wants to be part of.

Starting with only eight (8) schools, the programme today is participated by 16 schools nationwide. From finding environmental problems around their schools and coming up with innovative ways to resolve them using Toyota's 8-Step Problem Solving Methodology, the programme has been extended to community level since 2011.

The UMW Community Champions embarked on four different environmental programmes in 2012:

- The UMW Community Champions River Hunt Programme was held in February at Commonwealth Forest Park, Selangor. The children of Rumah Amal Siraman Kasih were invited to participate in the programme where they were taught water quality-testing methods and the importance of caring for our rivers. Helping to facilitate the programme were representatives from Jabatan Hutan Negeri Selangor and Lembaga Urus Air Selangor.

- In June, a *gotong-royong* at Bukit Melawati was conducted in collaboration with Majlis Daerah Kuala Selangor.

- The UMW Eco Camp was held at Forest Research Institute Malaysia in November as an opportunity for underprivileged children to learn about forest ecology in a fun, outdoor environment. A total of 34 children from two (2) shelter homes in the Klang Valley participated in the programme. The UMW Community Champions and Nature Education Centre acted as facilitators.

- The annual UMW Mangrove Tree Planting programme was held in Sg. Pelek, Sepang, in December. The Community Champions planted 1,000 mangrove tree saplings in the area, in addition to the 1,500 trees previously planted in 2011. The programme also featured a talk by the Malaysian Nature Society.

HEALTH, SAFETY & ENVIRONMENT

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

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

In May 2012, the following six (6) companies in the Group were OHSAS 18001:2007 re-certified by SIRIM QAS International -

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

The accreditation is testimony to the Group's commitment to adhere to the highest international standards of health, safety and environment. More companies in the Group are expected to be OHSAS certified in the future.

Health, Safety and Environment Activities

During the year, various HSE activities were organised in an effort to inculcate high standards of HSE practices Group-wide.

1. **OHSAS 18001 Awareness Briefing**

   There were 23 sessions of Occupational Health & Safety Management System (OHSAS 18001:2007) Awareness briefings that were organised from 17 to 29 February 2012. The objective of the briefing is to explain in detail to all employees about OHSAS 18001:2007 and its requirements. Over 1,000 employees attended the briefing. The programme was well-received and supported by senior management and staff.

2. **Pioneering Road Safety Programme for Pre-school - "Toyota Traffic Tots"**

   On 23 February 2012, UMW Toyota Motor launched the Toyota Traffic Tots, a three-year road safety programme targeted at pre-school children, at the Bukit Damansara Community Centre. The event was officiated by Dato' Seri Kong Cho Ha, the Minister of Transport, and was attended by over 300 guests.

   Toyota Traffic Tots is a unique programme that complements the Road Safety Education initiative, a partnership between the Ministry of Transport and Ministry of Education to teach road safety in schools.

   The underlying message: Road safety awareness should begin as early as possible so that safety values can be ingrained in early childhood.

3. **Monitoring indoor air quality at UMW Corporation Sdn. Bhd.**

   Good indoor air quality potentially affects all individuals who work in indoor environments. A healthy work area is a top priority and contributes to personal health and productivity. UMW Corporation Sdn. Bhd. has coordinated indoor air quality monitoring ("IAQ") from 6 to 8 March 2012. Apart from CSR elements of the programme, the IAQ initiative also offers a number of key benefits -

   - Assessment of health risk to workers;
   - Increase work efficiency, productivity and reduce absenteeism;
   - A good IAQ within offices will improve a building's life-cycle; and
   - Serve as a baseline data for health risk of indoor air pollutants.

4. Regular HSE training/briefings have been organised throughout 2012 involving all participants within the Group

A series of briefings on HSE have been organised throughout 2012 such as -

- Safe Handling of Chemicals;
- Personal Protective Equipment;
- Chemical Health Risk Assessment; and
- Monitoring of Local Exhaust Ventilation.

The main objective of all briefings is to provide the latest information and action plan to employees in a more conscious effort towards HSE continuous improvements moving forward.

5. Health, Safety and Environment visits - East Malaysia Regional Branches

As part of the Group's strategy to instill HSE awareness amongst employees, Group Health, Safety and Environment Department organised visits to regional branches in East Malaysia. The visits were part of the annual activities which had the following objectives -

- To assist branches in complying with HSE legal requirements;
- To carry out an awareness programme for employees on various topics such as Hazard Identification, Risk Assessment and Risk Control, emergency procedures, accident investigation, etc.; and
- To share and disseminate information on current HSE issues.

In addition, plant walkabouts by Group HSE personnel and Safety and Health committee members of the branch provided good experience to the committee members. It trained committee members to identify unsafe acts and unsafe conditions at the workplace where immediate counter measures are vital to prevent unwanted incidents. The branches visited were -

- Lahad Datu - 16 July 2012;
- Tawau - 17 to 18 July 2012; and
- Sibu - 8 to 10 October 2012.

6. Plant Tour and Medical Surveillance Programme

The Use and Standards of Exposure to Chemicals Hazardous to Health Regulations ("USECHH") 2000 is another attempt to further enhance the safe use of chemicals. Under USECHH, medical surveillance should be conducted by an Occupational Health Doctor ("OHD") registered with the Department of Occupational Safety and Health.

Group HSE had arranged plant tours (where hazardous chemicals were used) with the OHD and staff nurse of UMW in-house clinic. The key objectives of the tour were -

- To identify the amount and frequency of usage of hazardous chemicals;
- To identify the type of hazards and controls in place;
- To identify suitable treatment should any worker come in contact with hazardous chemicals;
- To determine the medical status of the worker before recommending personal protective equipment as it can be detrimental to health;
- To include medical surveillance for those exposed to hazardous chemicals Schedule II by OHD; and
- To enhance the understanding of employers and employees on the importance and need for a medical surveillance programme.

7. Chemical Health Risk Assessment ("CHRA") at branches

HSE has coordinated CHRA programmes at branches in an effort to ensure UMW complies with all acts and regulations pertaining to Occupational Safety and Health.

Group HSE collaborated with non-motor companies to appoint consultants to conduct the assessment based on the following objectives -

- To assess potential health hazards caused by chemicals stored, used or carried in the premises;
- To assess the chemicals' exposure rate to employees via breathing, absorption, etc;
- To assess risk controls; and
- To conclude and propose actions/ measures to be implemented.

The programmes were conducted according to schedule -

- Kuantan - 1 & 2 October 2012;
- Bukit Minyak - 15 & 16 October 2012;
- Ipoh - 17 October 2012; and
- Johor Bahru - 22 & 23 October 2012.

Awards and Recognition

On April 2012, UMW Corporation Sdn. Bhd. achieved a remarkable milestone by clocking in 1 million man-hours with No Lost-Time-Injury. The certificate of achievement was presented by Datuk Syed Hisham Syed Wazir, President & Group CEO to all Corporate Division Heads.

The role of human resource management today has shifted from a mainly administrative function to a more strategic role that can help make or break a company's growth. Recognising this fact, the Group's Human Resource ("HR") Initiatives for 2012 continued to focus on three (3) key objectives - building workforce competency, developing leadership and engaging high performance. Eight (8) HR Blueprints were also developed to ensure that HR policies and procedures are applied/ interpreted consistently and fairly at all times.

The path that we take on our HR Strategic Roadmap has allowed us to successfully retain and recruit people who have the ability to drive the Group into the next phase of its evolution.

BUILDING WORKFORCE COMPETENCY

Recruitment Initiatives

UMW Group Human Capital ("GHC") participated in seven (7) Career Fairs in year 2012. With the recent regulatory changes on the hiring of foreign workers, GHC is now partnering with UMW Advantech Sdn. Bhd. to directly source for qualified production workers from Nepal and Vietnam.

The New UMW Competency Model: Functional Competencies

Having established Core Competencies and Leadership Competencies the previous year, the next phase (completed in 2012) was identifying Functional Competencies for five (5) job families -

- Sales;
- Marketing;
- Finance;
- Internal Audit; and
- Human Resource.

The Competency framework consists of Competency clusters and behavioural descriptors. Functional competencies will be applied in the areas of recruitment, confirmation of employee probation and promotion.

UMW-INSTEP Drilling Academy MOU Signing Ceremony

On 28 June 2012, UMW Oil & Gas Corporation Sdn. Bhd. signed a Memorandum of Understanding with PETRONAS' training arm,

PETRONAS Technical Training Sdn. Bhd. to establish the country's first national Oil & Gas drilling academy of its kind. The move is aimed towards ensuring a continuous supply of skilled personnel for the regional Oil & Gas industry. International regulators such as International Association of Drilling Contractors, International Well Control Forum and Offshore Petroleum Industry Training Organisation will come on board to certify the structured drilling programmes offered by the academy.

Executive Diploma in General Management

The Executive Diploma in General Management, offered in collaboration with SEGi College and University of Sunderland, United Kingdom, is specifically focused on the development of rank and file UMW supervisors and executives with high potential, but who do not possess tertiary-level academic qualifications. It is also applicable to those who would like to realign their job skills with their current functional role at work. Participation in the programme is fully sponsored by the respective company/division within the UMW Group. The third batch of graduates (Cohort 3) graduated from the programme on 21 March 2012.

SL1M-UMW: Graduate Enhancement Programme

In supporting national efforts to improve the employability of new graduates under Skim Latihan 1Malaysia ("SL1M"), UMW welcomed its second batch of trainees to the SL1M-UMW: Graduate Enhancement Programme ("GEP") in May 2012. The programme consists of two (2) months soft skills training plus another six (6) months of on-the-job training ("OJT") in various companies within the UMW Group. The year 2012 also saw the graduation of Batch 1, who came on board in September 2011 and completed their OJT tenure with UMW in early May 2012. 75% of Batch 1 Trainees secured permanent jobs while in the programme, with 17 of them being absorbed as permanent employees of UMW. For Batch 2, a total of 14 trainees have been absorbed as permanent employees of UMW, with another 12 trainees securing permanent employment in other organisations.

DEVELOPING LEADERSHIP

Management Trainee Programme

Seven (7) new Management Trainees were recruited in July 2012, in line with our objective to attract high-potential young talents. The programme provides a solid platform for high performing talents to acquire critical business and behavioural skills that will allow them to become the Group's future leaders. The trainees underwent two (2) months of intensive soft-skill and leadership training, before being deployed to various business units for further OJT training and development.

Leadership Talent Review

UMW's Leadership Talent Review is an annual process for managing talent and organisational capability to ensure availability of high quality human resources to support the Company's business needs. A total of 100 employees within the UMW Non-Motor Group of Companies have been identified as High Potential talents and will undergo a comprehensive assessment to identify, and fulfill their individual development needs.

UMW Scholarship

UMW continued to award scholarships to local students from lower-income families as we believe that education plays a vital role in the betterment of society. In year 2012, UMW sponsored 21 scholars enrolled at local universities. The scholars are regarded as potential future talents to strengthen the Group's leadership pipeline.

ENGAGING HIGH PERFORMANCE

Enhanced Performance Management, Remuneration and Rewards

A more structured performance evaluation and reward mechanism was introduced in year 2012 for Management-level employees of UMW Non-Motor Group of Companies. This move is aligned with our efforts to foster a strong performance-oriented culture. The Corporate Dashboard and Key Performance Indicator (KPI) concepts were introduced to help translate the organisation's business strategy into individual objectives. This enables employees to better see a direct correlation between the achievement of pre-determined targets and their eligibility for performance-based rewards, further encouraging all to work together towards achieving common goals.

At the same time, a Group-Wide Total Remuneration Study was initiated to gauge UMW's pay competitiveness in the market, and its ability to attract and retain critical talents. Revised salary ranges for Management employees, consisting of General Roles and Oil & Gas Technical Roles were formalised effective 1 October 2012 and 1 January 2013, respectively. New salary ranges for Sales Personnel (Non-Management), Group Marshalls & Safety Technicians, and for Non-Management employees of UMW Equipment & Engineering Pte. Ltd., Singapore were also formalised subsequent to necessary benchmarking and market review.

A new Collective Agreement ("CA") was harmoniously concluded between the subsidiaries of UMW Holdings Berhad and its Union workforce under the UMW Group Workers Union (Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW) for the period between 1 January 2012 and 31 December 2014. The new CA marks the eleventh time that a CA

has been concluded. With the new CA, Union workers will receive higher pay and increased medical benefits as well as higher insurance coverage for Group Term Life and Group Personal Accidents. There are also improvements in retrenchment benefits.

Continuous Improvement Programme

Continuous Improvement Programme ("CIP") is aimed at fostering greater efficiency and excellence in our operations. It consists of five (5) modules-5S (Sort, Set in Order, Shine, Standardise, Sustain), Suggestion Scheme, Innovative and Creative Circle, Total Productive Maintenance and Lean Manufacturing.

The programme was first launched in year 2011 with two (2) model companies, UMW Oilpipe Services Sdn. Bhd. (West Plant) and UMW Industrial Power Sdn. Bhd. In September 2012, these companies completed the first CIP module-5S and were presented with the Quality Environment/5S Certification by Malaysia Productivity Corporation.

The year 2012 also saw 5S implementation initiated at the Equipment, Manufacturing & Engineering, Oil and Gas and Group Human Resource Division.

Townhall Sessions & Other Employee Engagement Activities

The UMW Group believes that employees who are highly engaged with the company are those who will go *Beyond Boundaries*®. As such, the Group continued to conduct a regular stream of employee engagement activities throughout the year - including the celebration of major festivals, religious events, sports tournaments and recreational activities. The Group also rewards academic excellence and provides scholarships and financial assistance to the children of employees.

A new feature in 2012 was the President & Group CEO Townhall sessions - a platform of direct dialogue between the President & Group CEO and all employees on business, organisational and social matters. It is a major effort towards enhancing internal communications and sustaining high performance across all levels, divisions and companies. The inaugural Townhall was held on 19 January 2012, with further sessions conducted every quarter.

20 February


23-25 March

JANUARY

11

UMW Toyota Motor Sdn. Bhd. unveiled the all new Toyota Avanza, showcasing an advanced and dynamic new design.

19

UMW organised its first Town Hall Meeting and Dialogue Session with the President & Group CEO, to foster greater unity and open communication amongst employees of all levels and divisions.

FEBRUARY

20

UMW Toyota Motor Sdn. Bhd. unveiled the all new PRIUS c, an improved version of the 3rd Generation Toyota PRIUS.

21 February

MARCH

13

UMW Lubricant International Sdn. Bhd., the official distributor of REPSOL lubricants in Malaysia, announced its strategic business plan to penetrate regional markets, at its "Dealers Conversion Programme" held at Concorde Hotel, Shah Alam.

19

Toyota Capital Malaysia Sdn. Bhd. and Standard Chartered Bank Malaysia Berhad formalised an agreement appointing the latter as manager of its Fixed-Income securities.

21

UMW proudly announced its Executive Diploma in General Management ("EDGM") graduates class of 2011 at a diploma conferment ceremony in Shah Alam. The EDGM programme is focused on the development of UMW rank and file supervisors and executives who desire to upgrade their academic qualifications.

23 & 25

UMW Equipment Sdn. Bhd. officially handed over a total of 21 Rosenbauer Airport Fire Fighting Vehicles to Malaysia Airports Holdings Berhad in Kota Kinabalu and Kuching.

CALENDAR OF EVENTS (CONT'D.)

9 May

27 June

APRIL

2

UMW Industries (1985) Sdn. Bhd. was awarded the Tennant SEAT Export Distributor of the Year by Tennant Company in recognition of the company's overall performance within the South East Asia and Taiwan region.

20

UMW Lubricant International Sdn. Bhd., launched its locally-blended REPSOL products for the Sabah market.

24

In keeping with the Malaysian Code on Corporate Governance, an Affirmation Ceremony was held on the Statement on Internal Controls and Management Control Policy, for the year ended 31 December 2011.

25

UMW Holdings Berhad renewed its Collective Agreement with its union workforce under the UMW Group Workers' Union or Kesatuan Pekerja-Pekerja Perusahaan Kumpulan UMW.

30

UMW Oil & Gas was one of the exhibitors at the Offshore Technology Conference in Houston, Texas. The massive event attracted almost 90,000 visitors from over 100 countries.

MAY

9

LEXUS Malaysia proudly launched the improved version of the Lexus RX, a crossover vehicle that created popular vibes in the large luxury Sports Utility Vehicles segment.

18

KYB-UMW Malaysia Sdn. Bhd. officially launched its "Caring and Sharing" programme as part of its CSR initiative to coincide with its 30th anniversary of operations in the Malaysian market.

31

UMW Industries (1985) Sdn. Bhd. launched a new range of 1.5 to 3.0-tonne rated capacity battery electric forklifts – the Toyota 8FB series.

18 May

JUNE

1

UMW Toyota Motor Sdn. Bhd. launched the full model change Toyota Camry and the much anticipated All-New Toyota 86 to the media at the Sepang International Circuit. The new Toyota Camry is assembled locally at Assembly Services Sdn. Bhd.

2

UMW Toyota Motor's Body & Paint Centre at Bukit Raja, Klang, officially commenced operations. The new 5.7 acre facility is equipped with 42 work bays and four (4) paint booths, in full compliance with standards set by Toyota Motor Corporation, Japan.

27

The CEO Awards & Brand Hero Awards ceremony returned to honour UMW companies and individual employees that have greatly contributed towards the Group's stellar performance.

29

UMW Industries (1985) Sdn. Bhd. launched its 5S programme at its main office in Shah Alam.

JULY

7

600 employees of UMW Corporation Sdn. Bhd. dressed up retro and funky for the company's Appreciation Dinner at the Palace of the Golden Horses Hotel.

11

Lexus Malaysia hosted its annual Lexus Invitational Golf Tournament to provide Lexus owners the opportunity to share their Lexus experience.

7 July

2 August

AUGUST

2

Toyota Capital Malaysia Sdn. Bhd. appointed Cedar Plus Sdn. Bhd., an IT solution company with Multimedia Super Corridor status, to undertake the project for the implementation of applications to support the Business Process Transformation.

8

45 units of Toyota forklifts, Toyota towing tractors and BT powered pallet trucks were handed over to Continental Tyre AS Malaysia by UMW Industries (1985) Sdn. Bhd.

18 September

SEPTEMBER

18

UMW received several Excellence Awards under the 2011 Toyota Material Handling International Award Programme which was held in Yokohama, Japan.

28

The inaugural UMW PMR Clinic – a CSR programme aimed at assisting students in under-performing schools in Shah Alam was held.

28 September

CALENDAR OF EVENTS (CONT'D.)

2 October

2-4 November

OCTOBER

2

Official opening of UMW Toyota Motor's flagship Body & Paint Centre as part of the development of the company's Integrated Quality Hub in Bukit Raja, Klang.

8 November

NOVEMBER

2 - 4

UMW held its 14th Sports Carnival (Pesta Sukan UMW Ke-14). Employees from across the Group gathered at UiTM Shah Alam to compete in 13 different games.

8

The 21st Toyota Classics was held featuring the world-renowned Vienna Chamber Orchestra, under the baton of conductor Joji Hattori. The concert coincided with the 30th Anniversary of Malaysia's Look East Policy.

27

UMW Non-Motor Group celebrated its OHSAS 18001:2007 re-certification.

DECEMBER

8

UMW Oil & Gas employees came together for the company's Annual Dinner held at the Royale Chulan Hotel, Kuala Lumpur.

19

Assembly Services Sdn. Bhd. held its annual QCC Grand Convention, offering employees a platform to submit any creative ideas they may have to improve processes, procedures and overall operations at the company.

27 November

STATISTICS ON SHAREHOLDINGS

AS AT 9 MAY 2013

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	344	18	362	8.04	10,328	720	11,048	0.00
100 to 1,000	959	84	1,043	23.18	613,771	55,388	669,159	0.06
1,001 to 10,000	1,568	252	1,820	40.44	6,289,184	1,096,290	7,385,474	0.63
10,001 to 100,000	490	332	822	18.27	14,172,924	12,001,600	26,174,524	2.24
100,001 to less than 5% of issued shares	125	326	451	10.02	210,168,770	279,371,453	489,540,223	41.90
5% and above of issued shares	2	0	2	0.05	644,513,504	0	644,513,504	55.17
Total	**3,488**	**1,012**	**4,500**	**100.00**	**875,768,481**	**292,525,451**	**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	2,794	178	15,868,853	2,408,288	1.36	0.21
2. Body Corporate						
(a) Banks/finance companies	72	1	611,852,008	5,206	52.37	0.00
(b) Investment trusts/foundations/charities	2	0	5,144	0	0.00	0.00
(c) Industrial and commercial companies	84	10	2,200,626	2,091,498	0.18	0.18
3. Government agencies/institutions	3	0	320,884	0	0.03	0.00
4. Nominees	532	823	245,514,300	288,020,459	21.02	24.65
5. Others	1	0	6,666	0	0.00	0.00
Total	**3,488**	**1,012**	**875,768,481**	**292,525,451**	**74.96**	**25.04**

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY

As at 9 May 2013, 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 9 MAY 2013

THIRTY LARGEST SHAREHOLDERS

	Shareholders	No. of Shares	%
1.	AmanahRaya Trustees Berhad - *Skim Amanah Saham Bumiputera*	496,000,000	42.46
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. - *Employees Provident Fund Board*	148,513,504	12.71
3.	Permodalan Nasional Berhad	22,465,700	1.92
4.	AmanahRaya Trustees Berhad - *Amanah Saham Malaysia*	22,000,000	1.88
5.	AmanahRaya Trustees Berhad - *Amanah Saham Wawasan 2020*	21,506,500	1.84
6.	Malaysia Nominees (Tempatan) Sendirian Berhad - *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	20,890,600	1.79
7.	Cartaban Nominees (Asing) Sdn. Bhd. - *Exempt An For State Street Bank & Trust Company (West CLT OD67)*	19,058,327	1.63
8.	HSBC Nominees (Asing) Sdn. Bhd. - *HSBC BK PLC For Saudi Arabian Monetary Agency*	14,090,900	1.21
9.	AmanahRaya Trustees Berhad - *Amanah Saham Didik*	13,906,200	1.19
10.	HSBC Nominees (Asing) Sdn. Bhd. - *BBH And Co. Boston For Vanguard Emerging Markets Stock Index Fund*	13,786,520	1.18
11.	Maybank Nominees (Tempatan) Sdn. Bhd. - *Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)*	11,600,000	0.99
12.	HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For JPMorgan Chase Bank, National Association (U.S.A)*	8,804,100	0.75
13.	AmanahRaya Trustees Berhad - *AS 1Malaysia*	8,000,000	0.68
14.	HSBC Nominees (Asing) Sdn. Bhd. - *Pictet and Cie For Pictet Global Selection Fund - Global High Yield Emerging Equities Fund*	7,480,100	0.64
15.	Amsec Nominees (Tempatan) Sdn. Bhd. - *Amtrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	6,679,400	0.57
16.	Cartaban Nominees (Tempatan) Sdn. Bhd. - *Exempt An For Eastspring Investments Berhad*	6,202,000	0.53
17.	HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For JPMorgan Chase Bank, National Association (Netherlands)*	6,039,300	0.52
18.	HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For JPMorgan Chase Bank, National Association (U.A.E.)*	5,870,215	0.50
19.	HSBC Nominees (Asing) Sdn. Bhd. - *Exempt An For The Bank Of New York Mellon (Mellon ACCT)*	5,833,642	0.50
20.	AmanahRaya Trustees Berhad - *Public Islamic Dividend Fund*	5,397,100	0.46
21.	HSBC Nominees (Asing) Sdn. Bhd. - *BNY Brussels For Saudi Arabian Monetary Agency*	4,930,800	0.42
22.	HSBC Nominees (Asing) Sdn. Bhd. - *BNY Brussels For The Great Eastern Life Assurance Co. Ltd.*	4,845,100	0.42
23.	HSBC Nominees (Asing) Sdn. Bhd. - *HSBC BK PLC For Kuwait Investment Office (KIO)*	4,400,000	0.38
24.	Cartaban Nominees (Asing) Sdn. Bhd. - *RBC Investor Services Bank For Robeco Capital Growth Funds*	3,933,000	0.34
25.	Citigroup Nominees (Asing) Sdn. Bhd. - *Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)*	3,866,990	0.33
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. - *Employees Provident Fund Board (NOMURA)*	3,623,000	0.31
27.	Citigroup Nominees (Tempatan) Sdn. Bhd. - *Exempt An For American International Assurance Berhad*	3,564,400	0.31
28.	Malaysia Nominees (Tempatan) Sendirian Berhad - *Great Eastern Life Assurance (Malaysia) Berhad (LPF)*	3,455,400	0.30
29.	Maybank Nominees (Tempatan) Sdn. Bhd. - *Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)*	3,400,000	0.29
30.	Cartaban Nominees (Asing) Sdn. Bhd. - *Government of Singapore Investment Corporation Pte. Ltd. For Government of Singapore (C)*	3,302,000	0.28
	TOTAL	**903,444,798**	**77.33**

SUBSTANTIAL SHAREHOLDERS

	Shareholders	Direct Interest	Deemed Interest	%
1.	Skim Amanah Saham Bumiputera	-	496,000,000	42.46
2.	Employees Provident Fund Board	1,500,000	158,124,504	13.66
	TOTAL	**1,500,000**	**654,124,504**	**56.12**

The above information was based on Bursa Malaysia Depository Sdn. Bhd.'s records received on 10th May 2013.

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

There were no options, warrants or convertible securities by the Company during the financial year under review.

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 2012 by the Company's external auditors or their affiliates is disclosed in Note 29 of the Financial Statements.

Variation in Results

There were no variances of 10% or more between the results for the financial year 2012 and the unaudited results previously announced.

Profit Guarantees

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

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 2 February 1993 between PNB Equity Resources 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.

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

(c) 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-executive 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.

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting of the Company held on 21 June 2012, 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 2012 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 parts by Denso to UMWT, a subsidiary of UMWC. • Sale of vehicle parts by Denso to ASSB, a wholly-owned subsidiary of UMWT.	667,989 144,269
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/local parts by JAMSB to UMWT, a subsidiary of UMWC.	195,615

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 vehicles Original Equipment ("OE") exhaust system by AISB, a wholly-owned subsidiary of UMWT, to PMSB. • Sale of stamping parts/manifold assembly exhaust by AISB, a wholly-owned subsidiary of UMWT, to PEMSB.	39,235 78,115
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. • Sale of fabric and CKD seat component by TTM to TBU, a subsidiary of UMWT.	244,422 118,010

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 parts by UMWT, a subsidiary of UMWC, to UMW Toyotsu.	189,509
Japan Drilling Co, Ltd. ("JDC")	JDC has 15% equity interest in UMW JDC Drilling Sdn. Bhd. ("UJD"), a 85%-owned subsidiary of UMWC. Hakuryu 5, Inc is a wholly-owned subsidiary of JDC.	• Payment of charter of drilling by UJD, a subsidiary of UMWC, to Hakuryu 5, Inc.	154,962

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 4 June 2013 in relation to the Proposed 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.

TOP TEN (10) PROPERTIES HELD BY THE UMW GROUP

AS AT 31 DECEMBER 2012

	Location	Description	Existing Use	Tenure	Approximate Area of Land/ Built-up (Sq. Metres)	Approximate Age of Building (Years)	Revaluation Date	Acquisition Date	Net Book Value (RM)
1	**Klang** No.1, Jalan Keluli 2/KU2 Kawasan Perindustrian Bukit Raja Klang Selangor	Industrial Land	Integrated Quality Hub, Test Track and Centralised Body & Paint Centre	Leasehold 99 years	Land - 354,261.0 Built-up - 27,753.3	1	-	28.12.2008	77,700,286
2	**Ulu Selangor** Lot 15001 to Lot 15009 & Lot 15019 to Lot 15024 and PT 16042 to PT 16045, PT 16050 and PT 16052 to PT 16056 Mukim Serendah Ulu Selangor, Selangor	Industrial Land	Vacant	Leasehold 99 years expiring 25.10.2098 and Leasehold 99 years expiring 07.07.2109	Land - 2,963,743.3 Built-up - Nil	-	-	17.04.1995	74,489,047
3	**Shah Alam** No. 2, Persiaran Raja Muda Section 15 Shah Alam, Selangor	Commercial Land	UMW Toyota Motor Head Office	Leasehold 99 years expiring 22.07.2067	Land - 24,283.2 Built-up - 19,840.5	8	-	06.08.1985	42,733,870
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	5	-	28.03.2006	36,730,216
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	5	-	29.12.2003	35,754,585
6	**Shah Alam** No. 19, Jalan Subang Utama 2 (Jalan Puchong) Lion Industrial Park Section 22, Shah Alam Selangor	Industrial Land	Automotive Industries Sendirian Berhad Office/Plant	Freehold	Land - 46,871.0 Built-up - 821.0	10	-	14.05.1997	27,036,533
7	**Petaling Jaya** Lot 1, Jalan 19/1 Section 19 Petaling Jaya Selangor	Industrial Land	Showroom, Body & Paint, Parts & Service Centre	Leasehold 99 years expiring 28.06.2061	Land - 17,094.0 Built-up - 11,632.1	7	-	15.06.1991	26,186,381
8	**Ipoh** Lot 4798 Mukim Ulu Kinta Daerah Kinta Jalan Kuala Kangsar Ipoh, Perak	Industrial Land	Showroom , Body & Paint, Parts and Service Centre	Leasehold 999 years expiring 02.01.2895	Land - 10,918.7 Built-up - 17,960.0	2	-	13.12.1995	26,049,546
9	**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	5	-	28.09.2005	25,624,086
10	**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	7	-	13.08.2004	24,880,739

FINANCIAL STATEMENTS

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 2012.

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	**1,578,082**	**508,583**
Attributable to:		
Equity holders of the Company	**994,296**	**508,583**
Non-controlling interests	**583,786**	**-**
	1,578,082	**508,583**

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) reversal of impairment of investments in associates of RM64.7 million recognised by the Group as disclosed in Note 29 to the financial statements;

(b) impairment of goodwill of RM35.2 million recognised by the Group as disclosed in Note 29 to the financial statements; and

(c) impairment of property, plant and equipment of RM25.2 million recognised by the Group as disclosed in Note 29 to the financial statements.

DIVIDENDS

The amounts of dividends paid or declared by the Company since 31 December 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011:	
Second interim single-tier dividend of 27% or 13.5 sen paid on 10 February 2012	**157,720**
Final single-tier dividend of 15% or 7.5 sen paid on 10 August 2012	**87,622**
In respect of the financial year ended 31 December 2012:	
First interim single-tier dividend of 20% or 10.0 sen paid on 8 October 2012	**116,829**
Second interim single-tier dividend of 30% or 15.0 sen paid on 8 February 2013	**175,244**

DIVIDENDS (CONT'D.)

At the forthcoming Annual General Meeting of the Company, a final single-tier dividend in respect of the current financial year of 50% or 25.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM292.1 million (2011: a single-tier dividend of 15% or 7.5 sen per share of RM0.50 each, amounting to RM87.6 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 2013.

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 except for the following:

	<-----------------Number of Ordinary Shares of RM0.50 Each---------------->			
The Company	**1 January 2012**	**Bought**	**Sold**	**31 December 2012**
Indirect Interest				
Tan Sri Asmat bin Kamaludin	20,000	-	-	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 loss on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment loss on receivables had been made; and

  (ii) to ensure that any current assets which were unlikely to realise their 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 loss on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading or inappropriate.

(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 2013.

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 103 to 213 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 47 on page 214 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 2013.

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 103 to 214 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 2013)

AZMIN BIN CHE YUSOFF

Before me,

PESURUHJAYA SUMPAH
No: B319
Nama: SHAHIDAH MD YUNOS
MALAYSIA

No. 7-1F
Jln. Boling Padang G 13/G,
Seksyen 13 40100 Shah Alam
Selangor.

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 2012 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 103 to 213.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 reporting responsibilities

The supplementary information set out in Note 47 on page 214 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

1. As stated in Note 2.2 to the financial statements, UMW Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. 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. 2857/07/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
25 April 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 RM'000	2011 RM'000	As at 1.1.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	**3,195,621**	3,077,195	2,852,305
Investment properties	5	**9,774**	77,574	81,488
Intangible assets	6	**167,125**	199,415	258,489
Land use rights	7	**4,609**	4,771	4,931
Leased assets	8	**244,788**	226,936	193,998
Receivables	16	**4,707**	7,858	-
Investment in jointly-controlled entities	10	**36,708**	-	-
Investment in associates	11	**1,565,155**	1,424,444	1,453,059
Deferred tax assets	12	**50,631**	56,521	41,286
Other investments	13	**44,800**	54,730	132,463
Derivative assets	14	**66,252**	62,261	63,746
		5,390,170	5,191,705	5,081,765
Current assets				
Inventories	15	**1,834,529**	1,518,883	1,396,135
Receivables	16	**1,568,422**	1,209,716	1,109,168
Other investments	13	**489,881**	391,271	229,963
Derivative assets	14	**1,596**	5,404	4,897
Deposits, cash and bank balances	17	**2,495,305**	2,219,430	2,195,051
		6,389,733	5,344,704	4,935,214
Non-current assets held for sale	18	**12,502**	4,548	6,839
		6,402,235	5,349,252	4,942,053
TOTAL ASSETS		**11,792,405**	10,540,957	10,023,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012 **(CONT'D.)**

	Note	2012 RM'000	2011 RM'000	As at 1.1.2011 RM'000
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	19	**584,147**	584,147	576,687
Share premium		**794,482**	794,482	716,708
Capital reserve		**396**	396	1,469
Share options reserve		**-**	-	14,514
Fair value adjustment reserve	20	**(2,063)**	-	-
Foreign currency translation reserve	20	**(37,278)**	(26,344)	(40,826)
Retained profits		**3,511,084**	2,896,483	2,758,541
		4,850,768	4,249,164	4,027,093
Non-controlling interests		**1,426,831**	1,328,904	1,239,918
Total equity		**6,277,599**	5,578,068	5,267,011
Non-current liabilities				
Provision for liabilities	21	**57,982**	69,132	65,492
Deferred tax liabilities	12	**28,759**	34,040	26,428
Long term borrowings	22	**1,726,382**	1,743,296	1,858,199
Derivative liabilities	14	**22,436**	19,852	21,255
		1,835,559	1,866,320	1,971,374
Current liabilities				
Provision for liabilities	21	**71,001**	79,213	80,818
Taxation		**85,921**	83,410	107,553
Short term borrowings	24	**1,154,981**	850,708	825,236
Payables	25	**2,184,945**	1,924,255	1,610,297
Dividend payable	34	**175,244**	157,720	156,647
Derivative liabilities	14	**7,155**	1,263	4,882
		3,679,247	3,096,569	2,785,433
Total liabilities		**5,514,806**	4,962,889	4,756,807
TOTAL EQUITY AND LIABILITIES		**11,792,405**	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 2012

	Note	2012 RM'000	2011 RM'000
Revenue	26	**15,863,617**	13,535,753
Other operating income	27	**194,299**	146,342
Changes in inventories		**255,514**	67,716
Finished goods purchased		**(11,152,003)**	(9,394,250)
Raw materials and consumables used		**(716,831)**	(583,092)
Employee benefits	28	**(901,966)**	(778,258)
Depreciation and amortisation		**(285,475)**	(297,573)
Other operating expenses	29	**(1,387,408)**	(1,439,696)
Profit from operations		**1,869,747**	1,256,942
Finance costs	30	**(102,988)**	(90,477)
Investment income	31	**78,573**	77,897
Share of results of associates		**164,361**	120,889
Profit before taxation		**2,009,693**	1,365,251
Income tax expense	32	**(431,611)**	(411,973)
Profit for the year		**1,578,082**	953,278
Other comprehensive income			
Foreign currency translation		**(8,904)**	10,390
Loss on cash flow hedge		**(2,063)**	-
Other comprehensive income for the year, net of tax		**(10,967)**	10,390
Total comprehensive income for the year		**1,567,115**	963,668
Profit for the year attributable to:			
Equity holders of the Company		**994,296**	485,818
Non-controlling interests		**583,786**	467,460
		1,578,082	953,278
Total comprehensive income attributable to:			
Equity holders of the Company		**981,299**	500,300
Non-controlling interests		**585,816**	463,368
		1,567,115	963,668
Earnings per share attributable to equity holders of the Company (sen):			
Basic/Diluted	33	**85.1**	41.6

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 2012

		<---------------- 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	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	1,469	2,758,541	4,027,093	1,239,918	5,267,011
Total comprehensive income	-	-	14,482	-	-	485,818	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)	-	396	2,896,483	4,249,164	1,328,904	5,578,068

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012 **(CONT'D.)**

	<------------------ Non-distributable				------------------> Distributable			
	Share capital RM'000	Share premium RM'000	Foreign currency translation 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 2012	**584,147**	**794,482**	**(26,344)**	**396**	-	**2,896,483**	**4,249,164**	**1,328,904**	**5,578,068**
Total comprehensive income	-	-	**(10,934)**	-	**(2,063)**	**994,296**	**981,299**	**585,816**	**1,567,115**
Transactions with owners									
Dividends (Note 34)	-	-	-	-	-	**(379,695)**	**(379,695)**	**(501,776)**	**(881,471)**
Issue of ordinary shares by a subsidiary	-	-	-	-	-	-	-	**21,752**	**21,752**
Disposal of a subsidiary	-	-	-	-	-	-	-	**(7,408)**	**(7,408)**
Liquidation of a subsidiary	-	-	-	-	-	-	-	**(19)**	**(19)**
Reduction in minority interests in subsidiaries	-	-	-	-	-	-	-	**(438)**	**(438)**
Total transactions with owners	-	-	-	-	-	**(379,695)**	**(379,695)**	**(487,889)**	**(867,584)**
At 31 December 2012	**584,147**	**794,482**	**(37,278)**	**396**	**(2,063)**	**3,511,084**	**4,850,768**	**1,426,831**	**6,277,599**

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 2012

	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**2,009,693**	1,365,251
Adjustments for:		
Amortisation of land use rights	**162**	160
Amortisation of product development expenditure	**16**	38
Bad debts written off	**3,097**	5,291
Depreciation	**285,313**	297,413
Impairment/(reversal of impairment) losses on:		
- receivables	**1,633**	(4,741)
- leased assets	**(200)**	-
- property, plant and equipment	**25,228**	83
- non-current asset held for sale	**287**	-
- investment in associates	**(64,726)**	101,329
- investment properties	**146**	-
Dividend income	**(3,035)**	(6,882)
Net gain on disposal of investments	**(6,554)**	(144)
Forfeiture of profit guarantee	**-**	2,894
Impairment of goodwill	**35,218**	46,388
Interest expense	**102,988**	90,477
Interest income	**(75,538)**	(71,015)
Net gain on disposal of property, plant and equipment and leased assets	**(48,688)**	(26,978)
Net (reversal)/written down of inventories	**(7,915)**	8,331
Property, plant and equipment written off	**7,145**	933
Provision for liabilities, net of reversal	**(4,522)**	12,860
Provision for losses on a maintenance and repair contract	**-**	101,965
Write back of provision for unutilised leave	**(829)**	(169)
Net fair value (gains)/losses on financial assets	**(28,593)**	73,540
Share of results of associates	**(164,361)**	(120,889)
Net fair value losses/(gains) on derivatives	**8,292**	(3,999)
Net unrealised foreign exchange losses	**30,323**	38,558
Operating profit before working capital changes	**2,104,580**	1,910,694
Increase in receivables	**(385,188)**	(80,027)
Increase in inventories	**(238,702)**	(86,463)
Decrease in provision for liabilities	**(15,105)**	(12,976)
Increase in payables	**250,783**	110,637
Cash generated from operating activities	**1,716,368**	1,841,865
Interest paid	**(101,359)**	(88,613)
Taxes paid	**(424,120)**	(445,476)
Net cash generated from operating activities	**1,190,889**	1,307,776

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012 **(CONT'D.)**

	2012 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries (Note 9)	**(221,641)**	-
Net cash outflow for investment in a jointly-controlled entity (Note 10)	**(36,708)**	-
Purchase of property, plant and equipment, land use rights, investment properties and leased assets	**(419,095)**	(588,990)
Proceeds from disposal of property, plant and equipment, non-current asset held for sale and leased assets	**132,224**	76,560
Proceeds from disposal of investments	**780,727**	375,390
Purchase of other investments	**(822,105)**	(536,700)
Interest received	**75,538**	71,015
Dividends received	**83,056**	84,364
Net cash used in investing activities	**(428,004)**	(518,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of long term borrowings	**299,522**	77,983
Repayment of long term borrowings	**(171,403)**	(249,071)
Net movement in short term borrowings	**251,663**	29,790
Drawdown/(repayment) of finance lease payables	**2,120**	(210)
Proceeds from issuance of shares:		
- by holding company to shareholders	**-**	72,259
- by subsidiaries to non-controlling interests	**11,944**	9,629
Dividends paid to equity holders of the Company	**(362,171)**	(349,415)
Dividends paid to non-controlling interests	**(501,776)**	(384,011)
Net cash used in financing activities	**(470,101)**	(793,046)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**292,784**	(3,631)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**2,145,609**	2,130,761
EFFECTS OF EXCHANGE RATE CHANGES	**(2,832)**	18,479
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**2,435,561**	2,145,609
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	**453,745**	396,828
Deposits with licensed banks (Note 17)	**2,041,560**	1,822,602
Bank overdrafts (Note 24)	**(59,744)**	(73,821)
	2,435,561	2,145,609

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	2012 RM'000	2011 RM'000	As at 1.1.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	**836**	925	-
Investment in subsidiaries	9	**1,113,991**	1,095,485	1,095,485
Due from subsidiaries	16	**943,645**	908,809	700,047
Derivative assets	14	**53,888**	43,829	54,082
		2,112,360	2,049,048	1,849,614
Current assets				
Other investments	13	**21,621**	104,874	-
Receivables	16	**356,058**	1,882	983
Deposits, cash and bank balances	17	**68,129**	66,519	237,662
		445,808	173,275	238,645
TOTAL ASSETS		**2,558,168**	2,222,323	2,088,259
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	19	**584,147**	584,147	576,687
Share premium		**794,482**	794,482	716,708
Share options reserve		**-**	-	14,514
Retained profits		**197,754**	68,866	805
Total equity		**1,576,383**	1,447,495	1,308,714
Non-current liabilities				
Long term borrowings	22	**799,595**	609,642	609,532
Current liabilities				
Payables	25	**6,946**	7,466	13,366
Dividend payable	34	**175,244**	157,720	156,647
		182,190	165,186	170,013
Total liabilities		**981,785**	774,828	779,545
TOTAL EQUITY AND LIABILITIES		**2,558,168**	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 2012

	Note	2012 RM'000	2011 RM'000
Revenue	26	**539,018**	393,531
Other operating income	27	**11,962**	23,836
Depreciation		**(89)**	(89)
Other operating expenses	29	**(57,605)**	(13,214)
Profit from operations		**493,286**	404,064
Finance costs	30	**(23,810)**	(19,496)
Investment income	31	**39,460**	32,740
Profit before taxation		**508,936**	417,308
Income tax expense	32	**(353)**	(298)
Profit for the year, representing total comprehensive income for the year		**508,583**	417,010

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 2012

	Share capital RM'000	Share premium RM'000	Share options reserve RM'000	Retained profits RM'000	Total equity RM'000
		<-----Non-distributable----->		Distributable	
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
At 1 January 2012	**584,147**	**794,482**	**-**	**68,866**	**1,447,495**
Total comprehensive income	**-**	**-**	**-**	**508,583**	**508,583**
Transactions with owners					
Dividends (Note 34)	**-**	**-**	**-**	**(379,695)**	**(379,695)**
Total transactions with owners	**-**	**-**	**-**	**(379,695)**	**(379,695)**
At 31 December 2012	**584,147**	**794,482**	**-**	**197,754**	**1,576,383**

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

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**508,936**	417,308
Adjustments for:		
Amortisation of financial guarantee	**(501)**	(501)
Interest expense	**23,810**	19,496
Investment income	**(39,460)**	(32,740)
Dividend income	**(539,018)**	(393,531)
Depreciation	**89**	89
Net fair value (gains)/losses on financial assets	**(184)**	68
Net unrealised foreign exchange losses/(gains)	**33,228**	(22,849)
Net fair value (gains)/losses on derivatives	**(10,059)**	10,253
Operating loss before working capital changes	**(23,159)**	(2,407)
Increase in receivables	**(63,179)**	(169)
Increase in amounts due from subsidiaries	**(154,588)**	(141,790)
Decrease in payables	**(14,257)**	(5,368)
Cash used in operations	**(255,183)**	(149,734)
Interest paid	**(9,572)**	(19,525)
Tax paid	**(678)**	(807)
Net cash used in operating activities	**(265,433)**	(170,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**39,763**	32,519
Dividends received	**334,566**	349,407
Purchase of property, plant and equipment	**-**	(1,014)
Purchase of other investments	**-**	(104,942)
Proceeds from disposal of other investments	**83,437**	-
Additional investment in a subsidiary	**(18,506)**	-
Net cash generated from investing activities	**439,260**	275,970
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of long term borrowings	**189,954**	109
Proceeds from issuance of shares	**-**	72,259
Dividends paid to equity holders of the Company	**(362,171)**	(349,415)
Net cash used in financing activities	**(172,217)**	(277,047)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,610**	(171,143)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**66,519**	237,662
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**68,129**	66,519
Cash and cash equivalents comprise:		
Cash and bank balances (Note 17)	**68,129**	66,433
Deposits with licensed banks (Note 17)	**-**	86
	68,129	66,519

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 and mining 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 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") as issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted MFRS which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (Cont'd.)

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 First-time adoption of MFRS

The financial statements for the year ended 31 December 2012 are the first the Company has prepared in accordance with MFRS. For periods up to and including the year ended 31 December 2011, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS").

Accordingly, the Group and the Company have prepared financial statements which comply with MFRS applicable for period ending on or after 31 December 2012, together with the comparative period as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Group and the Company's opening statement of financial position were prepared as at 1 January 2011, the Group and the Company's date of transition to MFRS.

The effects of adoption to MFRS to the Group and Company are disclosed in Note 2.4(e).

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective for the financial year ended 31 December 2012 are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

- MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investment in Associate and Joint Ventures
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- MFRS 9 Financial Instruments

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (Cont'd.)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities - Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly-controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will affect the financial position of the Group due to the cessation of proportionate consolidation of United Seamless Tubulaar Private Limited ("USTPL"), Lubritech International Holdings Limited ("LIHL"), Sichuan Haihua Petroleum Steel Pipe Co. Ltd. ("SHPSP") and Tubulars International Pte. Ltd. ("TIPL"). Under MFRS 11, USTPL, LIHL, SHPSP and TIPL are treated as joint ventures and are accounted for using the equity method.

MFRS 11 will be applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method will be measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (Cont'd.)

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly-controlled entities and associates in separate financial statements.

MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

MFRS 119 Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 require retrospective application with certain exceptions. The directors anticipate that the application of the amendments to MFRS 119 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Group is currently assessing the impact that this standard will have on the financial position and performance of the Group.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Application and adoption of MFRS

MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied in preparing the Group's and the Company's financial statements ended 31 December 2012. The significant accounting policies adopted in preparing the financial statements under MFRS for the year ended 31 December 2012 are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below. Accordingly, notes related to the statement of financial position as at date of transition to MFRS are only presented for those items.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Application and adoption of MFRS (Cont'd.)

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisitions before date of transition
The Group has elected to apply MFRS 3 prospectively from the date of transition or 1 January 2011.

In respect of acquisitions prior to 1 January 2011:

(i) The classification of business combinations under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination or at date of acquisition; and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group and the Company has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of these transitional provisions, the Group and the Company had recorded certain land and buildings at revalued amounts but had not adopted a policy of regular revaluation of such assets. These assets are stated at their respective valuation less accumulated depreciation and impairment losses.

Upon transition to MFRS, the Group and the Company has elected to continue to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS or 1 January 2011, the Group and the Company elected to regard the revalued amounts of land and buildings first revalued in 1979, 1984 and 1985 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM5.9 million was transferred to retained earnings on date of transition to MFRS.

(c) Quoted equity instruments

Under FRS, the Group and the Company designated its investment in Hilong Holding Limited, a company quoted in the Hang Seng Stock Exchange, as available-for-sale financial asset in accordance with FRS 139 Financial Instruments: Recognition and Measurement. Changes in fair value were taken to other comprehensive income while impairment loss is recognised in the profit or loss. At 1 January 2011, this quoted equity instrument has been designated as financial asset at fair value through profit or loss (FVTPL) under MFRS. Changes in fair value are taken to profit or loss.

This re-designation has no impact on retained earnings in the opening statement of financial position as at 1 January 2011 as there was no fair value movement. As at 31 December 2011, the impact on retained earnings was RM16.2 million.

(d) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Application and adoption of MFRS (Cont'd.)

(e) Effects of the transition to MFRS

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011, the date of transition from FRS to MFRS, the Group and the Company had to restate certain amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's and the Company's financial positions, financial performance and cash flows is set out below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

Reconciliation of Equity as at 1 January 2011

	FRS as at **1.1.2011** RM'000	PPE Deemed Cost Note **2.4** (b) RM'000	FVTPL Financial Assets Note **2.4** (c) RM'000	MFRS as at **1.1.2011** RM'000
Non-current assets				
Other investments				
- Held to Maturity	1,000	-	-	1,000
- FVTPL	48,944	-	77,775	126,719
- Available-For-Sale	82,519	-	(77,775)	4,744
Other non-current assets	4,949,302	-	-	4,949,302
Total non-current assets	5,081,765	-	-	5,081,765
Total current assets	4,942,053	-	-	4,942,053
Total assets	10,023,818	-	-	10,023,818
Equity attributable to the equity holders of the company				
Share capital	576,687	-	-	576,687
Share premium	716,708	-	-	716,708
Capital reserve	7,375	(5,906)	-	1,469
Foreign currency translation reserve	(40,826)	-	-	(40,826)
Share options reserve	14,514	-	-	14,514
Retained profits	2,752,635	5,906	-	2,758,541
	4,027,093	-	-	4,027,093
Non-controlling interests	1,239,918	-	-	1,239,918
Total equity	5,267,011	-	-	5,267,011
Total liabilities	4,756,807	-	-	4,756,807
Total equity and liabilities	10,023,818	-	-	10,023,818

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Application and adoption of MFRS (Cont'd.)

(e) Effects of the transition to MFRS (Cont'd.)

Reconciliation of Equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	PPE Deemed Cost Note 2.4 (b) RM'000	FVTPL Financial Assets Note 2.4 (c) RM'000	MFRS as at 31.12.2011 RM'000
Non-current assets				
Other investments				
- Held to Maturity	1,000	-	-	1,000
- FVTPL	18,536	-	30,627	49,163
- Available-For-Sale	35,194	-	(30,627)	4,567
Other non-current assets	5,136,975	-	-	5,136,975
Total non-current assets	5,191,705	-	-	5,191,705
Total current assets	5,349,252	-	-	5,349,252
Total assets	10,540,957	-	-	10,540,957
Equity attributable to the equity holders of the company				
Share capital	584,147	-	-	584,147
Share premium	794,482	-	-	794,482
Capital reserve	6,302	(5,906)	-	396
Foreign currency translation reserve	(26,344)	-	-	(26,344)
Fair value adjustment reserve	(16,235)	-	16,235	-
Retained profits	2,906,812	5,906	(16,235)	2,896,483
	4,249,164	-	-	4,249,164
Non-controlling interests	1,328,904	-	-	1,328,904
Total equity	5,578,068	-	-	5,578,068
Total liabilities	4,962,889	-	-	4,962,889
Total equity and liabilities	10,540,957	-	-	10,540,957

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Application and adoption of MFRS (Cont'd.)

(e) Effects of the transition to MFRS (Cont'd.)

Reconciliation of Consolidated Comprehensive Income for the year ended 31 December 2011

	FRS 31.12. 2011 RM'000	FVTPL Financial Assets RM'000	MFRS 31.12. 2011 RM'000
Revenue	13,535,753	-	13,535,753
Operating expenses	(12,408,918)	(16,235)	(12,425,153)
Other operating income	146,342	-	146,342
Profit from operations	1,273,177	(16,235)	1,256,942
Finance costs	(90,477)	-	(90,477)
Share of profits of associated companies	120,889	-	120,889
Investment income	77,897	-	77,897
Profit before taxation	1,381,486	(16,235)	1,365,251
Taxation	(411,973)	-	(411,973)
Profit for the period	969,513	(16,235)	953,278
Other comprehensive income:			
Translation of foreign operations	10,390	-	10,390
Fair value movement on available-for-sale financial assets	(16,235)	16,235	-
Other comprehensive income net of tax	(5,845)	16,235	10,390
Total comprehensive income for the period	963,668	-	963,668
Profit for the year attributable to:			
Equity holders of the company	502,053	(16,235)	485,818
Non-controlling interests	467,460	-	467,460
	969,513	(16,235)	953,278
Total comprehensive income attributable to:			
Equity holders of the company	500,300	-	500,300
Non-controlling interests	463,368	-	463,368
	963,668	-	963,668

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 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.)

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 entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised directly in equity.

(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 2012.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(a) Subsidiaries, basis of consolidation, associates and jointly-controlled entities (Cont'd.)

(iii) Associates (Cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(b) Property, plant and equipment (Cont'd.)

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.

At the date of transition to MFRS or 1 January 2011, the Group and the Company elected to regard the revalued amounts of land and buildings first revalued in 1979, 1984 and 1985 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM5.9 million was transferred to retained earnings on the date of transition to MFRS.

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.

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 2.5(x).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(c) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Upon the disposal of 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 2.5(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

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 2.5(x).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, 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) and other investments or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those with maturity dates later than 12 months from the reporting date are classified as non-current.

Loans and receivables of the Group and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(f) Financial assets (Cont'd.)

(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.

The Group has designated its other investments as held-to-maturity investments.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(g) Impairment of financial assets (Cont'd.)

(iii) Available-for-sale financial assets (Cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(j) Intangible assets (Cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(k) Foreign currencies (Cont'd.)

(ii) Foreign currency transactions (Cont'd.)

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 foreign operation and are recorded in RM at the exchange rate ruling at the date of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 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:

	2012 RM	2011 RM
United States Dollar	**3.0590**	3.1680
Singapore Dollar	**2.5050**	2.4434
Sterling Pound	**4.9455**	4.9240
Euro	**4.0355**	4.0975
Australian Dollar	**3.1750**	3.2332
Solomon Islands Dollar	**0.4490**	0.4379
Chinese Renminbi	**0.4910**	0.5037
Swedish Krone	**0.4699**	0.4516
Papua New Guinea Kina	**1.5450**	1.4875
Vietnamese Dong (100 units)	**0.0147**	0.0151
Thai Baht (100 units)	**10.0015**	10.0400
Japanese Yen (100 units)	**3.5545**	4.1196
Indonesian Rupiah (100 units)	**0.0320**	0.0350
Indian Rupee (100 units)	**5.5890**	5.9700
Hong Kong Dollar	**0.3946**	0.4079
Bahrain Dinar	**8.1145**	8.4038
Oman Riyal	**7.9435**	8.2236

(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 MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 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.)

2.5 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.

Deferred tax liabilities are recognised for all temporary differences, except:

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(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.

(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 2.5(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 2.5(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(r) Leases (Cont'd.)

(ii) Where Group/Company is a lessor (Cont'd.)

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 2.5(d). Net rental income is recognised on a straight-line basis over the lease term.

(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.)

2.5 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.

(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.

(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 MFRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(w) Construction contracts (Cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (Cont'd.)

(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 RM1.0 million (2011: RM1.0 million) 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 unquoted available-for-sale financial assets as at 31 December 2012 is RM626,000 (2011: RM626,000).

3.2 Change in estimates

In 2011, 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 MFRS 116: 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 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 2012 are as follows:

(a) Goodwill on consolidation of RM167,125,000 (2011: RM199,399,000); and

(b) Goodwill on acquisition of associates subsumed within the costs of investment in associates of RM41,942,000 (2011: 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 RM48,152,000 (2011: RM48,876,000) and the unrecognised tax losses and capital allowances of the Group was RM717,812,000 (2011: RM675,212,000).

(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.

(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 2012, the carrying amount of provision for warranties was RM131,392,000 (2011: RM143,764,000). 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					
At 1 January 2011	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**
Exchange differences	**(3,805)**	**(75,244)**	**(5,302)**	**1,940**	**(82,411)**
Additions	**8,955**	**92,251**	**168,582**	**37,092**	**306,880**
Reclassified to investment properties (Note 5)	**(8,807)**	**-**	**-**	**-**	**(8,807)**
Reclassified to leased assets (Note 8)	**-**	**(74)**	**-**	**(60)**	**(134)**
Reclassified to assets held for sale (Note 18)	**(13,462)**	**-**	**-**	**-**	**(13,462)**
Acquisition of a subsidiary (Note 9(b)(iii))	**-**	**-**	**220,569**	**-**	**220,569**
Disposal of a subsidiary	**(12,477)**	**(4,492)**	**-**	**(4,150)**	**(21,119)**
Write-offs	**(3,367)**	**(12,336)**	**-**	**(17,069)**	**(32,772)**
Disposals	**(14,587)**	**(58,151)**	**(536)**	**(59,361)**	**(132,635)**
Reclassification	**31,852**	**(1,848)**	**(32,119)**	**2,115**	**-**
At 31 December 2012	**1,190,886**	**2,655,562**	**475,508**	**431,631**	**4,753,587**

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 2011	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 lease 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**
Exchange differences	**130**	**(9,450)**	**-**	**5,760**	**(3,560)**
Charge for the year	**27,096**	**145,429**	**-**	**34,737**	**207,262**
Reclassified to investment properties (Note 5)	**(1,224)**	**-**	**-**	**-**	**(1,224)**
Reclassified to leased assets (Note 8)	**-**	**(49)**	**-**	**(61)**	**(110)**
Reclassified to assets held for sale (Note 18)	**(1,832)**	**-**	**-**	**-**	**(1,832)**
Disposal of a subsidiary	**(1,683)**	**(3,956)**	**-**	**(1,726)**	**(7,365)**
Write-offs	**(3,332)**	**(5,460)**	**-**	**(16,835)**	**(25,627)**
Disposals	**(1,066)**	**(41,948)**	**-**	**(32,075)**	**(75,089)**
Impairment	**-**	**25,228**	**-**	**-**	**25,228**
Reclassification	**68**	**26**	**-**	**(94)**	**-**
At 31 December 2012	**280,386**	**966,653**	**-**	**310,927**	**1,557,966**
Net carrying amount					
At 31 December 2012	**910,500**	**1,688,909**	**475,508**	**120,704**	**3,195,621**
At 31 December 2011	944,355	1,858,623	124,314	149,903	3,077,195

Company

Included in the property, plant and equipment are motor vehicles amounting to RM1,013,895 (2011: RM1,013,895) with accumulated depreciation of RM177,564 (2011: RM88,778).

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* LAND AND BUILDINGS

	Freehold land RM'000	Buildings on freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Buildings on short term leasehold land RM'000	Total RM'000
Cost							
At 1 January 2011	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**
Exchange differences	**(1,021)**	**(3,637)**	**60**	**(17)**	**229**	**581**	**(3,805)**
Additions	**305**	**7,303**	**282**	**129**	**936**	**-**	**8,955**
Reclassified to investment properties (Note 5)	**-**	**-**	**(8,807)**	**-**	**-**	**-**	**(8,807)**
Reclassified to assets held for sale (Note 18)	**-**	**-**	**(176)**	**-**	**(13,286)**	**-**	**(13,462)**
Disposal of a subsidiary	**-**	**-**	**-**	**-**	**(12,477)**	**-**	**(12,477)**
Write-offs	**-**	**(1,792)**	**-**	**-**	**(1,575)**	**-**	**(3,367)**
Disposals	**(13,417)**	**-**	**-**	**-**	**(1,170)**	**-**	**(14,587)**
Reclassification	**(4,720)**	**849**	**5,653**	**-**	**30,070**	**-**	**31,852**
At 31 December 2012	**124,013**	**242,814**	**170,792**	**22,262**	**583,873**	**47,132**	**1,190,886**

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 2011	-	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**
Exchange differences	**-**	**(161)**	**134**	**(5)**	**12**	**150**	**130**
Charge for the year	**-**	**5,214**	**3,267**	**750**	**16,928**	**937**	**27,096**
Reclassified to investment properties (Note 5)	**-**	**-**	**(1,224)**	**-**	**-**	**-**	**(1,224)**
Reclassified to assets held for sale (Note 18)	**-**	**-**	**(7)**	**-**	**(1,825)**	**-**	**(1,832)**
Disposal of a subsidiary	**-**	**-**	**-**	**-**	**(1,683)**	**-**	**(1,683)**
Write-offs	**-**	**(1,792)**	**-**	**-**	**(1,540)**	**-**	**(3,332)**
Disposals	**-**	**-**	**(1,066)**	**-**	**-**	**-**	**(1,066)**
Reclassification	**-**	**(70)**	**1,685**	**-**	**(1,547)**	**-**	**68**
At 31 December 2012	**-**	**34,353**	**32,903**	**11,717**	**174,761**	**26,652**	**280,386**
Net carrying amount							
At 31 December 2012	**124,013**	**208,461**	**137,889**	**10,545**	**409,112**	**20,480**	**910,500**
At 31 December 2011	142,866	208,929	143,666	11,178	416,730	20,986	944,355

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:

	2012 RM'000	2011 RM'000
Land and buildings	**5,874**	7,382
Plant and machinery	**479,513**	383,404
Office equipment, furniture and fittings and motor vehicles	**198,830**	170,099

(b) Details of independent professional valuations of land and buildings owned by the Group at 31 December 2012 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	

At the date of transition to MFRS or 1 January 2011, the Group and the Company elected to regard the revalued amounts of land and buildings first revalued in 1979, 1984 and 1985 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM5.9 million was transferred to retained profits on date of transition to MFRS.

(c) The net book value of plant and equipment held under hire purchase arrangements is RM2,896,549 (2011: RM848,962).

(d) Interest expense capitalised during the financial year under assets-in-progress of the Group amounted to RM4,354,000 (2011: RM1,660,000), as disclosed in Note 30.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(e) The net book value of property, plant and equipment pledged for borrowings (Note 22 and Note 24) are as follows:

	Group 2012 RM'000	Group 2011 RM'000
Assets-in-progress and plant and machinery	**300,001**	313,310
Land and buildings	**70,109**	83,164
Others	**2,093**	3,089
	372,203	399,563

(f) In 2011, 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 MFRS 116: 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 year by approximately RM14 million.

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 2011	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**
Reclassified from property, plant and equipment (Note 4)	**-**	**-**	**8,807**	**-**	**8,807**
Reclassified to inventories (Note 15)	**-**	**-**	**(80,447)**	**-**	**(80,447)**
Reclassified to asset held for sale (Note 18)	**-**	**(1,175)**	**-**	**-**	**(1,175)**
At 31 December 2012	**129**	**435**	**17,766**	**224**	**18,554**

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 2011	-	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**
Charge for the year	**-**	**5**	**-**	**11**	**16**
Reclassified from property, plant and equipment (Note 4)	**-**	**-**	**1,224**	**-**	**1,224**
Reclassified to inventories (Note 15)	**-**	**-**	**(5,958)**	**-**	**(5,958)**
Reclassified to asset held for sale (Note 18)	**-**	**(443)**	**-**	**-**	**(443)**
Impairment	**-**	**146**	**-**	**-**	**146**
At 31 December 2012	**-**	**132**	**8,475**	**173**	**8,780**
Net carrying amount					
At 31 December 2012	**129**	**303**	**9,291**	**51**	**9,774**
At 31 December 2011	129	1,186	76,197	62	77,574

Fair value of investment properties as at 31 December 2012 was estimated by the directors to be approximately RM108,288,000 (2011: RM437,385,000) based on internal appraisal of market values of comparable properties.

6. INTANGIBLE ASSETS

	Group 2012 RM'000	Group 2011 RM'000
Goodwill on consolidation (Note a)	**167,125**	199,399
Product development expenditure (Note b)	**-**	16
	167,125	199,415

(a) Goodwill on consolidation

	2012 RM'000	2011 RM'000
At 1 January	**199,399**	258,435
Forfeiture of profit guarantee	**-**	(2,894)
Disposal of a subsidiary	**(4,281)**	-
Arising from acquisition of additional shares in subsidiaries (Note 9(b))	**10,441**	-
Impaired	**(35,218)**	(46,388)
Exchange differences	**(3,216)**	(9,754)
At 31 December	**167,125**	199,399

(b) Product development expenditure

	2012 RM'000	2011 RM'000
At 1 January	**16**	54
Charged to profit or loss	**(16)**	(38)
At 31 December	**-**	16

6. INTANGIBLE ASSETS (CONT'D.)

(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 2012						
Oil and Gas	**19,107**	**35,300**	**58,995**	**228**	**-**	**113,630**
Manufacturing and Engineering	**-**	**-**	**79,820**	**-**	**-**	**79,820**
	19,107	**35,300**	**138,815**	**228**	**-**	**193,450**
Exchange differences	**-**	**388**	**(26,731)**	**18**	**-**	**(26,325)**
	19,107	**35,688**	**112,084**	**246**	**-**	**167,125**
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

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	
	2012	**2011**	**2012**	**2011**
Oil and Gas:				
People's Republic of China	**8.0 - 14.0**	8.0 - 50.0	**15.0 - 16.0**	9.0 - 18.0
India	**10.0 - 25.0**	15.0 - 20.0	**14.0 - 15.0**	6.0 - 14.0
Manufacturing and Engineering:				
India	**16.0 - 34.0**	20.0 - 45.0	**13.0**	13.0

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.

7. LAND USE RIGHTS

	Short term leasehold land RM'000
At 1 January 2011/31 December 2011/31 December 2012	**5,986**
Accumulated depreciation and impairment losses	
At 1 January 2011	1,055
Charge for the year	160
At 31 December 2011/1 January 2012	**1,215**
Charge for the year	**162**
At 31 December 2012	**1,377**
Net carrying amount	
At 31 December 2012	**4,609**
At 31 December 2011	4,771
Remaining tenure	
At 31 December 2012	**13 -16 years**
At 31 December 2011	14 -17 years

8. LEASED ASSETS

	Machinery and equipment RM'000
Group	
Cost	
At 1 January 2011	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**
Exchange differences	**10,285**
Additions	**112,215**
Reclassified from property, plant and equipment (Note 4)	**134**
Reclassified to inventories (Note 15)	**(160)**
Write-offs	**(362)**
Disposals	**(65,132)**
At 31 December 2012	**485,755**
Accumulated depreciation and impairment losses	
At 1 January 2011	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**
Exchange differences	**5,272**
Charge for the year	**78,035**
Reclassified from property, plant and equipment (Note 4)	**110**
Reclassified to inventories (Note 15)	**(37)**
Write-offs	**(362)**
Disposals	**(43,690)**
Reversal of impairment	**(200)**
At 31 December 2012	**240,967**
Net carrying amount	
At 31 December 2012	**244,788**
At 31 December 2011	226,936

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:

	2012 RM'000	2011 RM'000
Due within one year	**109,724**	102,295
Due between one and two years	**74,383**	70,315
Due between two and five years	**65,112**	72,841
Due after five years	**303**	2,549
	249,522	248,000

Included in leased assets of the Group are fully depreciated assets which are still in use with their carrying costs of RM88,774,000 (2011: RM62,447,000).

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares in Malaysia, at costs	**1,022,392**	1,003,886
Impairment losses	**(20,000)**	(20,000)
	1,002,392	983,886
ESOS granted to employees of subsidiaries	**109,094**	109,094
Provision for financial guarantee	**2,505**	2,505
	1,113,991	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.

Details of the subsidiaries of the Company are disclosed in Note 38 to the financial statements.

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Subsidiaries under members' voluntary liquidation

The following subsidiaries have been placed under members' voluntary liquidation:

		Date placed under liquidation
(i)	UMW Industries (Philippines) Inc.	17 April 2002
(ii)	Seat Industries (Malaysia) Sdn. Bhd.	27 April 2011
(iii)	UMW Technology Management Sdn. Bhd.	29 June 2012
(iv)	UMW Bumi Hijau Sdn. Bhd.	29 June 2012

(b) Acquisitions of a subsidiary/additional interests in subsidiaries during the financial year ended 31 December 2012

(i) UMW Petrodril Sdn. Bhd.

On 14 May 2012, UMW Corporation Sdn. Bhd. ("UMWC"), a wholly-owned subsidiary of UMW, had entered into a Sale and Purchase Agreement with Chuah Chong Tiam ("CCT") for the acquisition of 100,000 ordinary shares of par value RM1.00 each, representing 1% of the issued and paid-up capital of UMW Petrodril Sdn. Bhd. ("UPSB") from CCT, for a total consideration of RM1,071,000. Upon completion of the said acquisition, UPSB became a wholly-owned subsidiary of UMWC.

(ii) UMW Dongshin Motech Private Limited ("UMW Dongshin")

On 15 June 2012, MK Automotive Industries Limited, a 55%-owned subsidiary of UMW Corporation Sdn. Bhd., which in turn is a wholly-owned subsidiary of UMW, acquired 16,863,140 ordinary shares of INR10.00 each, representing 68.7% of the issued and paid-up share capital in shareholding in UMW Dongshin for a cash consideration of INR168.6 million (equivalent to approximately RM10.0 million). Subsequent to the additional acquisition of interests, the effective equity interests held by the Group on UMW Dongshin has increased from 33% to 37.8%.

(iii) Offshore Driller OB324 Ltd.

On 26 June 2012, UMW Drilling 4 (L) Ltd., a wholly-owned subsidiary of the Group, entered into a Share Sale Agreement with S.D. Standard Drilling Plc for the acquisition of 42,000,000 ordinary shares of USD1.00 each, representing 100% of the total issued and paid-up share capital of Offshore Driller OB324 Ltd., for a total cash consideration of USD70.0 million (equivalent to approximately RM220.6 million).

(iv) Castwel Auto Parts Private Limited

On 20 July 2012, MK Autocomponents Limited, a 51%-owned subsidiary of UMW Corporation Sdn. Bhd., which in turn is a wholly-owned subsidiary of UMW, have acquired 1,227,820 ordinary shares of INR100.00 each, representing 100% of the issued and paid-up share capital in shareholding in Castwel Auto Parts Private Limited for a cash consideration of INR122.8 million (equivalent to approximately RM6.9 million).

The above acquisition had the following effects on the Group's financial results:

	2012 RM'000
Revenue	**3,403**
Net loss for the year	**(826)**

9. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Acquisitions of a subsidiary/additional interests in subsidiaries during the financial year ended 31 December 2012 (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	**220,569**	**220,569**
Share capital	**16,902**	**16,902**
Non-controlling interest	**438**	**438**
Fair value of identifiable net assets acquired	**237,909**	**237,909**
Less: Non-controlling interest	**(9,808)**	
Goodwill on consolidation (Note 6(a))	**10,441**	
Cost of acquisition	**238,542**	

The cash outflows on acquisitions is as follows:

	RM'000
Cost of acquisition satisfied by cash	**238,542**
Cash retained with the Group	**(16,901)**
Net cash outflow of the Group	**221,641**

If the above combinations took place at 1 January 2012, the Group's profit for the year and revenue would have been materially unchanged.

10. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES

Investment in jointly-controlled entities ("JCE") is in relation to the subscription of USD20 million (RM63.3 million) Compulsory Convertible Debenture ("CCD") issued by a 40%-owned JCE of the Group. The amount represents the uneliminated portion of the CCD upon the application of proportionate consolidation adjustments. The CCD shall carry coupon not exceeding 6-month USD LIBOR + 8.6%.

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:

	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	**102,881**	98,458
Non-current assets	**227,045**	262,327
Total assets	**329,926**	360,785
Current liabilities	**225,560**	215,701
Non-current liabilities	**116,971**	132,491
Total liabilities	**342,531**	348,192
Results		
Revenue	**95,336**	101,454
Loss for the year	**(48,789)**	(68,329)

10. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES (CONT'D.)

The Group's interest in capital commitments of the joint ventures are as follows:

	2012 RM'000	2011 RM'000
- approved and contracted for	**19,641**	22,566
- approved and not contracted for	**560**	721

11. INVESTMENT IN ASSOCIATES

	Group	
	2012 RM'000	**2011 RM'000**
Quoted shares, at costs	**114,374**	114,374
Unquoted shares, at costs	**398,370**	398,844
	512,744	513,218
Share of post-acquisition reserves	**1,010,977**	932,472
	1,523,721	1,445,690
Accretion arising from issuance of new shares	**117,089**	117,089
Accumulated impairment losses	**(128,011)**	(192,737)
Financial guarantee	**14,391**	14,805
	1,527,190	1,384,847
Effects of adopting FRS 139	**37,965**	39,597
	1,565,155	1,424,444
Fair value of investment in an associate for which there is published price quotation	**23,175**	30,536

The Group had reversed impairment losses amounting to RM66,208,000 and provided for impairment losses of RM1,482,000 (2011: impairment losses of RM101,329,000), 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 2012.

The carrying value of the investment in associates is represented by:

	2012 RM'000	2011 RM'000
Group's share of aggregate net assets	**1,523,213**	1,382,502
Group's goodwill on acquisition	**41,942**	41,942
	1,565,155	1,424,444

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 2012 of these companies have been used.

11. INVESTMENT IN ASSOCIATES (CONT'D.)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:

	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	**9,542,523**	9,248,941
Non-current assets	**4,475,449**	4,904,804
Total assets	**14,017,972**	14,153,745
Current liabilities	**5,805,275**	5,485,067
Non-current liabilities	**3,826,722**	4,447,041
Total liabilities	**9,631,997**	9,932,108
Results		
Revenue	**12,458,992**	12,887,661
Profit for the year	**329,573**	224,127

The details of goodwill included within the Group's carrying amount of investments in associates are as follows:

	2012 RM'000	2011 RM'000
Goodwill		
At 1 January/31 December	**41,942**	41,942

12. DEFERRED TAXATION

	Group	
	2012 RM'000	2011 RM'000
At 1 January	**(22,481)**	(14,858)
Recognised in the profit or loss (Note 32)	**1,368**	(4,591)
Disposal of a subsidiary	**(573)**	-
Exchange differences	**(186)**	(3,032)
At 31 December	**(21,872)**	(22,481)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(50,631)**	(56,521)
Deferred tax liabilities	**28,759**	34,040
	(21,872)	(22,481)

12. DEFERRED TAXATION (CONT'D.)

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 2012	**3,078**	**48,895**	**329**	**52,302**
Recognised in profit or loss	**(593)**	**(4,551)**	**149**	**(4,995)**
Disposal of a subsidiary	**(573)**	**(761)**	**220**	**(1,114)**
Exchange differences	**(6)**	**344**	**84**	**422**
At 31 December 2012	**1,906**	**43,927**	**782**	**46,615**
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

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 2012	**(1,459)**	**(39,269)**	**(10,760)**	**(23,295)**	**(74,783)**
Recognised in profit or loss	**141**	**1,912**	**(626)**	**4,936**	**6,363**
Disposal of a subsidiary	**198**	**-**	**343**	**-**	**541**
Exchange differences	**(4)**	**(615)**	**130**	**(119)**	**(608)**
At 31 December 2012	**(1,124)**	**(37,972)**	**(10,913)**	**(18,478)**	**(68,487)**
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)

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.

12. DEFERRED TAXATION (CONT'D.)

Deferred tax assets have not been recognised in respect of these items:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Unabsorbed tax losses	**606,389**	564,497
Unutilised capital and reinvestment allowances	**111,423**	110,715
	717,812	675,212

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

	2012	**2011**	As at **1.1.2011**
	RM'000	**RM'000**	**RM'000**
Group			
Current			
Held for trading investments			
Investment in cash funds	**489,881**	391,271	229,963
Non-current			
Held-to-maturity investments			
Investment in cash funds	**1,000**	1,000	1,000
Designated as fair value through profit or loss			
Quoted shares outside Malaysia at fair value	**39,292**	49,164	126,719
Available-for-sale financial assets			
Unquoted shares outside Malaysia at costs	**95**	95	95
Unquoted shares within Malaysia at costs	**5,039**	5,097	5,275
	5,134	5,192	5,370
Less: Accumulated impairment losses	**(626)**	(626)	(626)
	4,508	4,566	4,744
Total non-current other investments	**44,800**	54,730	132,463
Market value of cash funds	**489,881**	391,271	229,963
Market value of shares quoted outside Malaysia	**39,292**	49,164	126,719
Company			
Current			
Held for trading investments			
Investment in cash funds	**21,621**	104,874	-
Market value of cash funds	**21,621**	104,874	-

14. DERIVATIVES

	2012			2011		
	Notional value RM'000	Assets RM'000	Liabilities RM'000	Notional value RM'000	Assets RM'000	Liabilities RM'000
Group						
Current						
Forward currency contracts	**658,866**	**134**	**6,887**	566,802	5,107	475
Embedded derivatives	**733,381**	**1,462**	**158**	618,241	64	788
Interest rate swaps with currency options	**12,295**	**-**	**110**	25,253	233	-
	1,404,542	**1,596**	**7,155**	1,210,296	5,404	1,263
Non-current						
Interest rate swaps, interest rate swaps with currency options	**219,515**	**1,632**	**11,704**	288,718	-	19,852
Cross currency swaps, cross currency interest rate swaps	**642,080**	**64,620**	**10,732**	689,696	62,261	-
	861,595	**66,252**	**22,436**	978,414	62,261	19,852

	2012			2011		
	Notional value RM'000	Assets RM'000	Liabilities RM'000	Notional value RM'000	Assets RM'000	Liabilities RM'000
Company						
Non-current						
Cross currency swaps, cross currency interest rate swaps	**750,918**	**53,888**	**-**	642,080	43,829	-

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.

(a) Forward exchange contracts

	2012 RM'000	2011 RM'000
Notional amounts		
Japanese Yen	**136,375**	52,503
United States Dollar	**497,038**	493,789
Euro	**17,319**	9,367
Swedish Krone	**3,658**	5,903
Thai Baht	**4,451**	5,240

All the forward exchange contracts mature within one year.

14. DERIVATIVES (CONT'D.)

(b) Interest rate swaps and cross currency swaps

(i) An interest rate swap with a notional principal of USD37 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 USD2.2 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 13 July 2017.

(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 with currency option will mature on 4 November 2013.

(iv) A cross currency swap that entitles a subsidiary in India to convert USD1.1 million to INR61.4 million, i.e. fixed the entity's obligation and pay interest at a fixed rate of 6.1% per annum. The cross currency swap will mature on 13 July 2017.

(v) A cross currency 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 cross currency 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) A cross currency 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 interest rate swap will mature on 26 August 2016.

(viii) An interest rate swap with a notional principal of USD2.6 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 with currency option 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 with currency option will mature on 15 June 2015.

(x) An interest rate swap with a notional principal of USD5.6 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 with currency option will mature on 31 July 2014.

(xi) An interest rate swap with a notional principal of USD3.2 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 5.15% per annum. 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 with currency option will mature on 4 August 2015.

(xiii) A cross currency 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.

14. DERIVATIVES (CONT'D.)

(b) Interest rate swaps and cross currency swaps (Cont'd.)

(xiv) A cross currency 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 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 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 cross currency swap will mature on 20 May 2016.

(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 swap that entitles a subsidiary in India to convert USD2.0 million to INR89.5 million, i.e. fixed the entity's obligation and pay interest at a fixed rate of 6.3% per annum. The cross currency swap will mature on 11 May 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 loss of RM8,292,000 (2011: net gain of RM3,999,000) and the Company recognised a net gain of RM10,059,000 (2011: net loss of RM10,253,000), 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	
	2012 RM'000	**2011 RM'000**
At cost:		
Equipment, unassembled and completed vehicles, attachments and spares	**1,475,401**	1,248,912
Other finished goods	**119,939**	110,931
Work-in-progress	**37,858**	37,620
Raw materials and consumables	**172,317**	89,709
	1,805,515	1,487,172
At net realisable value:		
Equipment, unassembled and completed vehicles, attachments and spares	**27,512**	29,948
Other finished goods	**704**	1,312
Work-in-progress	**69**	-
Raw materials and consumables	**729**	451
	29,014	31,711
	1,834,529	1,518,883

15. INVENTORIES (CONT'D.)

During the financial year, there was a reversal of a write down of inventories of RM9.6 million (2011: RM12.2 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 RM11.6 billion (2011: RM9.9 billion).

Inventories of RM170.3 million (2011: RM71.6 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 the following assets:

	2012 RM'000	2011 RM'000
Property, plant and equipment (Note 4)	**-**	329
Investment properties (Note 5)	**74,489**	-
Leased assets (Note 8)	**123**	5,988

16. RECEIVABLES

The receivables of the Group and the Company are as follows:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Current:				
Trade receivables	**1,235,891**	937,920	**-**	-
Other receivables	**332,531**	271,796	**65,084**	1,882
Due from subsidiaries	**-**	-	**290,974**	-
	1,568,422	1,209,716	**356,058**	1,882
Non-current:				
Trade receivables	**4,707**	7,858	**-**	-
Due from subsidiaries	**-**	-	**943,645**	908,809
	4,707	7,858	**943,645**	908,809
Trade receivables (Note a)	**1,240,598**	945,778	**-**	-
Other receivables (Note b)	**332,531**	271,796	**65,084**	1,882
Due from subsidiaries (Note c)	**-**	-	**1,234,619**	908,809
Total trade and other receivables	**1,573,129**	1,217,574	**1,299,703**	910,691
Total trade and other receivables (current and non-current)	**1,573,129**	1,217,574	**1,299,703**	910,691
Less: Included within other receivables:				
Accrued income (Note b)	**(25,432)**	(27,248)	**(41)**	(345)
Tax recoverable (Note b)	**(1,303)**	(5,047)	**(1,435)**	(1,110)
Prepayments (Note b)	**(80,744)**	(97,308)	**(63,603)**	(422)
Add: Cash and bank balances (Note 17)	**2,495,305**	2,219,430	**68,129**	66,519
Total loans and receivables	**3,960,955**	3,307,401	**1,302,753**	975,333

16. RECEIVABLES (CONT'D.)

(a) Trade receivables

	Group 2012 RM'000	Group 2011 RM'000
Trade receivables (Note (i))	**1,130,583**	926,760
Allowance for impairment	**(39,270)**	(34,813)
	1,091,313	891,947
Due from associates	**113,603**	20,167
Due from a corporate shareholder of a subsidiary	**35,682**	33,664
	1,240,598	945,778

The Group's normal trade credit terms range from 1 day to 120 days (2011: 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 RM7,890,000 (2011: RM10,524,000).

	Group 2012 RM'000	Group 2011 RM'000
Future minimum lease receivables		
Not later than 1 year	**4,296**	4,272
Later than 1 year and not later than 2 years	**4,281**	4,272
Later than 2 years and not later than 5 years	**979**	5,248
	9,556	13,792
Less: Future finance income	**(1,666)**	(3,268)
	7,890	10,524
Analysis of present value of lease receivables		
Not later than 1 year	**3,183**	2,666
Later than 1 year and not later than 2 years	**4,704**	3,162
Later than 2 years and not later than 5 years	**3**	4,696
	7,890	10,524
Less: Amount due within 12 months	**(3,183)**	(2,666)
Amount due after 12 months	**4,707**	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 (2011: 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.)

	Group 2012 RM'000	Group 2011 RM'000
(i) Age analysis of trade receivables		
(a) Not due and not impaired	**830,352**	616,069
(b) Overdue but not impaired:		
1 - 30 days overdue but not impaired	**176,068**	194,179
31 - 60 days overdue but not impaired	**110,288**	56,288
61 - 90 days overdue but not impaired	**45,700**	17,949
91 - 120 days overdue but not impaired	**16,232**	10,690
121 - 150 days overdue but not impaired	**6,823**	7,750
151 - 180 days overdue but not impaired	**5,367**	8,081
More than 180 days overdue but not impaired	**45,000**	25,057
	405,478	319,994
(c) Impaired	**44,038**	44,528
Total trade receivables	**1,279,868**	980,591

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 RM11.5 million (2011: RM7.2 million) are secured by bank guarantee of RM7.3 million (2011: RM1.3 million).

16. RECEIVABLES (CONT'D.)

(a) Trade receivables (Cont'd.)

(ii) Receivables that are impaired

	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
2012			
Trade receivables	**37,935**	**6,103**	**44,038**
Less: Allowance for impairment	**(33,290)**	**(5,980)**	**(39,270)**
	4,645	**123**	**4,768**
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
Movement in allowance for impairment:			
At 1 January 2012	**28,916**	**5,897**	**34,813**
Charge for the year	**7,696**	**725**	**8,421**
Utilised	**(2,864)**	**(233)**	**(3,097)**
Reversal of impairment loss	**(1,034)**	**(420)**	**(1,454)**
Exchange differences	**576**	**11**	**587**
At 31 December 2012	**33,290**	**5,980**	**39,270**
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

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		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Accrued income	**25,432**	27,248	**41**	345
Tax recoverable	**1,303**	5,047	**1,435**	1,110
Deposits	**104,422**	62,286	**5**	5
Prepayments	**80,744**	97,308	**63,603**	422
Sundry receivables	**131,583**	93,097	**-**	-
	343,484	284,986	**65,084**	1,882
Allowance for impairment	**(10,953)**	(13,190)	-	-
	332,531	271,796	**65,084**	1,882

Included in prepayment of the Company is RM63,317,000 relating to the subscription of Compulsory Convertible Debenture in a jointly-controlled entity in India.

16. RECEIVABLES (CONT'D.)

(b) Other receivables (Cont'd.)

	Individually impaired 2012 RM'000	Individually impaired 2011 RM'000
Receivables that are impaired		
Other receivables	**11,270**	14,586
Less: Allowance for impairment	**(10,953)**	(13,190)
	317	1,396
Movement in allowance for impairment:		
At 1 January	**13,190**	15,780
Charge for the year	**29**	94
Reversal of impairment loss	**(2,266)**	-
Utilised	**-**	(2,799)
Exchange differences	**-**	115
At 31 December	**10,953**	13,190

(c) Due from subsidiaries

The amounts due from subsidiaries are unsecured, bear interest ranging at 3.2% - 6.0% (2011: 3.1% - 6.0%) per annum and are repayable within 5 years.

Receivables of the Group amounting to RM160,885,000 (2011: RM66,958,000) are pledged to banks for credit facilities granted to overseas subsidiaries (Note 22).

17. DEPOSITS, CASH AND BANK BALANCES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Deposits with licensed banks	**2,041,560**	1,822,602	**-**	86
Cash and bank balances	**453,745**	396,828	**68,129**	66,433
	2,495,305	2,219,430	**68,129**	66,519

Deposits with licensed banks and bank balances of the Group amounting to RM457,000 (2011: RM5,279,000) 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 2012 %	Group 2011 %	Company 2012 %	Company 2011 %
Deposits with licensed banks	**0.05 - 10.0**	0.1 - 14.0	**-**	3

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	
	2012 Days	**2011** Days	**2012** Days	**2011** Days
Deposits with licensed banks	**2 - 365**	4 - 365	**-**	29

18. NON-CURRENT ASSETS HELD FOR SALE

This represents freehold building, long-term leasehold building and investment in an associated company, Multicoat Surfaces Private Limited with carrying values of RM900,000, RM11,460,586 and RM141,472, respectively.

In 2011, non-current assets held for sale represents long term leasehold land with a carrying value of RM4,548,000 which will expire on 2109. The sale was completed on 15 October 2012.

The Group had entered into Sale and Purchase Agreement ("SPA") to dispose the assets as detailed below:

Assets	Carrying value as at **31.12.2012** RM'000	Sale consideration RM'000	Status as at **31.12.2012**
Freehold building	900	900	Pending completion *
Long-term leasehold land	11,461	51,353	Pending completion @
Investment in an associate company	141	141	Pending completion #

* The Group has received earnest deposit of 2% from the buyer on 7 January 2013.
@ The Group is in the process of obtaining approval from the relevant authorities.
# The Group is in the process of transferring the shares to the buyer.

19. SHARE CAPITAL

Group/Company

	Number of ordinary shares of RM0.50 each		Amount	
	2012 '000	**2011** '000	**2012** RM'000	**2011** 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	**1,168,294**	1,153,374	**584,147**	576,687
Issued under the ESOS	**-**	14,920	**-**	7,460
At 31 December	**1,168,294**	1,168,294	**584,147**	584,147

20. RESERVE

(i) 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 dispose off or impaired.

(ii) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

21. PROVISION FOR LIABILITIES

	Retirement benefits RM'000	Warranties RM'000	Total RM'000
Group			
At 1 January 2011	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 2011/1 January 2012	**4,581**	**143,764**	**148,345**
Charged to profit or loss	**(3,825)**	**1,276**	**(2,549)**
Utilised during the year	**(3,150)**	**(11,954)**	**(15,104)**
Reversed during the year	**-**	**(1,973)**	**(1,973)**
Exchange differences	**(15)**	**279**	**264**
At 31 December 2012	**(2,409)**	**131,392**	**128,983**
At 31 December 2012			
Current	**(4,331)**	**75,332**	**71,001**
Non-current:			
Later than 1 year but not later than 2 years	**101**	**27,190**	**27,291**
Later than 2 years but not later than 5 years	**434**	**28,870**	**29,304**
Later than 5 years	**1,387**	**-**	**1,387**
	1,922	**56,060**	**57,982**
	(2,409)	**131,392**	**128,983**
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.)

(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	
	2012	**2011**
	RM'000	**RM'000**
Present value of funded defined contribution obligations	**23,345**	26,917
Fair value of plan assets	**(25,723)**	(22,713)
(Net assets)/present value of unfunded defined contribution obligations	**(2,378)**	4,204
Unrecognised actuarial (gain)/loss	**(31)**	377
Obligations representing net (assets)/liability	**(2,409)**	4,581

The amounts recognised as operating expenses in the statement of comprehensive income are as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Current service cost	**2,735**	3,351
Interest cost	**1,128**	1,359
Expected return on plan assets	**(1,128)**	(1,044)
Net actuarial (gain)/loss recognised during the year	**(311)**	82
Total (included in staff costs) (Note 28)	**2,424**	3,748

The actual return on the plan assets of the Group was RM1,069,062 (2011: RM919,679).

Principal actuarial assumptions used:

	2012	**2011**
	%	**%**
Discount rate	**5.7**	6.2
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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Secured				
Term loan	**271,305**	266,405	**-**	-
Less: Amount payable within one year (Note 24)	**(72,599)**	(18,840)	**-**	-
	198,706	247,565	**-**	-
Unsecured				
Term loan	**1,740,864**	1,674,376	**799,595**	609,642
Less: Amount payable within one year (Note 24)	**(215,145)**	(179,489)	**-**	-
	1,525,719	1,494,887	**799,595**	609,642
Finance lease payable (Note 23)	**1,957**	844	**-**	-
	1,957	844	**-**	-
Total long term borrowings	**1,726,382**	1,743,296	**799,595**	609,642

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 2012						
Secured						
- Floating rate	**2.0 - 12.3**	**72,599**	**115,982**	**72,206**	**10,518**	**271,305**
		72,599	**115,982**	**72,206**	**10,518**	**271,305**
Unsecured						
- Floating rate	**1.0 - 6.6**	**215,145**	**216,058**	**467,096**	**39,050**	**937,349**
- Fixed rate	**3.1 - 8.0**	**-**	**499,817**	**299,778**	**3,920**	**803,515**
		215,145	**715,875**	**766,874**	**42,970**	**1,740,864**
		287,744	**831,857**	**839,080**	**53,488**	**2,012,169**
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

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
Company						
31 December 2012						
Unsecured						
- Fixed rate	**3.09 - 4.55**	**-**	**499,817**	**299,778**	**-**	**799,595**
31 December 2011						
Unsecured						
- Fixed rate	4.03 - 4.55	-	-	609,642	-	609,642

* Range of Weighted Average Effective Interest Rate ("RWAEIR")

The secured long term borrowings of the Group for the years 2012 and 2011 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.

In the financial year 2009, the Company obtained the approval from the Securities Commission for the issuance of Islamic Commercial Papers/Islamic Medium Term Notes ("ICP/IMTN") and Islamic Medium Term Notes ("IMTN") under the Shariah Principles of Musharakah. 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 (RM300 million) was utilised in October 2010 (RM110 million) and June 2012 (RM190 million). Both Sukuk were on a 5 year tenure.

On 21 December 2012, the Company received the approval from the Securities Commission for the issuance of an Islamic Medium Term Notes Programme of up to RM2 billion in nominal value based on the Islamic Principle of Musharakah ("Sukuk"). The tenure of the Sukuk shall be more than 1 year but not exceeding 15 years from issue date provided that the maturity date of the Sukuk shall not extend beyond the tenure of the Sukuk Musharakah Programme.

23. FINANCE LEASE PAYABLES

	Group 2012 RM'000	Group 2011 RM'000
Minimum lease payments:		
Not later than 1 year	**1,659**	482
Later than 1 year and not later than 2 years	**925**	430
Later than 2 years and not later than 5 years	**1,259**	492
Later than 5 years	**20**	50
	3,863	1,454
Less: Future finance charges	**(429)**	(206)
Present value of finance lease liability	**3,434**	1,248
Present value of finance lease liability:		
Not later than 1 year	**1,477**	404
Later than 1 year and not later than 2 years	**788**	378
Later than 2 years and not later than 5 years	**1,151**	427
Later than 5 years	**18**	39
	3,434	1,248
Analysed as:		
Due within 12 months (Note 24)	**1,477**	404
Due after 12 months (Note 22)	**1,957**	844
	3,434	1,248

The interest rate at the reporting date for the lease liabilities ranges from 1.88% to 14.22% (2011: 1.37% to 12.35%).

24. SHORT TERM BORROWINGS

	Group 2012 RM'000	Group 2011 RM'000
Secured		
Short term loan	**83,607**	157,942
Bankers' acceptances and revolving credits	**11,599**	17,378
Trust receipts	**-**	311
Finance lease payable (Note 23)	**1,477**	404
Bank overdrafts	**23,905**	42,466
Long term loans payable within one year (Note 22)	**72,599**	18,840
	193,187	237,341
Unsecured		
Short term loan	**260,161**	106,111
Bank overdrafts	**35,839**	31,355
Bankers' acceptances and revolving credits	**450,649**	296,412
Long term loans payable within one year (Note 22)	**215,145**	179,489
	961,794	613,367
Total short term borrowings	**1,154,981**	850,708

The secured short term borrowings of the Group for the year 2012 and 2011 were secured by legal charge, fixed and floating charge over assets of certain subsidiaries, corporate guarantee and lien on fixed deposits.

24. SHORT TERM BORROWINGS (CONT'D.)

The range of weighted average effective interest rates at the reporting date for borrowings, excluding finance lease payables, were as follows:

	Group	
	2012	**2011**
	%	**%**
Short term loan	**0.8 - 9.6**	1.6 - 3.0
Bank overdrafts	**6.9 - 14.0**	5.3 - 16.5
Trust receipts	**-**	5.3
Bankers' acceptances	**3.3 - 3.6**	0.9 - 3.5
Revolving credits	**1.3 - 14.8**	1.3 - 4.0
Long term loans	**1.0 - 8.6**	0.2 - 14.0

25. PAYABLES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables:				
Trade payables	**725,806**	671,728	**-**	-
Bill payables	**14,337**	24,713	**-**	-
Sales tax accruals	**78,316**	51,292	**-**	-
Customer deposits	**153,782**	129,007	**-**	-
Related parties	**319,603**	287,454	**-**	-
Other payables:				
Accruals	**585,684**	429,746	**6,152**	6,329
Provision for unutilised leave	**10,902**	11,731	**-**	-
Financial guarantees	**5,718**	8,552	**501**	1,002
Provision for losses on a maintenance and repair contract	**-**	101,965	**-**	-
Sundry payables	**290,797**	208,067	**293**	135
	2,184,945	1,924,255	**6,946**	7,466
Total trade and other payables (exclude provisions)	**2,174,043**	1,810,559	**6,946**	7,466
Add: Long term borrowings (Note 22)	**1,726,382**	1,743,296	**799,595**	609,642
Short term borrowings (Note 24)	**1,154,981**	850,708	**-**	-
Less: Finance lease payables (Note 23)	**(3,434)**	(1,248)	**-**	-
Total financial liabilities carried at amortised costs	**5,051,972**	4,403,315	**806,541**	617,108

The related party balances comprise of amounts due to corporate shareholders of subsidiaries and/or their subsidiaries for purchase of inventories. The corporate shareholders are Toyota Motor Corporation, Japan and Toyota Tsusho Corporation, Japan and/or their subsidiaries and associated companies.

Included in sundry payables is an amount of RM30,955,000 (2011: RM31,373,000) being purchase considerations retained in respect of the acquisitions of equity interest in subsidiaries, which was payable upon satisfaction of certain conditions.

25. PAYABLES (CONT'D.)

The provision of RM101,965,000 in 2011 was 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 1 day to 90 days (2011: 7 days to 120 days) terms.

Other payables are non-interest bearing and are normally settled within 30 days to 365 days (2011: 30 days to 365 days) terms.

26. REVENUE

	Group		Company	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Gross dividend income from subsidiaries	**-**	-	**539,018**	393,531
Sales of goods and services	**15,861,123**	13,533,871	**-**	-
Rental income from investment properties	**2,494**	1,882	**-**	-
	15,863,617	13,535,753	**539,018**	393,531

27. OTHER OPERATING INCOME

Included in other operating income are:

	2012	2011
	RM'000	RM'000
Group		
Net fair value gains on financial assets:		
- held for trading investments	**1,364**	-
- designated as fair value through profit or loss	**27,235**	-
Net fair value gains on derivatives	**-**	3,999
Gain on disposal of property, plant and equipment and leased assets	**52,390**	29,414
Net gain on disposal of investments	**6,554**	144
Net foreign exchange gains:		
- realised	**19,632**	13,169
Bad debts recovered	**199**	3,774
Rental income from operating leases	**8,547**	11,199
Commission	**85,895**	65,558
Company		
Net foreign exchange gains:		
- realised	**1,218**	486
- unrealised	**-**	22,849
Net fair value gains on derivatives	**10,059**	-
Net fair value gain on financial assets - held for trading	**184**	-

28. EMPLOYEE BENEFITS

	Group 2012 RM'000	Group 2011 RM'000
(a) Staff costs		
Wages and salaries	**744,036**	634,366
Social security costs	**5,329**	4,463
Provision for unutilised leave	**(829)**	(169)
Pension costs - defined contribution plan	**80,635**	70,283
Pension costs - defined benefit plans (Note 21(a))	**2,424**	3,748
Other staff related expenses	**70,371**	65,567
	901,966	778,258
(b) Directors' remuneration is as follows:		
Salaries and other emoluments:		
- the Company	**1,584**	1,164
- subsidiaries	**26,269**	22,892
Pension costs - defined contribution plan:		
- the Company	**246**	190
- subsidiaries	**2,311**	1,944
Benefits-in-kind:		
- the Company	**241**	241
- subsidiaries	**3,170**	2,570

29. OTHER OPERATING EXPENSES

Included in the other operating expenses are:

	2012 RM'000	2011 RM'000
Group		
Non-executive directors' fees#		
- the Company's current year provision		
- fees	**1,156**	790
- other emoluments	**70**	134
- subsidiaries' current year provision	**355**	83
Rental	**230,784**	172,927
Legal fees	**2,731**	1,036
Research and development	**196**	704
Auditors' remuneration:		
Statutory audit		
- auditors' of the Company	**2,335**	2,109
- other auditors	**638**	958
Other services		
- auditors' of the Company	**752**	695
Bad debts written off	**3,097**	5,291
Impairment of goodwill	**35,218**	46,388
Net (reversal)/written down of inventories	**(7,915)**	8,331
Royalty	**6,840**	7,469
Property, plant and equipment written off	**7,145**	933
Impairment/(reversal of impairment) losses of:		
- property, plant and equipment	**25,228**	83
- investment properties	**146**	-
- leased assets	**(200)**	-
- receivables	**1,633**	(4,741)
- non-current asset held for sale	**287**	-
- investments in associates	**(64,726)**	101,329
Amortisation of product development expenditure	**16**	38
Loss on disposal of property, plant and equipment and leased assets	**3,702**	2,436
Net unrealised foreign exchange losses	**30,323**	38,558
Provision for warranties, net of reversals	**(697)**	9,112
Net fair value loss on financial assets:		
- designated as fair value through profit or loss	**-**	56,980
- held for trading	**-**	325
- available-for-sale financial assets	**6**	-
Net fair value loss on derivatives	**8,292**	-
Forfeiture of profit guarantee	**-**	2,894
Company		
Non-executive directors' fees and other emoluments:		
- the Company's current year provision:		
- fees	**1,156**	790
- other emoluments	**70**	134
Auditors' remuneration - statutory audit	**190**	168
Net fair value loss on derivatives	**-**	10,253
Net unrealised foreign exchange losses	**33,228**	-
Net fair value loss on financial assets - held for trading	**-**	68

29. OTHER OPERATING EXPENSES (CONT'D.)

The number of directors of the Company whose total remuneration falls within the respective bands are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
Executive director:				
RM1,000,001 - RM2,000,000	**1**	1	**-**	-
Non-executive director:				
Up to RM50,000	**-**	1	**-**	2
RM50,001 - RM100,000	**-**	2	**-**	2
RM100,001 - RM150,000	**-**	5	**2**	4
RM150,001 - RM200,000	**2**	1	**4**	1
RM200,001 - RM250,000	**3**	-	**-**	-
RM250,001 - RM300,000	**1**	-	**1**	-
RM300,001 - RM350,000	**1**	-	**-**	-

30. FINANCE COSTS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense:				
- Bank borrowings	**103,263**	90,515	**23,810**	19,496
- Others	**4,079**	1,622	**-**	-
	107,342	92,137	**23,810**	19,496
Less: Interest expense capitalised				
- Assets-in-progress	**(4,354)**	(1,660)	**-**	-
Net interest expense	**102,988**	90,477	**23,810**	19,496

31. INVESTMENT INCOME

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Investment income comprises:				
Gross dividend income from:				
- Available-for-sale financial assets:				
- Quoted investments	**1,502**	2,798	**-**	-
- Unquoted investments	**800**	3,183	**-**	-
- Designated as fair value through profit or loss:				
- Quoted investments outside Malaysia	**732**	901	**-**	-
Interest income from:				
- Loans and receivables:				
- Subsidiaries	**-**	-	**36,147**	27,214
- Others	**65,162**	65,553	**3,313**	5,526
- Held to Maturity:				
- Others	**48**	40	**-**	-
Distribution income from:				
- Quoted investments	**10,329**	5,422	**-**	-
	78,573	77,897	**39,460**	32,740

32. INCOME TAX EXPENSE

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Income tax:				
Malaysian taxes	**419,338**	395,520	**353**	-
Overseas taxes	**19,818**	23,119	**-**	309
	439,156	418,639	**353**	309
(Over)/under provision in prior year:				
Malaysian taxes	**(8,660)**	(5,501)	**-**	(11)
Overseas taxes	**(253)**	3,426	**-**	-
	(8,913)	(2,075)	**-**	(11)
	430,243	416,564	**353**	298
Deferred taxation (Note 12):				
Relating to origination and reversal of temporary differences	**10,888**	(2,099)	**-**	-
Over provision in prior years	**(9,520)**	(2,492)	**-**	-
	1,368	(4,591)	**-**	-
	431,611	411,973	**353**	298

Domestic current income tax is calculated at the statutory tax rate of 25% (2011: 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:

	2012 RM'000	2011 RM'000
Group		
Profit before taxation	**2,009,693**	1,365,251
Taxation at Malaysian statutory rate of 25% (2011: 25%)	**502,423**	341,313
Effect of different tax rates in other countries	**(15,188)**	(16,861)
Income not subject to tax	**(47,220)**	(25,872)
Expenses not deductible for tax purposes	**49,599**	75,899
Tax losses not available for offsetting against future taxable profits	**179**	509
Utilisation of current year's reinvestment allowances	**(11,593)**	(3,912)
Utilisation of previously unrecognised tax losses	**(5,846)**	(2,927)
Deferred tax assets not recognised	**16,496**	80,791
Over provision of deferred tax in prior years	**(9,520)**	(2,492)
Over provision of income tax expense in prior years	**(8,922)**	(2,075)
Effect of share of profits of associates	**(38,797)**	(32,400)
Tax expense for the year	**431,611**	411,973
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	**351**	360
Utilisation of tax losses brought forward from previous years	**2,476**	1,675

32. INCOME TAX EXPENSE (CONT'D.)

	2012 RM'000	2011 RM'000
Company		
Profit before taxation	**508,936**	417,308
Taxation at Malaysian statutory rate of 25% (2011: 25%)	**127,234**	104,327
Income not subject to tax	**(149,929)**	(104,361)
Expenses not deductible for tax purposes	**23,263**	3,486
Utilisation of group relief	**(215)**	(3,143)
Over provision of income tax expense in prior years	**-**	(11)
Tax expense for the year	**353**	298

The Company will be able to distribute dividends out of its entire retained profits as at 31 December 2012 under the single-tier system.

33. EARNINGS PER SHARE

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	
	2012	**2011**
Net profit attributable to equity holders (RM'000)	**994,296**	485,818
Weighted average number of ordinary shares of RM0.50 in issue ('000)	**1,168,294**	1,166,472
Basic earnings per share of RM0.50 (sen)	**85.1**	41.6

Diluted earnings per ordinary share is not presented as the Company has no dilutive potential ordinary shares as at the end of the reporting period.

34. DIVIDENDS

	Amount		Net dividend per share of RM0.50 each	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**Sen**	**Sen**
Recognised during the financial year:				
In respect of the financial year ended 31 December 2010:				
- 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
- Second interim single-tier dividend of 27%	**-**	157,720	**-**	13.5
- Final single-tier dividend of 15%	**87,622**	-	**7.5**	-
In respect of the financial year ended 31 December 2012:				
- First interim single-tier dividend of 20%	**116,829**	-	**10.0**	-
	204,451	350,488	**17.5**	30.0
Payable:				
In respect of the financial year ended 31 December 2012:				
- Second interim single-tier dividend of 30%	**175,244**	-	**15.0**	-
	379,695	350,488	**32.5**	30.0

At the forthcoming Annual General Meeting of the Company, a final single-tier dividend in respect of the current financial year of 50% or 25.0 sen per share of RM0.50 each, amounting to a net dividend payable of approximately RM292.1 million (2011: a single-tier dividend of 15% or 7.5 sen per share of RM0.50 each, amounting to RM87.6 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 2013.

35. COMMITMENTS

	Amount	
	2012	**2011**
	RM'000	**RM'000**
(a) Capital commitments		
Approved and contracted for:		
- land and buildings	**101,088**	5,380
- equipment, plant and machinery	**282,726**	155,620
- others	**14,378**	5,387
	398,192	166,387
Approved but not contracted for:		
- land and buildings	**42,844**	24,395
- equipment, plant and machinery	**911,625**	406,936
- others	**12,363**	17,417
	966,832	448,748
Total capital commitments	**1,365,024**	615,135

35. COMMITMENTS (CONT'D.)

	Amount 2012 RM'000	Amount 2011 RM'000
(b) Commitments under non-cancellable operating leases		
Amount payable within 1 year	**109,724**	8,312
Amount payable later than 1 year but not more than 2 years	**74,383**	4,915
Amount payable later than 2 years but not more than 5 years	**65,112**	11,362
Amount payable after 5 years	**303**	38,217

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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Unsecured				
Bank guarantee issued to third parties	**67,886**	62,626	**-**	-
Letter of credits issued to third parties	**69,795**	36,653	**-**	-
Corporate guarantee issued to financial institutions in respect of banking facilities of jointly-controlled entities	**34,873**	57,024	**58,121**	95,040
Financial indemnity on:				
- Trade facilities granted to associates	**282,945**	254,365	**-**	-
- Banking facilities of jointly-controlled entities	**148,410**	389,851	**247,351**	500,544
- Banking facilities of subsidiaries	**-**	-	**153,207**	218,706
	603,909	800,519	**458,679**	814,290

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

2012	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	11,495,808	2,104,482	667,337	1,544,921	51,069	-		15,863,617
Inter-segment	2,288	33,987	32,221	6,108	16,836	(91,440)	I	-
Total revenue	11,498,096	2,138,469	699,558	1,551,029	67,905	(91,440)		15,863,617
Results:								
Depreciation and amortisation	(76,432)	(85,853)	(19,106)	(93,570)	(10,514)	-		(285,475)
Interest expense	-	(13,121)	(19,893)	(126,429)	(40,382)	96,837		(102,988)
Interest income	59,406	2,452	2,210	38,182	70,125	(96,837)		75,538
Dividend income	-	-	7,454	8,500	1,230,607	(1,243,526)		3,035
Share of results of associates	175,301	-	-	(20,184)	9,244	-		164,361
Other material non-cash items	34,940	26,188	(4,074)	12,510	(18,239)	-	II	51,325
Segment profit/(loss) before taxation	1,796,792	183,458	3,604	57,651	(31,812)	-		2,009,693
Income tax expense	(369,594)	(37,551)	(9,848)	(12,549)	(2,069)	-		(431,611)
Segment profit/(loss) after taxation	1,427,198	145,907	(6,244)	45,102	(33,881)	-		1,578,082

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (Cont'd.)

2012 (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	1,059,070	-	-	450,299	55,786		1,565,155
Additions to non-current assets	98,720	121,020	22,943	66,114	110,298	III	419,095
Segment assets	5,139,707	1,165,940	683,609	2,535,633	2,267,516		11,792,405
Liabilities:							
Segment liabilities	1,337,872	696,933	319,202	2,750,056	410,743		5,514,806

37. SEGMENT REPORTING (CONT'D.)

(a) Business segments (Cont'd.)

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)	(245,877)	4,650	-		1,365,251
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)	(262,035)	2,491	-		953,278

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.)

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	2012 RM'000	2011 RM'000
Net fair value gains on derivatives	27	**-**	3,999
Net fair value loss on derivatives	29	**(8,292)**	-
Net gain on disposal of property, plant and equipment and leased assets	27, 29	**48,688**	26,978
Net unrealised foreign exchange losses	29	**(30,323)**	(38,558)
Net (reversal)/written down of inventories	29	**7,915**	(8,331)
Provision for warranties, net of reversals	29	**697**	(9,112)
(Impairment)/reversal of impairment losses of:			
- property, plant and equipment	29	**(25,228)**	(83)
- investment properties	29	**(146)**	-
- leased assets	29	**200**	-
- non-current asset held for sale	29	**(287)**	-
- investment in associates	29	**64,726**	(101,329)
Impairment of goodwill	29	**(35,218)**	(46,388)
Net fair value loss on financial assets:			
- designated as fair value through profit or loss	29	**-**	(25,550)
- available-for-sale financial assets	29	**(6)**	-
Net fair value gains/(loss) on financial assets:			
- held for trading investments	27	**1,364**	(31,430)
- designated as fair value through profit or loss	27	**27,235**	-
Provision for losses on a maintenance and repair contract	25	**-**	(101,965)
		51,325	(331,769)

III. Additions to non-current assets consist of:

	2012 RM'000	2011 RM'000
Property, plant and equipment	**306,880**	464,454
Leased assets	**112,215**	124,536
	419,095	588,990

37. SEGMENT REPORTING (CONT'D.)

(b) Geographical segments

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
2012			
Revenue from external customers	**14,743,954**	**1,119,663**	**15,863,617**
Non-current assets	**2,025,683**	**1,608,736**	**3,634,419**
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

Non-current assets stated above consist of the following items as presented in the consolidated statement of financial position:

	2012 RM'000	2011 RM'000
Property, plant and equipment	**3,195,621**	3,077,195
Investment properties	**9,774**	77,574
Intangible assets	**167,125**	199,415
Land use rights	**4,609**	4,771
Leased assets	**244,788**	226,936
Non-current assets held for sale	**12,502**	4,548
	3,634,419	3,590,439

38. SUBSIDIARIES

(i) The following are the subsidiaries of the Company:

Company	Group Effective interest 2012 %	Group Effective interest 2011 %	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.
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.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective interest 2012 %	2011 %	Principal activities
(a) Subsidiaries incorporated in Malaysia (Cont'd.)			
UMW Industrial Power Sdn. Bhd.	**100**	100	Distribution of industrial and power equipment and related parts.
UMW Offshore Investment (L) Ltd.	**100**	100	Investment holding.
UMW Linepipe (L) Ltd.	**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	Marketing, selling and distribution of "Repsol" branded lubricants.
U-TravelWide Sdn. Bhd.	**100**	100	Provision of travel agency services.
UMW Aero Industries Sdn. Bhd.	**100**	100	Dormant.
Tracpart Centre Sdn. Bhd.	**100**	100	Dormant.
U E-Technologies Sdn. Bhd.	**100**	100	Provision of information technology services.
Otomobil Sejahtera Sdn. Bhd.	**100**	100	Importing and retailing of passenger and commercial vehicles.
UMW M & E Sdn. Bhd. (formerly known as UMW Auto Parts Sdn. Bhd.)	**100**	100	Investment holding.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective interest 2012 %	Group Effective interest 2011 %	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 lubricants.
UMW Pennzoil Distributors Sdn. Bhd.	**100**	100	Marketing, selling and distribution of "Pennzoil" branded lubricants.
UMW Petrodril (Malaysia) Sdn. Bhd.	**100**	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 Development Sdn. Bhd. (formerly known as UMW-PNSB Development Sdn. Bhd.)	**51**	51	Investment holding and property development.
UMW Toyota Motor Sdn. Bhd.	**51**	51	Investment holding and importation and distribution of Toyota vehicles and related spares.
Assembly Services Sdn. Bhd.	**51**	51	Assembly of vehicles, manufacturing of engines and fitting of accessories.
Automotive Industries Sendirian Berhad	**51**	51	Manufacture of vehicle exhaust systems and kangaroo bars.
UMW Australia Ventures Sdn. Bhd.	**100**	100	Investment holding.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective interest 2012 %	2011 %	Principal activities
(a) Subsidiaries incorporated in Malaysia (Cont'd.)			
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	Leasing of oil and gas jack-up drilling rig.
UMW Naga Three (L) Ltd.	**100**	100	Leasing of oil and gas jack-up drilling rig.
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**	100	Dormant.
MK Autocomponents Limited	**61.08**	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.	**60**	60	Total power solution provider.
UMW SG Power Systems Sdn. Bhd.	**60**	60	General contractor, sales and services equipment.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective interest 2012 %	Group Effective interest 2011 %	Principal activities
(a) Subsidiaries incorporated in Malaysia (Cont'd.)			
UMW SG Engineering & Services Sdn. Bhd.	**60**	60	Engineering works and general trading.
UMW Drilling 4 (L) Ltd.	**100**	-	Investment holding.
UMW M&E Limited	**100**	-	Investment holding.
(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.
UMW Helmsion Engineering Pte. Ltd.*	**42**	42	Manufacture of industrial cranes and related products and services.
Offshore Construction Services Pte. Ltd.*	**-**	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 quipment and related spares.

38. SUBSIDIARIES (CONT'D.)

Company	Group Effective interest 2012 %	Group Effective interest 2011 %	Principal activities
(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 Equipment (Shanghai) Co., Ltd.*	**100**	100	Provision of after-sales and repair services for equipment.
UMW Industrial Trading (Shanghai) Co., Ltd.*	**100**	100	Marketing of Toyota industrial equipment, Aerex and other airport ground support equipment and environmental products.
Vision Fleet Equipment Leasing (Shanghai) Co., Ltd.*	**100**	100	Rental and fleet management services mainly for products distributed by the UMW Group of China.
PFP (Shenzhen) Piping Materials Co., Ltd.*	**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) Subsidiaries incorporated in Thailand			
UOT (Thailand) Limited*	**58.8**	58.8	Provision of repair services for oil country tubular goods.
UMW Petrodril Siam Co., Ltd.	**100**	99.52	Provision of hydraulic workover rigs & other services for the Oil & Gas Industry.
(f) Subsidiaries incorporated in Republic of Vietnam			
Vietnam Offshore Fabrication & Engineering Co. Ltd.*	**-**	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 2012 %	2011 %	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.	**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.
Sathya Auto Private Limited #	**61.08**	51	Manufacture of mechanical jacks, radiator caps and sheet metal components.
Castwel Autoparts Private Limited #	**61.08**	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 #	**37.8**	33	Original equipment manufacturer of stamped automotive upper body parts.

38. SUBSIDIARIES (CONT'D.)

Company		Group Effective interest 2012 %	2011 %	Principal activities
(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.
(n)	**Subsidiary incorporated in Cayman Islands**			
	Offshore Driller OB324 Ltd.	**100**	-	Ownership of drilling rigs.

* Subsidiaries audited by firms of Chartered Accountants other than Ernst & Young.
# The financial year end of the above subsidiaries is 31 March.

(ii) The following companies are under members' voluntary liquidation/deregistration:

Company		Group Effective interest 2012 %	2011 %	Principal activities
(a)	**Subsidiaries incorporated in Malaysia**			
	Seat Industries (Malaysia) Sdn. Bhd.	**51**	51	Dormant.
	UMW Technology Management Sdn. Bhd.	**51**	51	Dormant.
	UMW Bumi Hijau Sdn. Bhd.	**51**	51	Dormant.
(b)	**Subsidiary incorporated in the Philippines**			
	UMW Industries (Philippines) Inc.	**100**	100	Dormant.

39. JOINTLY-CONTROLLED ENTITIES

Company	Group Effective interest 2012 %	2011 %	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 2012 %	2011 %	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.

40. ASSOCIATES (CONT'D.)

Company	Group Effective interest 2012 %	Group Effective interest 2011 %	Principal activities
(a) Associated companies incorporated in Malaysia (Cont'd.)			
Strategic Auto Sdn. Bhd.	**38**	38	Dormant.
Perodua Global Manufacturing Sdn. Bhd. (formerly known as 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.
Lada Motors Sendirian Berhad	**40**	40	Dormant.
(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.

40. ASSOCIATES (CONT'D.)

Company	Group Effective interest 2012 %	2011 %	Principal activities
(b) Associated companies incorporated in People's Republic of China (Cont'd.)			
Jiangsu Tube-Cote Shuguang Coating Co., Ltd.*	**28.13**	28.13	Provision of internal epoxy coating for OCTG and line pipes for the Oil and Gas Industry.
Wuxi Seamless Oil Pipe Co., Ltd.*	**22.5**	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*	**22.5**	22.3	Investment holding.
(f) Associated company incorporated in the Cayman Islands			
WSP Holdings Limited*	**22.5**	22.3	Investment holding.

* 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 14 February 2012, the Group received a confirmation on the de-registration of UMW Solomon Islands Limited, a dormant subsidiary of the Group.

(b) On 14 May 2012, UMW Corporation Sdn. Bhd. ("UMWC"), a wholly-owned subsidiary of UMW, had entered into a Sale and Purchase Agreement with Chuah Chong Tiam ("CCT") for the acquisition of 100,000 ordinary shares of par value RM1.00 each, representing 1% of the issued and paid-up capital of UMW Petrodril (Malaysia) Sdn. Bhd. ("UPSB") from CCT, for a total consideration of RM1.1 million. Upon completion of the said acquisition, UPSB became a wholly-owned subsidiary of UMWC.

(c) On 8 June 2012, UMW Petropipe (L) Ltd. ("UPL"), a wholly-owned subsidiary of UMW, incorporated a wholly-owned subsidiary, UMW Drilling 4 (L) Ltd. ("UMWD4"). The intended principal activity of UMWD4 is investment holding. The initial paid-up capital of UMWD4 is USD1.00 divided into 1 ordinary share of USD1.00.

(d) On 18 June 2012, the liquidation of UMW Auto Parts (Thailand) Co., Ltd., a wholly-owned subsidiary of UMW, had been completed.

(e) On 26 June 2012, UMWD4, a wholly-owned subsidiary of UPL, which in turn, is a wholly-owned subsidiary of UPL, had entered into a Share Purchase Agreement ("SPA") with S.D. Standard Drilling Plc ("SD") for the acquisition of the entire shareholding of SD in Offshore Driller B324 Ltd ("OD B324"), for a consideration of USD70.0 million (equivalent to RM214.1 million) and further for the assignment of all rights and interests under the Construction & Sale Agreement ("CSA") entered into between OD B324 and Keppel Fels Limited ("Keppel") on 17 December 2010, for the construction of a 400 feet B Class mobile offshore self-elevating drilling unit with hull no. B324 (the "Rig"), inclusive of all equipment and spares belonging to the Rig whether on board, ashore or on order as may be delivered by Keppel under the CSA, for a consideration of USD144.0 million (equivalent to RM440.5 million) (the "Acquisition"). The total consideration arising from the Acquisition was USD214.0 million (equivalent to RM654.6 million), and completed during financial year 2013.

(f) On 6 July 2012, UMWC incorporated a wholly-owned subsidiary known as UMW M&E Limited ("UMW M&E") in the Federal Territory of Labuan. The intended principal activity of UMW M&E is investment holding. The initial paid-up capital of UMW M&E is USD1.00 divided into 1 ordinary share of USD1.00.

(g) On 30 August 2012, UMW received notification that Technics Offshore Engineering Pte. Ltd. ("TECHNICS") had received the Investment Certificate from the Management Board of Ba Ria-Vung Tau Industrial Zone, approving the capital transfer of Vietnam Offshore Fabrication & Engineering Co. Ltd. ("VOFE") to TECHNICS. With the completion of the disposal, VOFE is no longer a subsidiary in the UMW Group.

(h) On 12 October 2012, UPL, a wholly-owned subsidiary of UMW, had entered into two (2) separate Share Sale and Purchase Agreements with existing shareholders of Multicoat Coating Technologies Private Limited ("MCTPL") and Multicoat Surfaces Private Limited ("MSPL") in respect of the divestment of UPL's shareholding in MCTPL, i.e., 51% and MSPL, i.e., 22.5%, for a total consideration of INR26.11 million (equivalent to RM1.46 million) and INR2.53 million (RM0.14 million), respectively.

(i) On 5 November 2012, UMW Singapore Ventures Pte. Ltd. ("UMWSV"), a wholly-owned subsidiary of UPL, which in turn a wholly-owned subsidiary of UMW, had entered into a Share Sale Agreement with Mr Neo Teck Seng in respect of the divestment of UMWSV's 300,000 ordinary shares, representing 60% of the total issued and paid-up capital in Offshore Construction Services Pte. Ltd. ("OCS"), for a total consideration of SGD7.1 million (equivalent to RM17.8 million).

On 7 December 2012, the disposal of UMWSV's 60% shareholding in OCS was completed. OCS is no longer a subsidiary in the UMW Group effective on the same date.

41. SIGNIFICANT EVENTS (CONT'D.)

(j) On 29 November 2012, the UMW Group received confirmation from the Liquidator, that the winding up of the dormant subsidiaries in the UMW Group, namely, UMW Management Systems Sdn. Bhd., UMW Properties Sdn. Bhd. and UMW Bumi Indah Sdn. Bhd. had been completed.

(k) On 19 December 2012, UMWC entered into a Sale and Purchase Agreement with Kudrat Maritime (Malaysia) Sdn. Bhd. ("Kudrat") for the disposal of 100,000 ordinary shares of par value RM1.00 each, representing 100% of the issued and paid-up capital of U-Insurance Sdn. Bhd. to Kudrat, for a total consideration of RM1.8 million.

42. SUBSEQUENT EVENTS

(a) On 3 January 2013, all the terms and conditions of the Sale and Purchase Agreement had been fulfilled and the disposal of UMWC's entire shareholding in U-Insurance Sdn. Bhd. to Kudrat Maritime (Malaysia) Sdn. Bhd. was completed.

(b) On 31 January 2013, UMW Linepipe (L) Ltd. ("UMW Linepipe"), a 66.12%-owned subsidiary of UPL, which is in turn a wholly-owned subsidiary of UMW, entered into a Share Transfer Contract with CNPC Baoji Petroleum Steel Pipe Co., Ltd. ("Baoji") in respect of the divestment of UMW Linepipe's shareholding of 16.6012% of the total registered capital in Shanghai BSW Petro-pipe Co., Ltd. ("BSW") to Baoji, for a total consideration of RMB42.1 million (equivalent to RM20.7 million). UPL also entered into a Share Sale Agreement with Hailong International (L) Ltd. ("HILL") in respect of the acquisition of HILL's 3,388 shares, representing 33.88% of the total issued and paid-up capital in UMW Linepipe, for a total consideration of USD6.5 million (equivalent to RM19.9 million).

(c) On 5 February 2013, UPSB, a wholly-owned subsidiary in the UMW Group, had received a Letter of Award from Sabah Shell Petroleum Company Limited for the supply of Single Combo Top Tension Riser for SSPCL's Malikai Project, at a contract value of approximately USD140 million (equivalent to RM428.3 million).

(d) On 21 February 2013, WSP Holdings Limited ("WSP"), a 22.5%-owned associate company in the UMW Group listed on the New York Stock Exchange ("NYSE") announced to the NYSE that it had entered into an Agreement and Plan of Merger (Merger Agreement) with WSP OCTG GROUP Ltd. ("WSP OCTG"), a company owned by H.D.S. Investments LLC, a limited liability company incorporated in the State of Washington, and JM OCTG GROUP Ltd. ("JM OCTG"), a company with limited liability and a direct wholly-owned subsidiary of WSP OCTG. The transaction contemplated under the Merger Agreement represents a total transaction value of approximately USD893.6 million, including the assumption of WSP's outstanding debt.

(e) On 26 February 2013, UMW had announced that it is planning to list its Oil & Gas Division and is in the midst of finalising the appointment of Advisers for the proposed listing.

(f) On 8 March 2013, UMW China Ventures (L) Ltd. ("UMWCV"), a wholly-owned subsidiary in the UMW Group, completed its disposal of 56,040,000 ordinary shares in total, representing its entire shareholding in Hilong Holding Limited through The Stock Exchange of Hong Kong Limited ("HKSE").

(g) On 10 April 2013, UMW Standard Drilling Sdn. Bhd. ("UMWSD"), a wholly-owned subsidiary in the UMW Group, received a Letter of Award ("LOA") from Petronas Carigali Sdn. Bhd. ("PCSB") for the provision of UMW's Jack-Up Drilling Rig "NAGA 4" for PCSB's domestic operations within the Malaysian waters at a contract value of approximately USD157.7 million (equivalent to RM482.4 million).

42. SUBSEQUENT EVENTS (CONT'D.)

(h) On 11 April 2013, UMW Group incorporated a wholly-owned subsidiary in Malaysia known as UMW Drilling Academy Sdn. Bhd. ("UMW DA"). The principal activity of UMW DA is to provide training services and courses related to drilling activities. The initial paid-up capital of UMW DA is RM2.00 divided into 2 ordinary shares of RM1.00 each.

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 and its subsidiaries	Transacting parties	Nature of transactions	2012 RM'000	2011 RM'000
UMW Industries (1985) Sdn. Bhd.	Perodua Group*	Lease rental	**6,825**	7,346
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Perodua Group*	Sale of shock absorbers	**56,530**	63,155
U-TravelWide Sdn. Bhd.	Perodua Group*	Air tickets	**1,765**	5,615
UMW Toyota Motor Sdn. Bhd. and subsidiaries	Perodua Group*	Sale of goods and services	**41,970**	230,431
		Purchase of goods and services	**-**	311,348
UMW Industrial Power Sdn. Bhd.	Perodua Group*	Sale of goods and services	**6,750**	2,172
UMW Advantech Sdn. Bhd.	Perodua Group*	Sale of goods and services	**31,576**	32,096
Lubetech Sdn. Bhd.	Perodua Group*	Sale of goods and services	**8,011**	-
UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co. Ltd. and its subsidiaries	Purchase of goods and services	**30,358**	20,589
		Bare boat charter	**4,807**	66,407
		Sale of goods and services	**11,640**	-
UMW Drilling Co. Ltd.	Japan Drilling Co. Ltd. and its subsidiaries	Deepdish project	**151,803**	-

** 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 and its subsidiaries	Transacting parties	Nature of transactions	2012 RM'000	2011 RM'000
UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Sale of goods and services	**1,290,986**	1,248,090
		Purchase of goods and services	**4,370,099**	3,607,598
	UMW Toyotsu Motors Sdn. Bhd.	Sale of goods	**189,509**	148,193
		Purchase of goods and services	**765**	-

(c) Transactions by the Group with the corporate shareholders of KYB-UMW Malaysia Sdn. Bhd. are as follows:

UMW and its subsidiaries	Transacting parties	Nature of transactions	2012 RM'000	2011 RM'000
KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Kayaba Industry Co. Ltd., Japan and its subsidiaries	Sale of goods and services	**38,927**	32,121
		Purchase of goods and services	**723**	8,474
	Toyota Tsusho Corporation, Japan and its affiliated company	Sale of goods and services	**84**	227
		Purchase of goods and services	**39,343**	38,022

(d) Transactions by the Group with a related company of the corporate shareholder of UMW Sher (L) Ltd. and Jaybee Drilling Pvt. Ltd. are as follows:

UMW and its subsidiaries	Transacting party	Nature of transactions	2012 RM'000	2011 RM'000
UMW Sher (L) Ltd.)		Bare boat charter	**11,484**	13,041
)	Jaybee Energy Pte. Ltd.	Purchase of services	**-**	1,408
Jaybee Drilling Pvt. Ltd.)		Purchase of goods and services	**12,030**	11,561

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(e) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

	2012 RM'000	2011 RM'000
Salaries and wages	**19,038**	15,757
Provision/(Write back) for unutilised leave	**59**	(56)
Pension costs - defined benefit plan	**2,354**	1,875
Retirement gratuity	**572**	2,150
Other staff related costs	**1,995**	1,677
	24,018	21,403

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:

		2012		2011	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Financial assets					
Other investments (non-current)					
- Unquoted shares, at costs	13	**4,508**	*	4,566	*
Financial liabilities					
Long term borrowings					
- Fixed rate borrowings	22	**803,515**	**799,329**	613,562	615,316
Financial guarantees	25	**5,718**	**6,421**	8,552	9,817
		809,233	**805,750**	622,114	625,133
Company					
Financial liabilities					
Long term borrowings					
- Fixed rate borrowings	22	**799,595**	**795,409**	609,642	611,396
Financial guarantees	25	**501**	**582**	1,002	1,121
		800,096	**795,991**	610,644	612,517

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

* 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.

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.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair values (Cont'd.)

(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.

(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;
- 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).

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair values (Cont'd.)

At 31 December 2012

	Level	Note	RM'000
Financial assets:			
Quoted investment in cash funds	1	13	**490,881**
Quoted shares outside Malaysia	1	13	**39,292**
Forward currency contracts	2	14	**134**
Embedded derivatives	2	14	**1,462**
Interest rate swaps with currency options	2	14	**1,632**
Cross currency cum interest rate swaps	2	14	**64,620**
Financial liabilities:			
Forward currency contracts	2	14	**6,887**
Embedded derivatives	2	14	**158**
Interest rate swaps with currency options	2	14	**11,814**
Cross currency cum interest rate swaps	2	14	**10,732**

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.

For the purpose of maintaining a strong credit rating, the Group endeavours to keep its debt to equity ratio at around 50%.

	Group		Company	
	2012 RM'000	**2011** RM'000	**2012** RM'000	**2011** RM'000
Short term borrowings	**1,154,981**	850,708	**-**	-
Long term borrowings	**1,726,382**	1,743,296	**799,595**	609,642
Total borrowings	**2,881,363**	2,594,004	**799,595**	609,642
Total equity	**6,277,599**	5,578,068	**1,576,383**	1,447,495
Gearing ratio	**46%**	47%	**51%**	42%

46. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The financial risk management practices of the Group seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The principal aim of the Group's financial risk management practices is to identify, evaluate and manage financial risks with an objective to minimise potential adverse effects on the financial performance of the Group. The financial risk management practices are part of the Group's Enterprise Risk Management Framework.

The Board of Directors has established a risk management framework for subsidiaries within the Group. The Group's risk governance structure comprises the following:

(i) The Investment and Risk Management Committee at the Board level

(ii) The Risk Management Committee at corporate management level

(iii) Risk Management Unit at the respective operating units

Responsibilities of the Investment and Risk Management Committee include:

(i) to monitor the role, effectiveness and efficiency of the Risk Management Committee and Risk Management Units at operating units;

(ii) to review the risk profile of the UMW Group and risk mitigation action plans; and

(iii) to review the risk management policies, procedures and measurement methodologies of the UMW Group and to effect changes thereto, if deemed necessary.

The Risk Management Committee comprises members of the Management Committee. This Committee identifies and assesses risks, and makes recommendations on risk management to the Investment and Risk Management Committee.

Financial risk management objectives of UMW Group are as follows:

(i) to minimise exposure to all financial risks including foreign currency exchange, interest, credit and liquidity risks;

(ii) to accept certain level of financial risks including price risk and credit risk that commensurate with the expected returns on the underlying operations and activities; and

(iii) to minimise liquidity risk by proper cash flow planning, management and control.

The Group's financial risk management strategies include using:

(i) derivatives to hedge its exposure to currency, interest and cash flow risks. However, use of derivatives for speculation is specifically prohibited;

(ii) credit controls that include evaluation, acceptance, monitoring and feedback to ensure that only reasonably credit-worthy customers are accepted; and

(iii) money market instruments, short term deposits and bank borrowings to manage liquidity risks.

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

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 5% (2011: 11%) of the Group's trade receivables are denominated in foreign currencies whilst almost 33% (2011: 30%) 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 RM155,420,000 (2011: RM131,068,000) and RM57,838,000 (2011: RM5,630,000) 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 2012, 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 2013.

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:

		2012 RM'000	**2011 RM'000**
		Effect on profit after tax	
US Dollar	+ 10%	**(3,418)**	20,794
	- 10%	**3,418**	(20,794)
Japanese Yen	+ 10%	**4,332**	(2,616)
	- 10%	**(4,332)**	2,616
Australian Dollar	+ 20%	**(7,048)**	(2)
	- 20%	**7,048**	2
Indian Rupee	+ 10%	**(106)**	20
	- 10%	**106**	(20)

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(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:

		2012 RM'000	2011 RM'000
		Effect on profit after tax	
Ringgit Malaysia	+ 50	**(447)**	(724)
	- 50	**447**	724
US Dollar	+ 50	**(6,209)**	(3,896)
	- 50	**6,209**	3,896

(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.

46. FINANCIAL RISK MANAGEMENT (CONT'D.)

(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.

	<---------- 2012				---------->
	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	2,184,945	-	-	-	2,184,945
Derivatives:					
- Forward contracts (gross payments)	7,045	-	-	-	7,045
- Interest rate swaps (settled net)	110	628	7,647	769	9,154
- Cross currency interest rate swaps	-	11,411	1,788	193	13,392
Loans and borrowings	1,154,981	980,313	892,969	70,444	3,098,707
Total undiscounted financial liabilities	3,347,081	992,352	902,404	71,406	5,313,243
Company					
Financial liabilities:					
Trade and other payables	6,948	-	-	-	6,948
Loans and borrowings	-	522,558	311,664	-	834,222
Total undiscounted financial liabilities	6,948	522,558	311,664	-	841,170

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
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
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

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 2012.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in cash funds and they are quoted in the market.

Sensitivity analysis for market price risk

At the reporting date, if the market price of cash funds had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM24,539,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading investments.

47. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 and 31 December 2011 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.

	2012	
	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	**2,485,443**	**177,094**
- Unrealised	**(27,990)**	**20,660**
	2,457,453	**197,754**
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	**1,188,876**	**-**
- Unrealised	**(22,990)**	**-**
Total share of (accumulated losses)/retained profits from jointly-controlled entities:		
- Realised	**(151,948)**	**-**
- Unrealised	**2,636**	**-**
	3,474,027	**197,754**
Add: Consolidation adjustments	**37,057**	**-**
Total retained profits	**3,511,084**	**197,754**

	2011	
	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	2,021,861	2,188
- Unrealised	5,019	66,678
	2,026,880	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)	-
	2,947,665	68,866
Less: Consolidation adjustments	(51,182)	-
Total retained profits	2,896,483	68,866

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/her, ____
of ____
as my/our proxy to vote for me/us and on my/our behalf at the Thirty-First 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, 27 June 2013 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below -

RESOLUTIONS			FOR	AGAINST
ORDINARY BUSINESS				
To receive the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.	-	Ordinary Resolution 1		
To declare a final single-tier dividend of 25.0 sen per share of RM0.50 each for the year ended 31 December 2012.	-	Ordinary Resolution 2		
To re-elect Datuk Syed Hisham bin Syed Wazir who is retiring in accordance with Article 116 of the Company's Articles of Association.	-	Ordinary Resolution 3		
To re-elect Khalid bin Sufat who is retiring in accordance with Article 123 of the Company's Articles of Association.	-	Ordinary Resolution 4		
To approve Directors' fees of RM890,000 for the year ended 31 December 2012.	-	Ordinary Resolution 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 6		
SPECIAL BUSINESS				
Proposed renewal of/new Shareholders' mandate for recurrent related party transactions	-	Ordinary Resolution 7		
Proposed renewal of share buy-back	-	Ordinary Resolution 8		

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 2013.

Number of Shares Held	CDS Account No.	Tel. No./Handphone No.
	- -	

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		

....
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 may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(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 must be deposited at the Registered Office of the Company at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

PLEASE FOLD HERE

AFFIX STAMP

UMW Holdings Berhad (090278-P)
No. 10, Jalan Utas (15/7),
P.O. Box 7052, 40915 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
(+603) 5163 5000 www.umw.com.my