

**UMW HOLDINGS BERHAD**

(COMPANY NO. 090278-P)  
(INCORPORATED IN MALAYSIA)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
SECOND QUARTER ENDED 30<sup>TH</sup> JUNE 2010  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT QUARTER ENDED 30/06/2010 RM'000</b>	<b>COMPARATIVE QUARTER ENDED 30/06/2009 RM'000</b>	<b>6 MONTHS CUMULATIVE TO DATE 30/06/2010 RM'000</b>	<b>COMPARATIVE 6 MONTHS CUMULATIVE TO DATE 30/06/2009 RM'000</b>
<b><u>Continuing Operations</u></b>				
Revenue	3,282,075	2,581,069	6,315,232	4,930,872
Operating Expenses	(2,909,800)	(2,425,014)	(5,758,916)	(4,705,158)
Other Operating Income	25,250	25,425	118,551	46,383
<b>Profit From Operations</b>	<b>397,525</b>	<b>181,480</b>	<b>674,867</b>	<b>272,097</b>
Finance Costs	(14,846)	(16,017)	(26,202)	(26,160)
Share Of Profits Of Associated Companies	49,066	12,623	79,588	46,989
Investment Income	10,521	7,382	19,107	16,279
<b>Profit Before Taxation</b>	<b>442,266</b>	<b>185,468</b>	<b>747,360</b>	<b>309,205</b>
Taxation	(99,272)	(42,104)	(172,098)	(67,659)
<b>Profit For The Period</b>	<b>342,994</b>	<b>143,364</b>	<b>575,262</b>	<b>241,546</b>
<b><u>Other Comprehensive Income:</u></b>				
Translation Of Foreign Operations	1,130	(2,646)	(1,462)	5,565
Net Asset Accretion From Share Issue Of A Jointly- Controlled Company	-	-	-	2,468
Cash Flow Hedge	1,315	-	566	-
Other Comprehensive Income Net Of Tax	2,445	(2,646)	(896)	8,033
<b>Total Comprehensive Income For The Period</b>	<b>345,439</b>	<b>140,718</b>	<b>574,366</b>	<b>249,579</b>
<b><u>Profit For The Period Attributable To:</u></b>				
Owners Of The Company	211,697	79,431	344,553	145,389
Non-Controlling Interests	131,297	63,933	230,709	96,157
	<b>342,994</b>	<b>143,364</b>	<b>575,262</b>	<b>241,546</b>
<b><u>Total Comprehensive Income Attributable To:</u></b>				
Owners Of The Company	214,083	76,107	343,913	151,604
Non-Controlling Interests	131,356	64,611	230,453	97,975
	<b>345,439</b>	<b>140,718</b>	<b>574,366</b>	<b>249,579</b>
<b><u>EPS Attributable To Owners Of The Company:</u></b>				
Basic EPS For The Period (Sen)	18.74	7.24	30.50	13.26
Diluted EPS For The Period (Sen)	18.62	7.19	30.31	13.15

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(UNAUDITED) AS AT 30/06/2010 RM'000	(AUDITED) AS AT 31/12/2009 (RESTATED) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment In Associates	1,533,463	1,453,676
Investment Properties	1,666	1,714
Property, Plant And Equipment	2,923,323	2,780,553
Prepaid Land Lease Payments	18,927	20,333
Leased Assets	172,844	169,940
Deferred Tax Assets	27,192	26,733
Derivative Assets	36,066	-
Intangible Assets	286,407	241,498
Other Financial Assets	324,905	193,580
	5,324,793	4,888,027
<b>Current Assets</b>		
Deposits, Cash And Bank Balances	2,046,585	1,733,290
Trade Receivables	737,665	641,881
Other Receivables	263,878	255,390
Derivative Assets	4,351	-
Inventories	1,334,953	1,303,573
	4,387,432	3,934,134
Non-Current Assets Held For Sale	3,535	3,535
	4,390,967	3,937,669
<b>TOTAL ASSETS</b>	9,715,760	8,825,696
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners Of The Company</b>		
Share Capital	568,645	559,658
Share Premium	620,182	542,045
Capital Reserve	5,793	5,793
Foreign Exchange Reserve	41,460	42,666
Share Option Reserve	41,038	41,038
Cash Flow Hedge Reserve	365	-
Retained Profits	2,841,958	2,582,659
	4,119,441	3,773,859
Non-Controlling Interests	1,233,092	1,145,909
<b>TOTAL EQUITY</b>	5,352,533	4,919,768
<b>Non-Current Liabilities</b>		
Long Term Liabilities	1,926,755	1,850,598
Provision For Liabilities	59,532	65,488
Deferred Tax Liabilities	19,710	22,107
Derivative Liabilities	23,268	-
	2,029,265	1,938,193
<b>Current Liabilities</b>		
Bank Overdrafts	74,488	34,270
Short Term Borrowings	383,769	259,874
Trade Payables	819,608	761,598
Other Payables	757,622	719,874
Derivative Liabilities	3,977	-
Provision For Liabilities	40,630	64,183
Taxation	151,512	71,732
Dividend Payable	102,356	56,204
	2,333,962	1,967,735
<b>TOTAL LIABILITIES</b>	4,363,227	3,905,928
<b>TOTAL EQUITY AND LIABILITIES</b>	9,715,760	8,825,696
<b>Net Assets Per Share (RM)</b>	<b>3.6222</b>	<b>3.3716</b>

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



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED  
30<sup>TH</sup> JUNE 2010**

	<b>6 MONTHS ENDED 30/06/2010 RM'000</b>	<b>6 MONTHS ENDED 30/06/2009 RM'000</b>
<b>Cash Flow From Operating Activities</b>		
Profit Before Taxation	747,360	309,205
Adjustments For:		
Non-Cash Items	25,300	114,328
Non-Operating Items	(19,106)	(14,871)
Operating Profit Before Working Capital Changes	753,554	408,662
Changes In Working Capital:		
Net Change In Current Assets	(115,624)	154,054
Net Change In Current Liabilities	(55,774)	(233,839)
Net Cash Generated From Operating Activities	582,156	328,877
<b>Cash Flow From Investing Activities</b>		
Net Cash Outflow Arising From Equity Investments	(48,300)	(98,538)
Dividends Received	24,142	48,499
(Purchase)/Disposal Of Fixed Assets (Net)	(250,315)	(263,308)
Interest Income	18,131	15,566
Other Investments	(129,855)	(138,298)
Net Cash Used In Investing Activities	(386,197)	(436,079)
<b>Cash Flow From Financing Activities</b>		
Proceeds From Issue Of Shares	87,124	43,589
Dividends Paid	(192,295)	(229,241)
Bank Borrowings (Net)	183,752	99,456
Net Cash Generated From/(Used In) Financing Activities	78,581	(86,196)
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>	274,540	(193,398)
<b>Cash And Cash Equivalents As At 1<sup>st</sup> January</b>	1,699,020	1,519,699
<b>Effects Of Exchange Rate Changes</b>	(1,463)	5,565
<b>Cash And Cash Equivalents As At 30<sup>th</sup> June</b>	1,972,097	1,331,866

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

## Note 1 - Accounting Policies

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

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

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

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

The effects on the comparatives in the Condensed Consolidated Statement of Comprehensive Income for the current quarter and six months ended 30<sup>th</sup> June 2010 on adoption of FRS 101 are as follows:

	<b>Quarter Ended 30<sup>th</sup> June 2009 RM'000</b>	<b>6 Months Ended 30<sup>th</sup> June 2009 RM'000</b>
Profit for the period as previously stated	143,364	241,546
Other comprehensive income:		
Translation of Foreign Operations	(2,646)	5,565
Net asset accretion arising from the share issue of a jointly-controlled entity	-	2,468
<b>Total comprehensive income</b>	<b>140,718</b>	<b>249,579</b>
Total comprehensive income attributable to:		
Owners of the parent	76,107	151,604
Non-controlling interest	64,611	97,975
	<b>140,718</b>	<b>249,579</b>

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

Statements of financial position	Increase / (Decrease)	
	As at 30 <sup>th</sup> June 2010 RM'000	As at 1 <sup>st</sup> January 2010 RM'000
Investment in associates	(1,521)	23,875
Trade receivables	-	632
Other receivables	-	2,240
Derivative assets	33,745	6,672
Derivative liabilities	8,076	19,169
Other payables - financial guarantee	-	3,278
Retained earnings	25,303	17,102
Cash flow hedge reserve	(566)	201
Non-controlling interests	(1,723)	(6,130)

Other than the above, the rest of the new and revised FRSs, IC Interpretations and Amendments do not have material impact on the accounting policies, financial position or performance of the Group for the current period under review.

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

The Group is principally engaged in:

- (a) import, assembly and marketing of passenger and commercial vehicles and related spares and manufacturing of original/replacement automotive parts;
- (b) trading and manufacturing of a wide range of light and heavy equipment including related spares for use in the industrial, construction, mining and agricultural sectors; and
- (c) manufacturing and trading of oil pipes and providing various oil and gas services including drilling and pipe-coating.

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows except as disclosed in Note 1 above.

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

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

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

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30<sup>th</sup> June 2010.

During the quarter ended 30<sup>th</sup> June 2010, the issued and paid-up capital of the Company increased from RM564,981,366 to RM568,644,966 as a result of the exercise and allotment of:

- (a) 145,200 option shares of par value RM0.50 each at RM3.335 per share;
- (b) 385,900 option shares of par value RM0.50 each at RM3.33 per share;
- (c) 35,800 option shares of par value RM0.50 each at RM3.325 per share;
- (d) 4,130,500 option shares of par value RM0.50 each at RM4.93 per share; and
- (e) 2,629,800 option shares of par value RM0.50 each at RM5.16 per share.

As at 30<sup>th</sup> June 2010, the total number of unexercised share options was 30,614,700 option shares of par value RM0.50 each.

At the date of this report, 4,926,100 option shares were exercised and allotted subsequent to 30<sup>th</sup> June 2010. After taking into account these new shares, the paid-up capital of the Company increased to RM571,108,016.

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

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

There was no dividend paid during the quarter ended 30<sup>th</sup> June 2010.

#### **Note 7 - Segmental Reporting**

	Six Months Ended 30 <sup>th</sup> June 2010		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
<b>Business Segment</b>			
Automotive	4,962,061	719,305	335,923
Equipment	757,171	69,832	53,391
Oil & Gas	293,449	(38,550)	(32,672)
Manufacturing & Engineering	309,457	29,155	15,123
Others	38,129	(32,382)	(27,212)
<b>Sub-Total</b>	<b>6,360,267</b>	<b>747,360</b>	<b>344,553</b>
Elimination of Inter-Segment Sales	(45,035)	-	
<b>Consolidated Total</b>	<b>6,315,232</b>	<b>747,360</b>	

#### **Note 8 - Subsequent Material Events**

In the opinion of the Directors, there was no material event or transaction during the period from 30<sup>th</sup> June 2010 to the date of this announcement, which affects substantially the results of the operations of the Group for the period ended 30<sup>th</sup> June 2010 in respect of which this announcement is made.

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

There were no changes in the composition of the Group during the quarter ended 30<sup>th</sup> June 2010.

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

Contingent liabilities of the Group have decreased from RM283 million to RM266 million since 31<sup>st</sup> December 2009.

### **Note 11 - Commitments**

These are in respect of capital commitments:

	RM'000	RM'000
<b>Approved and contracted for:</b>		
Land and buildings	130,006	
Equipment, plant and machinery	277,128	
Others	<u>17,331</u>	424,465
<b>Approved but not contracted for:</b>		
Land and buildings	89,877	
Equipment, plant and machinery	262,141	
Others	<u>4,526</u>	<u>356,544</u>
Total		<u>781,009</u>

### **Note 12 - Significant Related Party Transactions**

No.	UMW & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
1.	UMW Advantech Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods	16,214
2.	KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Perodua Group	Associated Company	Sale of Goods	39,377
3.	UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Perodua Group	Associated Company	Sale of Goods and Services	128,537
				Purchase of Goods and Services	128,257
4.	UMW Industrial Power Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods and Services	3,450
5.	UMW Industries (1985) Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods and Services	2,968
6.	U-TravelWide Sdn. Bhd.	Perodua Group	Associated Company	Sale of Services	2,633
7.	UMW Toyota Motor Sdn. Bhd.	UMW Toyotsu Motors Sdn. Bhd.	Associated Company	Sale of Goods and Services	78,941

No.	UMW & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
8.	UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Toyota Motor Corporation, Japan and its subsidiaries	Corporate Shareholders of UMW Toyota Motor Sdn. Bhd.	Sale of Goods and Services	495,779
				Purchase of Goods and Services	1,183,531
9.	KYB-UMW Malaysia Sdn. Bhd.	Kayaba Industry Co., Ltd., Japan and its subsidiaries	Corporate Shareholders of KYB-UMW Malaysia Sdn. Bhd.	Sale of Goods and Services	9,976
				Purchase of Assets	3,994
				Sale of Goods and Services	146
10.	Lubetech Sdn. Bhd.	UMW Pennzoil Distributors Sdn. Bhd.	Associated Company	Purchase of Goods and Services	21,371
				Sale of Goods and Services	51,821
11.	UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co., Ltd. and its subsidiaries	Corporate Shareholders of UMW JDC Drilling Sdn. Bhd.	Purchase of Services	289
				Purchase of Goods and Services	7,782
				Bare Boat Charter	13,107

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

Group revenue of RM3,282.1 million for the second quarter ended 30<sup>th</sup> June 2010 improved over the RM2,581.1 million achieved in the preceding year's corresponding quarter by RM701.0 million or 27.2%. Overall, the progressive strengthening of consumer and business confidence continued to generate strong demand for our Toyota vehicles, heavy and industrial equipment as well as automotive parts. However, performance of our Oil & Gas segment remained adversely affected by the slow recovery in the exploration and production sector. The finalisation of contractual terms for our NAGA 2 rig took a longer time than expected. NAGA 2 will be income-generating in September 2010 instead of in April 2010 as originally anticipated.

Group profit before taxation for the second quarter ended 30<sup>th</sup> June 2010 of RM442.3 million exceeded the RM185.5 million registered in the same quarter of 2009 by 138.4%, an increase of RM256.8 million. Higher sales of Toyota and Perodua vehicles, favourable model mix, improved performance from the Equipment and Manufacturing & Engineering segments, coupled with favourable foreign exchange rates, accounted for the significant improvement in profit for the current quarter ended 30<sup>th</sup> June 2010. Our overseas associate, WSP Holdings Limited, has reported an overall improvement in both domestic and international sales and a lower loss for the second quarter of 2010. The company has successfully secured new overseas customers in

Russia, Uzbekistan and South America although sales to North America has not improved due to countervailing duties on seamless pipes made in China.

Net profit attributable to the owners of the Company for the second quarter of 2010 jumped from the RM79.4 million registered in the same quarter of 2009 to RM211.7 million, an increase of RM132.3 million or 166.6%.

Group revenue of RM6,315.2 million for the six months ended 30<sup>th</sup> June 2010 was higher than the RM4,930.9 million registered in the same period of 2009 by RM1,384.3 million or 28.1%. Strong economic recovery in the first half of 2010 resulted in higher demand for our Toyota vehicles, industrial and heavy equipment as well as automotive parts. However, the slow and weak rebound in the Oil & Gas industry has affected demand for some of our pipes and services.

Correspondingly, Group profit before taxation for the six months ended 30<sup>th</sup> June 2010 of RM747.4 million was higher than the RM309.2 million recorded in the same period of 2009 by 141.7%, an increase of RM438.2 million. Generally, higher revenue recorded by all core business segments other than the Oil & Gas segment, improved margins from favourable model mix and lower cost of imports contributed to the surge in profit. However, weak demand for some of our products and services due to the slow recovery in the Oil & Gas industry, negative contribution from NAGA 2 and the continued imposition of duties by the United States, resulted in a loss for the Oil & Gas segment.

Net profit attributable to the owners of the Company for the six months ended 30<sup>th</sup> June 2010 increased to RM344.6 million from the RM145.4 million achieved in the same period of 2009, an increase of RM199.2 million.

Total Toyota and Perodua vehicle sales of 143,721 units represented 47.7% of the total industry volume of 301,077 units reported by the Malaysian Automotive Association for the six months ended 30<sup>th</sup> June 2010.

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

Group revenue of RM3,282.1 million for the second quarter ended 30<sup>th</sup> June 2010 was higher than the RM3,033.2 million registered for the first quarter of 2010 by RM248.9 million or 8.2%. Stronger demand for our Toyota vehicles as well as the industrial and heavy equipment mainly accounted for the revenue improvement.

Group profit before taxation of RM442.3 million for the second quarter ended 30<sup>th</sup> June 2010 was RM137.2 million or 45.0% above the RM305.1 million recorded in the first quarter of 2010. Higher sales volume, improved margins from favourable foreign exchange rates and lower loss incurred by our overseas associate resulted in the higher profit.

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

- (a) The global economy is expected to grow at a modest pace in the second half of 2010 with European countries on austerity drive to address fiscal deficits and the waning of stimulus spending worldwide.

The Malaysian economy recorded a gross domestic product (GDP) growth of 8.9% in the second quarter of 2010 against the first quarter's 10.1%, a sign that the economy is due for a slower but positive second-half this year. In line with regional performance, Malaysian Institute of Economic Research has revised the country's GDP growth forecast for the year 2010 upwards for the second time, from 5.2% to 6.5%, in view of the strong first half GDP growth and the continuing robust consumer and business confidence.

Aided by economic recovery and rising consumer and business confidence, Malaysian automotive sales this year is expected to hit a new high of 570,000 units, approximately 3.4% above the pre-crisis high of 551,042 units achieved in the year of 2005. Based on sales and bookings achieved so far, Perodua is confident that sales this year will reach 185,000 units, surpassing its forecast of 176,000 units. Similarly, UMW Toyota Motor is expected to exceed its internal target of 88,000 units set for the year 2010. The strengthening of Ringgit Malaysia against the United States Dollar is also expected to contribute positively to the earnings of UMW Toyota Motor.

Strong recovery in the Malaysian Automotive industry has resulted in a surge of demand for automotive parts in the first half of 2010. This trend is expected to continue into the second half of 2010. In light of this, our Manufacturing & Engineering segment is expected to continue to do well in the remaining part of the year.

Our premium jack-up rig, NAGA 2, has been awarded a contract for the provision of drilling services with an estimated value of USD183 million, by HESS (Indonesia - Pangkah) Limited. NAGA 2 is scheduled to be mobilised and commence production in late August and early September of 2010, respectively. UMW is in the process of working on contracts for our premium jack-up rig, NAGA 3, construction of which is in the final stages with delivery expected in the last quarter of the year. Our overseas associate, WSP Holdings Limited, expects both sales volume and prices to improve further in the second half of 2010 due to increased global oil and gas drilling activity levels. However, the antidumping and countervailing duties imposed by the United States continue to have an adverse effect on its exports to North America.

The implementation of the various stimulus packages by the Malaysian Government has resulted in a high level of activities in the construction, quarry and mining sectors in the first half of 2010. Similarly, the economies of the countries where UMW has presence reported strong growth in the first half of 2010. Consequently, demand for some of our heavy equipment exceeded supply. We expect the current momentum to be sustained in the second half of 2010. As such, the Equipment segment is poised to outperform its internal targets set for 2010.

Based on the current positive economic outlook, the Board is confident that the financial performance of the Group is likely to exceed its internal revenue and profit targets set for the financial year ending 31<sup>st</sup> December 2010.

- (b) Generally, the Group is progressing satisfactorily in accordance with its business plans to achieve the internal annual performance targets. ■

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

Based on internal key financial indicators and the current economic outlook for the remaining period to 31<sup>st</sup> December 2010, the Board of Directors is optimistic that the 2010 Headline Key Performance Indicators as stated below are achievable:

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

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

This is not applicable to the Group.

**Note 18 - Taxation**

	<b>Quarter Ended 30<sup>th</sup> June 2010 RM'000</b>	<b>Six Months Ended 30<sup>th</sup> June 2010 RM'000</b>
Current period's provision	99,272	175,715
Add/(Less): Under/(Over) provision in prior periods	-	-
	99,272	175,715
Deferred taxation	-	(3,617)
Total	99,272	172,098

The effective tax rate for the current quarter and six months ended 30<sup>th</sup> June 2010 were 25.2% and 25.8%, respectively. The effective tax rates were slightly higher than the statutory tax rate of 25% primarily due to:

- (a) certain expenses were not allowable for tax purposes; and
- (b) higher tax rates for certain overseas subsidiaries.

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

There was no sale of unquoted investment or properties during the period ended 30<sup>th</sup> June 2010.

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

- (a) Total purchase consideration and sale proceeds of quoted investment and profit/loss arising from the sale therefrom were as follows:

	<b>Quarter Ended 30<sup>th</sup> June 2010 RM'000</b>	<b>Six Months Ended 30<sup>th</sup> June 2010 RM'000</b>
Total purchases	140,766	154,956
Total sale proceeds	-	25,101
Total gain arising from sale	-	10

- (b) Quoted investments as at 30<sup>th</sup> June 2010 were as follows:

	<b>Quoted Outside Malaysia RM'000</b>	<b>Quoted Within Malaysia RM'000</b>
At cost	50,705	271,096
Provision for accretion/diminution	885	(19)
At net book value	51,590	271,077
Market value as at 30 <sup>th</sup> June 2010	51,590	271,077

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

**Note 21 - Corporate Proposals**

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

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

	RM'000	RM'000	'000
(a) Short term borrowings			
- Unsecured			
Short term loans and trade facilities	356,094		{ USD46,489 SGD4,830 INR432,842
Finance lease payable	108		
Portion of long term loans payable within 12 months	11,620		{ USD1,286 KINA2,188
		367,822	
- Secured			
Short term loans and trade facilities	14,495		{ USD1,256 AUD1,652
Finance lease payable	934		{ SGD358 AUD21
Portion of long term loans payable within 12 months	518		SGD213
		15,947	
<b>Total</b>		<b>383,769</b>	{ USD49,031 SGD5,401 AUD1,673 KINA2,188 INR432,842
(b) Long term borrowings			
- Unsecured			
Long term loans	1,548,607		{ USD294,363 INR9,665 KINA5,021
Finance lease payable	458		
Portion of long term loans payable within 12 months	(11,620)		{ (USD1,286) (KINA2,188)
		1,537,445	
- Secured			
Long term loans	388,701		{ USD50,244 AUD9,777 SGD908 INR2,519,911
Finance lease payable	1,127		{ SGD237 AUD180
Portion of long term loans payable within 12 months	(518)		(SGD213)
		389,310	
<b>Total</b>		<b>1,926,755</b>	{ USD343,321 AUD9,957 SGD932 INR2,529,576

**Note 23 - Financial Instruments****(a) Outstanding derivatives as at 30<sup>th</sup> June 2010**

<b>Derivatives</b>	<b>Notional Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Maturity</b>
Interest Rate Swaps	25,928	23,237	1 year to 3 years
Interest Rate Swaps	177,121	156,544	More than 3 years
Cross Currency Swaps	503,431	539,497	More than 3 years
Foreign Currency Forward Contracts	651,582	649,202	Less than 1 year
Embedded Derivatives	402,111	399,763	Less than 1 year

During the six months ended 30<sup>th</sup> June 2010, there were no significant changes to the Group's exposures to credit risk, market risk and liquidity risk since the last financial year. In addition, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

**(b) Description of the nature of all outstanding derivatives as at 30<sup>th</sup> June 2010**

- (i) An interest rate swap with a notional principal of USD48 million that fixed the obligation of a jointly-controlled entity in India to pay interest at a fixed rate of 7.04% per annum. The interest rate swap will mature on 30<sup>th</sup> September 2015.
- (ii) An interest rate swap with a notional principal of USD20 million that fixed the obligation of a jointly-controlled entity in India to pay interest at a fixed rate of 9.05% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> October 2012.
- (iii) An interest rate swap with a notional principal of USD10 million that fixed the obligation of a jointly-controlled entity in India to pay interest at a fixed rate of 10.41% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 4<sup>th</sup> November 2013.
- (iv) A cross currency swap that entitles a jointly-controlled entity in India to convert JPY3,425 million to INR1,405.6 million and fixed the entity's obligation to pay interest at a fixed rate of 9.35% per annum. The cross currency swap will mature on 31<sup>st</sup> March 2020.
- (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<sup>th</sup> September 2014.
- (vi) An interest rate swap with a notional principal of USD15 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 7.1% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 14<sup>th</sup> July 2014.
- (vii) An interest rate swap with a notional principal of USD3.25 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 6.8% per annum

with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> July 2014.

- (viii) An interest rate swap with a notional principal of USD2 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 9.45% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 15<sup>th</sup> June 2015.
- (ix) An interest rate swap with a notional principal of USD7 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 7.20% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> July 2014.
- (x) An interest rate swap with a notional principal of USD4 million that fixed the obligation of a subsidiary in India to pay interest at a fixed rate of 5.15% per annum with embedded options that provide protection on USD/INR rate within a specified range on the principal repayment. The interest rate swap will mature on 31<sup>st</sup> July 2014.
- (xi) Foreign currency forward contracts

<b>Currency</b>	<b>Contract Amounts '000</b>	<b>Equivalent Amount in RM'000</b>	<b>Expiry Dates</b>
Japanese Yen	1,311,774	46,385	06/07/2010 - 31/01/2011
United States Dollar	172,312	564,334	06/07/2010 - 10/12/2010
Euro	1,327	5,522	07/07/2010 - 30/12/2010
Swedish Krone	6,350	2,712	30/07/2010 - 30/12/2010
Singapore Dollar	26	63	30/07/2010
Thai Baht	53,878	5,486	16/07/2010 - 15/09/2010

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

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

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

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

The Board is pleased to declare an interim single-tier dividend of 20% or 10.0 sen (2009 - 12% or 6.0 sen) per share of RM0.50 each, amounting to a net dividend payable of approximately RM114.5 million (2009 - RM66.6 million) for the year ending 31st December 2010, to be paid on 7th October 2010.

**Note 26 - Earnings Per Share**

Basic earnings per share for the quarter and six months ended 30<sup>th</sup> June 2010 are calculated by dividing the net profit attributable to shareholders of RM211,697,000 and RM344,553,000, respectively, by the weighted average number of ordinary shares in issue as at 30<sup>th</sup> June 2010 of 1,129,768,354 shares of RM0.50 each.

Diluted earnings per share for the current quarter and six months ended 30<sup>th</sup> June 2010 are calculated by dividing the adjusted net profit attributable to shareholders of RM211,697,000 and RM344,553,000, respectively, by the adjusted weighted average number of ordinary shares in issue and issuable of 1,136,857,799 shares of RM0.50 each.

	<b>No. of Shares of RM0.50 Each</b>
Weighted average number of shares as at 30/06/2010	1,129,768,354
Add: Dilutive ESOS	7,089,445
Adjusted weighted average number of shares	1,136,857,799

**Note 27 - Audit Qualification**

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

**By Order Of The Board**

**SUSEELA MENON**  
**Secretary**  
**(MAICSA 7028386)**

Shah Alam  
20<sup>th</sup> August 2010