

UMW HOLDINGS BERHAD

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2009 (THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

	CURRENT QUARTER ENDED 31/12/2009 RM'000	COMPARATIV E QUARTER ENDED 31/12/2008 RM'000	12 MONTHS CUMULATIVE TO DATE 31/12/2009 RM'000	COMPARATIV E 12 MONTHS CUMULATIVE TO DATE 31/12/2008 RM'000
<u>Continuing Operations</u>				
Revenue	2,969,431	2,890,116	10,697,954	12,769,581
Operating Expenses	(2,761,787)	(2,706,613)	(10,049,703)	(11,824,678)
Other Operating Income	31,393	50,182	103,198	128,748
Profit From Operations	239,037	233,685	751,449	1,073,651
Finance Costs	(8,594)	(19,574)	(37,524)	(48,139)
Share Of (Loss)/Profits Of Associated Companies	(1,640)	48,253	88,359	199,822
Investment Income	8,381	12,644	32,279	51,351
Profit Before Taxation	237,184	275,008	834,563	1,276,685
Taxation	(67,217)	(64,853)	(198,033)	(320,872)
Profit For The Period	169,967	210,155	636,530	955,813
<u>Attributable To :</u>				
Equity Holders Of The Company	99,750	119,688	371,077	565,838
Minority Interests	70,217	90,467	265,453	389,975
	169,967	210,155	636,530	955,813
<u>EPS Attributable To Equity Holders Of The Company :</u>				
Basic EPS For The Period (Sen)	9.04	11.06	33.61	52.30
Diluted EPS For The Period (Sen)	8.96	10.87	33.34	51.40

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

CONDENSED CONSOLIDATED BALANCE SHEET

	(UNAUDITED) AS AT 31/12/2009 RM'000	(AUDITED) AS AT 31/12/2008 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Investment In Associates	1,471,228	1,468,121
Investment Properties	13,976	14,384
Property, Plant And Equipment	2,558,603	1,792,362
Prepaid Land Lease Payments	217,383	221,660
Leased Assets	160,535	157,899
Deferred Tax Assets	26,761	21,331
Intangible Assets	247,388	132,906
Other Financial Assets	196,695	86,293
	4,892,569	3,894,956
Current Assets		
Deposits, Cash And Bank Balances	1,714,292	1,537,802
Trade Receivables	616,925	683,307
Other Receivables	308,943	254,611
Inventories	1,293,917	1,453,830
	3,934,077	3,929,550
Non-Current Assets Held For Sale	3,535	3,535
	3,937,612	3,933,085
TOTAL ASSETS	8,830,181	7,828,041
<u>EQUITY AND LIABILITIES</u>		
Equity Attributable To Equity Holders Of The Company		
Share Capital	559,658	546,072
Share Premium	542,045	414,651
Capital Reserve	5,793	5,793
Foreign Exchange Reserve	50,776	50,442
Share Option Reserve	41,037	61,169
Retained Profits	2,571,342	2,444,126
	3,770,651	3,522,253
Minority Interests	1,152,070	1,083,167
TOTAL EQUITY	4,922,721	4,605,420
Non-Current Liabilities		
Long Term Liabilities	1,873,797	719,517
Provision For Liabilities	42,949	43,995
Deferred Tax Liabilities	24,771	16,027
	1,941,517	779,539
Current Liabilities		
Bank Overdrafts	31,018	18,103
Short Term Borrowings	257,955	509,851
Trade Payables	710,145	730,190
Other Payables	787,175	920,324
Provision For Liabilities	56,209	66,620
Taxation	67,237	115,931
Dividend Payable	56,204	82,063
	1,965,943	2,443,082
TOTAL LIABILITIES	3,907,460	3,222,621
TOTAL EQUITY AND LIABILITIES	8,830,181	7,828,041
Net Assets Per Share (RM)	3.3687	3.2251

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2009

|----- ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY -----|

< ----- NON-DISTRIBUTABLE ----- >

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	CAPITAL RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	SHARE OPTION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL RM'000
12 MONTHS PERIOD ENDED 31ST DECEMBER 2009									
At 1st January 2009	546,072	414,651	5,793	50,442	61,169	2,444,126	3,522,253	1,083,167	4,605,420
Foreign currency translation	-	-	-	334	-	-	334	3,538	3,872
Net assets accretion arising from the share issue of a jointly controlled entity	-	-	-	-	-	2,468	2,468	-	2,468
Net income/(expense) recognised directly in equity	-	-	-	334	-	2,468	2,802	3,538	6,340
Profit for the period	-	-	-	-	-	371,077	371,077	265,453	636,530
Total recognised income and expense for the period	-	-	-	334	-	373,545	373,879	268,991	642,870
New/acquisition of subsidiaries	-	-	-	-	-	-	-	4,551	4,551
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	22,789	22,789
Reduction of minority interests in subsidiaries	-	-	-	-	-	-	-	(7,793)	(7,793)
Issue of ordinary shares:									
Pursuant to ESOS	13,586	107,262	-	-	-	-	120,848	-	120,848
Effect of exercise of share options	-	20,132	-	-	(20,132)	-	-	-	-
Dividends distributed to equity holders	-	-	-	-	-	(246,329)	(246,329)	(219,635)	(465,964)
At 31st December 2009	559,658	542,045	5,793	50,776	41,037	2,571,342	3,770,651	1,152,070	4,922,721
12 MONTHS PERIOD ENDED 31ST DECEMBER 2008									
At 1st January 2008	537,711	357,328	5,793	25,318	17,072	2,186,863	3,130,085	878,459	4,008,544
Foreign currency translation	-	-	-	25,124	-	-	25,124	(5,900)	19,224
Net assets accretion arising from the share issue of an associated company	-	-	-	-	-	6,383	6,383	-	6,383
Net income/(expense) recognised directly in equity	-	-	-	25,124	-	6,383	31,507	(5,900)	25,607
Profit for the period	-	-	-	-	-	565,838	565,838	389,975	955,813
Total recognised income and expense for the period	-	-	-	25,124	-	572,221	597,345	384,075	981,420
New/acquisition of subsidiaries	-	-	-	-	-	-	-	10,321	10,321
Increase in share capital of subsidiaries	-	-	-	-	-	-	-	13,738	13,738
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	177	177
Reduction of minority interests in a subsidiary	-	-	-	-	-	-	-	(5,291)	(5,291)
Issue of ordinary shares:									
Pursuant to ESOS	8,361	47,354	-	-	-	-	55,715	-	55,715
Share-based payment under ESOS	-	-	-	-	54,066	-	54,066	-	54,066
Effect of exercise of share options	-	9,969	-	-	(9,969)	-	-	-	-
Dividends distributed to equity holders	-	-	-	-	-	(314,958)	(314,958)	(198,312)	(513,270)
At 31st December 2008	546,072	414,651	5,793	50,442	61,169	2,444,126	3,522,253	1,083,167	4,605,420

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED
31ST DECEMBER 2009**

	12 MONTHS ENDED 31/12/2009 RM'000	12 MONTHS ENDED 31/12/2008 RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	834,563	1,276,685
Adjustments For:		
Non-Cash Items	175,754	177,059
Non-Operating Items	(30,253)	(51,351)
Operating Profit Before Working Capital Changes	980,064	1,402,393
Changes In Working Capital:		
Net Change In Current Assets	168,893	(431,887)
Net Change In Current Liabilities	(376,303)	(373,217)
Net Cash Generated From Operating Activities	772,654	597,289
Cash Flow From Investing Activities		
Net Cash Outflow Arising From Equity Investments	(308,116)	(246,489)
Dividends Received	108,517	51,330
(Purchase)/Disposal Of Fixed Assets (Net)	(593,709)	(538,173)
Interest Income	31,502	51,291
Other Investments	(104,399)	(46,058)
Net Cash Used In Investing Activities	(866,205)	(728,099)
Cash Flow From Financing Activities		
Proceeds From Issue Of Shares	132,289	91,775
Dividends Paid	(491,824)	(479,018)
Bank Borrowings (Net)	604,356	476,435
Net Cash Generated From Financing Activities	244,821	89,192
Net Increase/(Decrease) In Cash And Cash Equivalents	151,270	(41,618)
Cash And Cash Equivalents As At 1st January	1,519,699	1,567,223
Effects Of Exchange Rate Changes	12,305	(5,906)
Cash And Cash Equivalents As At 31st December	1,683,274	1,519,699

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

Note 1 - Accounting Policies

The interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and methods of computation in the interim financial statements are consistent with those in the annual financial statements for the year ended 31st December 2008.

The Group has not opted for early adoption of the following new FRSs, Amendments to FRSs and Issues Committee Interpretations (“IC Interpretations”):

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Cash Flow Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
IC Interpretation 9	
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes

IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to	Reassessment of Embedded Derivatives
IC Interpretation 9	

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes arising from the adoption of FRS 7, FRS 8 and FRS 139.

The Group is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

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.

Note 4 - Accounting Estimates

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

Note 5 - Issuance or Repayment of Debt and Equity Securities

On 15th September 2009, the Company completed the issuance of Islamic Medium Term Notes ("IMTN2") with a nominal value of RM500 million under the IMTN programme. The IMTN2 has a tenure of five years.

Other than the above, there were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the year ended 31st December 2009.

During the quarter ended 31st December 2009, the issued and paid-up capital of the Company increased from RM555,763,516 to RM559,658,366 as a result of the exercise and allotment of:

- (a) 244,100 option shares of par value RM0.50 each at RM3.335 per share;
- (b) 467,700 option shares of par value RM0.50 each at RM3.330 per share;
- (c) 48,400 option shares of par value RM0.50 each at RM3.325 per share;
- (d) 4,157,600 option shares of par value RM0.50 each at RM4.93 per share; and
- (e) 2,871,900 option shares of par value RM0.50 each at RM5.16 per share.

As at 31st December 2009, the total number of unexercised share options was 49,436,900 option shares of par value RM0.50 each.

At the date of this report, 6,996,000 option shares were exercised and allotted subsequent to 31st December 2009. After taking into account these new shares, the paid-up capital of the Company increased to RM563,156,366.

Note 6 - Dividends Paid

For the financial year ended 31st December 2008:

- (a) a second interim dividend of 20% or 10.0 sen per share of RM0.50 each less 25% income tax, (2008 - 12% or 6.0 sen per share of RM0.50 each less 26% income tax) amounting to a net dividend of RM82.1 million (2008 - RM47.8 million) was paid on 20th February 2009; and
- (b) a final franked dividend of 3.25 sen per share of RM0.50 each less 25% income tax and a single-tier dividend of 8.75 sen per share of RM0.50 each, (2008 - 28% or 14.0 sen per share of RM0.50 each less 26% income tax) amounting to a net dividend of RM26.9 million and RM96.6 million (2008 - RM112.1 million), respectively, were paid on 10th August 2009.

A first single-tier interim dividend of 6.0 sen per share of RM0.50 each (2008 - 15.0 sen per share of RM0.50 each less 26% income tax) amounting to a net dividend of RM66.6 million (2008 - RM120.8 million) for the year ended 31st December 2009, was paid on 7th October 2009.

Note 7 - Segmental Reporting

	Twelve Months Ended 31st December 2009		
	Segment Revenue RM'000	Segment Result RM'000	Profit Attributable to Equity Holders of the Company RM'000
Business Segment			
Automotive	8,350,303	650,560	349,368
Equipment	1,175,451	89,332	65,119
Oil & Gas	687,871	63,374	31,121
Manufacturing & Engineering	508,870	18,013	10,015
Others	50,050	(21,087)	(84,546)
Sub-Total	10,772,545	800,192	371,077
Unallocated Corporate Expenses	-	(48,743)	
Elimination of Inter-Segment Sales	(74,591)	-	
Consolidated Total	10,697,954	751,449	

Note 8 - Subsequent Material Events

There was no material event or transaction during the period from 1st January 2010 to the date of this announcement, in the opinion of the Directors, which affects substantially the results of the operations of the Group for the financial year ended 31st December 2009 in respect of which this announcement is made.

Note 9 - Changes in Composition/Group

- (a) On 19th October 2009, Vina Offshore Holdings Pte. Ltd. ("Vina"), a 70%-owned subsidiary of UMW, entered into a Share Sale Agreement ("SSA") and a Shareholders' Agreement with SWG International Holdings Pte. Ltd. ("SWG") to establish a joint venture through UMW Deepnautic Pte. Ltd. (formerly known as Offshore Fabrication Pte. Ltd.) ("UDPL"). Under the SSA, Vina would dispose 245,000 ordinary shares, representing 49% of the paid-up share capital of UDPL to SWG for a total cash consideration of SGD419,382 (equivalent to approximately RM1,014,192). Upon completion of the disposal, Vina's equity interest in UDPL was diluted from 100% to 51%.
- (b) On 22nd October 2009, UMW Singapore Ventures Pte. Ltd., a wholly-owned subsidiary of UMW, entered into an Equity Joint Venture Contract with Sichuan Jinyang Antisepsis Engineering Co., Ltd. and Elite International Investment (HK) Limited for the establishment of a joint venture company to be known as Sichuan Haihua Petroleum Steelpipe Co., Ltd. ("SHPS"). UMW's total cost of investment for a 40% equity interest in SHPS is RMB39.33 million.
- (c) On 27th October 2009, UMW Petropipe (L) Ltd. ("Petropipe") together with its 70%-owned subsidiary, Vina Offshore Holdings Pte. Ltd. ("Vina"), proposed to undertake an internal restructuring exercise involving the transfer of 175,000 ordinary shares by Petropipe and 125,000 ordinary shares by Vina, representing 35% and 25%, respectively, of the issued and paid-up capital in Offshore Construction Services Pte. Ltd. ("OCS") to UMW Singapore Ventures Pte. Ltd. ("UMW SV"), a wholly-owned subsidiary of Petropipe for a cash consideration of SGD5,600,000 (equivalent to approximately RM13.61 million) and SGD4,987,524 (equivalent to approximately RM12.12 million), respectively. Upon completion of the internal restructuring, OCS became a 60%-owned subsidiary of UMW.
- (d) On 30th November 2009, UMW Naga Two (L) Ltd., UMW Naga Three (L) Ltd. and UMW Malaysian Ventures Sdn. Bhd., all wholly-owned subsidiaries of UMW, entered into three separate Share Purchase Agreements with Singapore Drilling AS ("SDA") for the acquisition of SDA's equity interests in 49% of UMW Standard 1 Pte. Ltd. ("Std 1"), 49% of UMW Standard 3 Pte. Ltd. ("Std 3") and 15% of UMW Standard Drilling Sdn. Bhd. ("USD"), respectively, for a total consideration of USD46.5 million (equivalent to approximately RM157.26 million). Upon completion of the acquisitions, Std 1, Std 3 & USD became wholly-owned subsidiaries of UMW.
- (e) On 30th November 2009, UMW Oil & Gas Berhad acquired the entire issued and paid-up capital of UMW Oil & Gas Corporation Sdn. Bhd., comprising two ordinary shares of RM1.00 each for a total cash consideration of RM2.00.
- (f) On 7th December 2009, a wholly-owned subsidiary of UMW, UMW Malaysian Ventures Sdn. Bhd. together with UMW Deepnautic Pte. Ltd., a 51%-owned subsidiary of Vina Offshore Holdings Pte. Ltd., which is in turn a 70%-owned subsidiary of UMW, established a joint venture company known as UMW Deepnautic Sdn. Bhd. ("UMWD"), with a shareholding structure of 80% and 20%, respectively. UMW's 80% share of the initial paid-up capital is RM400,000. The principal activity of UMWD is the provision of installation and construction services to the Offshore Oil & Gas sector.

- (g) On 14th December 2009, UMW through its wholly-owned subsidiaries, UMW Oil & Gas Berhad and UMW Petropipe (L) Ltd., received the Registration/Renewal Certificate with limited liability from the Ministry of Industry & Commerce of the Kingdom of Bahrain for the incorporation of a 100%-owned subsidiary company known as UMW Middle East Ventures Holdings W.L.L. ("UMWMEV"). The initial paid-up capital of UMWMEV is BD250,000.

Note 10 - Contingent Liabilities and Contingent Assets

There was no material change in contingent liabilities or contingent assets since 31st December 2008.

Note 11 - Commitments

These are in respect of capital commitments:

	RM'000	RM'000
Approved and contracted for:		
Land and buildings	107,396	
Equipment, plant and machinery	112,382	
Others	10,132	229,910
	<hr/>	
Approved but not contracted for:		
Land and buildings	105,085	
Equipment, plant and machinery	180,955	
Others	5,329	291,369
	<hr/>	<hr/>
Total		<u>521,279</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	24,805
2.	KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Perodua Group	Associated Company	Sale of Goods	66,503
3.	UMW Toyota Motor Sdn. Bhd. and its subsidiaries	Perodua Group	Associated Company	Sale of Goods and Services	256,826
				Purchase of Goods and Services	452,451
4.	UMW Industries (1985) Sdn. Bhd.	Perodua Group	Associated Company	Sale of Goods and Services	6,299
5.	U-TravelWide Sdn. Bhd.	Perodua Group	Associated Company	Sale of Services	5,374

No.	UMW & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
6.	UMW Toyota Motor Sdn. Bhd.	UMW Toyotsu Motors Sdn. Bhd.	Associated Company	Sale of Goods and Services	130,246
7.	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	743,453
				Purchase of Goods and Services	2,360,296
8.	KYB-UMW Malaysia Sdn. Bhd. and its subsidiary	Kayaba Industry Co., Ltd., Japan and its subsidiaries	Corporate Shareholders of KYB-UMW Malaysia Sdn. Bhd.	Sale of Goods and Services	13,990
		Toyota Tsusho (Malaysia) Sdn. Bhd.	Corporate Shareholder of KYB-UMW Malaysia Sdn. Bhd.	Purchase of Assets	5,181
				Sale of Goods and Services	77
				Purchase of Goods and Services	34,990
9.	UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co., Ltd. and its subsidiaries	Corporate Shareholders of UMW JDC Drilling Sdn. Bhd.	Purchase of Goods and Services	13,775
				Bare Boat Charter	32,240

Note 13 - Review of Performance

Group revenue of RM2,969.4 million for the fourth quarter ended 31st December 2009 was RM79.3 million or 2.7% higher than the RM2,890.1 million registered in the preceding year's corresponding quarter. Higher sales of Toyota vehicles and automotive parts contributed to the improved revenue. Continued economic recovery and improved consumer confidence resulted in the higher vehicle sales by the Automotive segment.

Group profit before taxation of RM237.2 million for the fourth quarter ended 31st December 2009 was lower than the RM275.0 million recorded in the same quarter of 2008 by RM37.8 million or 13.7%. A drop in profit contributions from overseas associated companies due to weak demand for oil and gas pipes primarily resulted in the profit reduction for the current quarter ended 31st December 2009.

Consequently, net profit attributable to the equity holders of the Company for the fourth quarter ended 31st December 2009 was RM99.8 million compared to the RM119.7 million recorded in the preceding year's corresponding quarter, a reduction of RM19.9 million or 16.6%.

Total Group revenue of RM10,698.0 million for the year ended 31st December 2009 was lower than the RM12,769.6 million registered in 2008 by RM2,071.6 million or 16.2%. Generally, the global recession had adversely affected demand for our products and services although sales had gradually picked up during the second half of 2009.

As a result thereof, Group profit before taxation for the year ended 31st December 2009 of RM834.6 million was lower than the RM1,276.7 million recorded in the year of 2008 by RM442.1 million or 34.6%. In addition, unfavourable foreign exchange rates and pre-production expenses from our new investments in the Oil & Gas and Manufacturing & Engineering segments also contributed to the profit reduction.

Net profit attributable to the equity holders of the Company for the year ended 31st December 2009 reduced from 2008's RM565.8 million to RM371.1 million, a decrease of RM194.7 million or 34.4%.

Total Toyota and Perodua vehicle sales of 244,569 units represented 45.5% of the total industry volume of 536,905 units reported by the Malaysian Automotive Association for the year ended 31st December 2009.

Note 14 - Comparison with Preceding Quarter's Results

Group revenue of RM2,969.4 million for the fourth quarter ended 31st December 2009 improved over the RM2,797.7 million recorded in the third quarter of 2009 by RM171.7 million or 6.1%. Most core business segments of the Group reported higher revenue for the fourth quarter of 2009.

However, Group profit before taxation of RM237.2 million for the fourth quarter ended 31st December 2009 declined by RM51.0 million or 17.7%, from the RM288.2 million recorded in the third quarter of 2009. Lower profit contributions from the Oil & Gas segment resulted in the profit reduction. Decreased drilling activities worldwide resulted in a significant drop in demand for Oil Country Tubular Goods ("OCTG") and drilling services from the international markets, and consequently, there was excess supply in the domestic markets. The imposition of countervailing and anti-dumping duties on seamless pipes made in China by the United States further took a toll on the profitability of our associated company in China. As a result thereof, margins were adversely affected and profits reduced.

Note 15 - Current Prospects

The Malaysian economy continues to show signs of recovery with the progressive implementation of the two economic stimulus packages totalling RM67 billion together with other fiscal measures.

Sales of Toyota vehicles in Malaysia are not expected to be materially affected by the recent recall issue. This is because the relevant components used in the Toyota and Lexus models sold in Malaysia by our subsidiary, UMW Toyota Motor Sdn. Bhd., are manufactured by different suppliers from those in the USA markets. As for Toyota Prius, we have initiated a special service campaign on 12th February 2010 to carry out the necessary corrective measures on the units sold in Malaysia. All new Prius models will go through the corrective measures before delivery to customers. We expect to meet the 2010 sales target for Toyota vehicles.

Contributions from the Oil & Gas segment are expected to improve significantly in 2010 as the Group begins to enjoy the fruits of the following greenfield investments:

- (a) Zhongyou BSS, currently supplying to the 2nd West-East Gas Pipeline from Khazakhstan to Shanghai, will have its first full-year production of Spiral Submerged Arc Welded and Longitudinal Submerged Arc Welded pipes;
- (b) The new OCTG plant in India is expected to commence production in the second quarter of 2010;

- (c) Our new land rigs (Sher 3, 5 and 6) in India and workover rig Gait V, are expected to be income-generating in 2010 whilst land rigs Sher 1 and 2 and workover rigs Gait I, II and III are already operational; and
- (d) Our 100%-owned ultra-premium jack-up rigs Naga 2 and 3 are also expected to be income-generating in 2010.

In general, demand for our industrial and heavy equipment is expected to be strong as the economies of the countries where UMW has a presence are predicted to improve in 2010. Domestically, the Construction sector is expecting another positive growth for 2010 in view of the progressive implementation of projects under the two economic stimulus packages, Ninth Malaysia Plan, Iskandar Development Region, East Coast Economic Region and North Corridor Economic Region. The Quarry and Mining sectors are likely to grow in tandem with the Construction sector. With the projected economic recovery in Japan and the higher growth expected in the economies of China and India, the Logging sector is forecasted to show improvement in 2010. However, product pricing competitiveness and profitability of the segment may be affected by the USD and Japanese Yen foreign exchange rate fluctuations.

Our new automotive component plants in India and advanced micro electronics plant in Penang are scheduled to commence commercial production in 2010. This new income stream should enhance the 2010 financial performance of the Manufacturing & Engineering segment. Other medium to long term plans for this segment are currently being finalised. Details will be announced in the near future.

Barring unforeseen circumstances, the Board expects the Group's profit for 2010 to be at satisfactory levels.

Note 16 - Statement on Headline Key Performance Indicators

For the year ended 31st December 2009, the Company achieved its target Headline Key Performance Indicators ("KPIs") stated below:

- (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.

The Headline KPIs of the Company for the financial year ending 31st December 2010 are as stated below:

- (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 arising from the adoption of FRS 139: Financial Instruments - Recognition and Measurement.

Note 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

Note 18 - Taxation

	Current Quarter RM'000	Twelve Months Ended 31st December 2009 RM'000
Current year's provision	64,435	194,719
Add/(Less) : Under/(Over) provision in prior years	-	-
	64,435	194,719
Deferred taxation	2,782	3,314
Total	67,217	198,033

The effective tax rates for the current quarter and twelve months ended 31st December 2009 were 28.1% and 26.5%, respectively. The effective tax rates were higher than the statutory tax rate of 25% primarily due to certain expenses were not allowable for tax purposes and the statutory tax rate of some of the overseas subsidiaries are higher than 25%.

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

There was no sale of unquoted investment or properties during the current quarter and financial year ended 31st December 2009.

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:

	Current Quarter RM'000	Twelve Months Ended 31st December 2009 RM'000
Total purchases	21,752	301,829
Total sale proceeds	60,436	224,616
Total gain/(loss) arising from sale	14	(6)

(b) As at 31st December 2009, investments which were quoted within and outside Malaysia were as follows:

	Quoted Outside Mal aysi a RM'000	Quoted Within Mal aysi a RM'000
At cost	50,705	141,231
Provision for diminution in value	-	(131)
At net book value	50,705	141,100
Market value as at 31 st December 2009	61,901	141,100

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

Approval from the Securities Commission (“SC”) for the Company to implement the proposed listing of its wholly-owned subsidiary, UMW Oil & Gas Berhad, expired on 30th September 2009. The Company did not seek a further extension of time from the SC to implement the proposed listing because it intends to revise its listing scheme to include a number of entities that were previously greenfield investments (which were not included in the original listing scheme) that have now achieved profitability in their operations.

The Company will consider and, if relevant, make an announcement at the appropriate time on its intention to submit a fresh listing proposal to the SC.

Other than the above, 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	204,005		USD27,820 SGD954 INR4,016
Finance lease payable	70		
Portion of long term loans payable within 12 months	7,215		KINA2,188
		211,290	
- Secured			
Short term loans and trade facilities	44,823		AUD493 INR591,694
Finance lease payable	1,346		SGD401 AUD122
Portion of long term loans payable within 12 months	496		SGD204
		46,665	
Total		257,955	USD27,820 INR595,710 AUD615 SGD1,559 KINA2,188
(b) Long term borrowings			
- Unsecured			
Long term loans	1,513,071		USD287,542 KINA5,642 INR10,137
Finance lease payable	348		
Portion of long term loans payable within 12 months	(7,215)		(KINA2,188)
		1,506,204	
- Secured			
Long term loans	366,880		USD27,675 AUD11,202 SGD1,077 INR3,212,073
Finance lease payable	1,209		SGD302 AUD155
Portion of long term loans payable within 12 months	(496)		(SGD204)
		367,593	
		1,873,797	USD315,217 AUD11,357 SGD1,175

Total	INR3,222,210
	KINA3,454

Note 23 - Financial Instruments

(a) Foreign Currency Contracts

As at 12th February 2010, the Group had entered into the following outstanding foreign currency contracts to hedge its committed purchases and sales in foreign currencies:

Currency	Contract Amounts '000	Equivalent Amount in RM'000	Expiry Dates
Japanese Yen	853,706	31,763	25/02/2010 - 30/08/2010
United States Dollar	139,144	471,789	22/02/2010 - 15/06/2010
Euro	279	1,336	30/04/2010 - 30/07/2010
Swedish Krone	6,665	3,184	17/02/2010 - 27/05/2010
Thai Baht	15,462	1,582	17/02/2010 - 01/03/2010

Foreign currency contracts are entered into to hedge the Group's committed purchases or sales in foreign currencies to limit the Group's exposure to fluctuation in foreign currency exchange rates. Foreign currency contracts are recognised only when the underlying transactions are settled. The Group does not hold or issue derivative financial instruments for trading purpose. There is minimal credit risk as the above foreign currency contracts were entered into with reputable financial institutions.

(b) Interest Rate Swap and Cross Currency Swap

As at the date of this report, the Group had entered into the following contracts:

- (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 30th 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 31st October 2012.
- (iii) 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 31st March 2020.
- (iv) A cross currency swap that entitles the Company to convert RM500 million to USD143.3 million and swapped 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 15th September 2014.
- (v) 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 14th July 2014.

- (vi) 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 31st July 2014.

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.

Note 24 - Material Litigation

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

Note 25 - Dividend

- (a) The Board is pleased to recommend a final single-tier dividend of 9.0 sen per share of RM0.50 each (2008 - a franked dividend of 3.25 sen less 25% tax and a single-tier dividend of 8.75 sen for each share of RM0.50) for the year ended 31st December 2009. The amount of net dividend payable is approximately RM101.6 million (2008 - RM123.4 million). The proposed final dividend, if approved by shareholders, will be paid on 10th August 2010.
- (b) The annual dividend per share of RM0.50 each for the year ended 31st December 2009 would be 20.0 sen or a gross dividend of 40%, amounting to approximately RM224.6 million of net dividend (2008 - 37.0 sen or a gross dividend of 74% per share of RM0.50 each, amounting to a net dividend of RM326.3 million). This payout represents approximately 60.5% of the 2009 net profit attributable to shareholders of UMW against our target Headline KPI for dividends of at least 50%, as stated in Note 16 above.

Note 26 - Earnings Per Share

Basic earnings per share for the current quarter and twelve months ended 31st December 2009 are calculated by dividing the net profit attributable to shareholders of RM99,750,000 and RM371,077,000, respectively, by the weighted average number of ordinary shares in issue as at 31st December 2009 of 1,104,013,765 shares of RM0.50 each.

Diluted earnings per share for the current quarter and twelve months ended 31st December 2009 are calculated by dividing the adjusted net profit attributable to shareholders of RM99,750,000 and RM371,077,000, respectively, by the adjusted weighted average number of ordinary shares in issue and issuable of 1,112,927,641 shares of RM0.50 each.

	No. of Shares of RM0.50 Each
Weighted average number of shares as at 31/12/2009	1,104,013,765
Add: Dilutive ESOS	8,913,876
Adjusted weighted average number of shares	1,112,927,641

Note 27 - Audit Qualification

The audit report in respect of the annual financial statements for the year ended 31st December 2008 was not qualified.

By Order Of The Board

SUSEELA MENON
Secretary
(MAICSA 7028386)

Shah Alam
23rd February 2010