

UMW ACHIEVES PRETAX PROFIT OF RM442M IN 2Q10

RM million	2Q10	2Q09	YoY
Profit Before Taxation	442.3	185.5	+138%

EXECUTIVE SUMMARY

2Q10 financial highlights

- Group PBT increased by 138% YoY to RM442.3 million
- Much improved YoY and also QoQ profits at Automotive, Equipment and Manufacturing & Engineering Divisions
- Consolidated cash and deposits stands at RM2.05 billion

2Q10 highlights

- Automotive Division's market share at 46%
- UMW Toyota achieved 16% YoY increase in unit sales
- Launched facelifted Toyota Vios in 2Q10. The Vios retained its No.1 position in its segment
- Perodua delivered 10,920 units of Alza and it has emerged as the No.1 selling MPV. Increased production in April to reduce customers' waiting period
- Oil & Gas Division completed United Seamless Tubular tubular green pipe new plant in India

Prospects for 2H10

- Automotive Division aiming to maintain its market share
 - New Perodua Alza benefits from the first full year of sales
 - Toyota/Perodua to have exciting new/facelift/variant models
- Oil & Gas Division to turnaround and make positive contribution to Group's profits
 - NAGA 2 to commence drilling operation by September 2010
 - To take delivery of completed NAGA 3 by 4Q10

Dividend policy

- Dividend payout of 58.7% of our 2009's net profit, above target of 50%
- Declared interim single-tier dividend of 10.0 sen per share of RM0.50 each, to be paid on 7 October 2010



Dear fund managers and analysts,

Our Automotive Division attained strong results as it experienced strong sales momentum and favourable foreign exchange rates. Peering into 2H10, we continue to expect favourable sales but probably at a more moderate growth pace due to the higher 2H base.

Our Oil & Gas Division experienced pretax losses due to pre-operating expenses incurred on our greenfield investments and external factors affecting WSP. With WSP expecting better sales volume and selling prices, and NAGA 2 to commence operation by Sep 2010, the Division should turnaround and generate positive contributions by end-2010.

Our Equipment Division continued to benefit from stronger economic, infrastructure and construction activities. Last but not least, the Manufacturing & Engineering also achieved better profits and is poised to feature more prominently in the future.

Dato' Abdul Halim Harun,
President and Group CEO
UMW Holdings Berhad

UMW HOLDINGS BERHAD

Group Income Statement

	2Q10 RM'000	1Q10 RM'000	2Q09 RM'000	FY 2009 RM'000	FY 2008 RM'000	% Change for 2Q
Revenue	3,282,075	3,033,157	2,581,069	10,720,861	12,769,581	+27% YoY
Associated Companies	49,066	30,522	12,623	70,638	199,822	+289% YoY
Profit Before Taxation	442,266	305,094	185,468	846,504	1,276,685	+138% YoY
Net Profit Attributable To Shareholders	211,697	132,856	79,431	382,395	565,838	+176% YoY

Group profit improved

Strong contributions from subsidiaries

- Profit level improved in 2Q10 YoY due to much stronger contribution from subsidiary companies, especially Automotive Division

Improved contributions by associated companies

- Perusahaan Otomobil Kedua Sdn Bhd achieved significantly better improvement in profit level, both YoY and QoQ
- Associated companies in the Oil & Gas Division recorded a small loss in 2Q10 (details in the following pages)

Prospects for 2H10

Automotive division poised to capture entire spectrum of improved demand by consumers

- UMW Toyota and Lexus to benefit from favourable economic growth and upbeat consumer confidence as demand for its higher-end/premium models remains strong. We will further strengthen our competitiveness with exciting facelifts/new models in 2H10. Will also broaden UMW Toyota/Lexus's marques and presence in the hybrid vehicle segment
- Alza has improved Perodua's market footprint, average selling prices and profit margins. And it has become the No.1 selling MPV in the country. The Myvi Limited Edition was enthusiastically received. Perodua will enhance one of its model in 2H10 to continuously strengthen the attractiveness of its overall model line-up

Oil & Gas division expects turnaround in financial performance

- United Seamless Tubulaar in India to start commercial production and shipment of seamless tubular green pipes
- NAGA 2 jack-up rig is expected to commence drilling operations by September 2010 after being awarded a contract for the provision of drilling services with an estimated value of USD183 million, by HESS (Indonesia - Pangkah) Limited
- NAGA 3 construction is in the final stages and is being prepared for delivery and deployment by end-2010
 - With a 100%-ownership of both rigs, we are also exploring and evaluating strategic options for both rigs

BUSINESS SEGMENT – AUTOMOTIVE

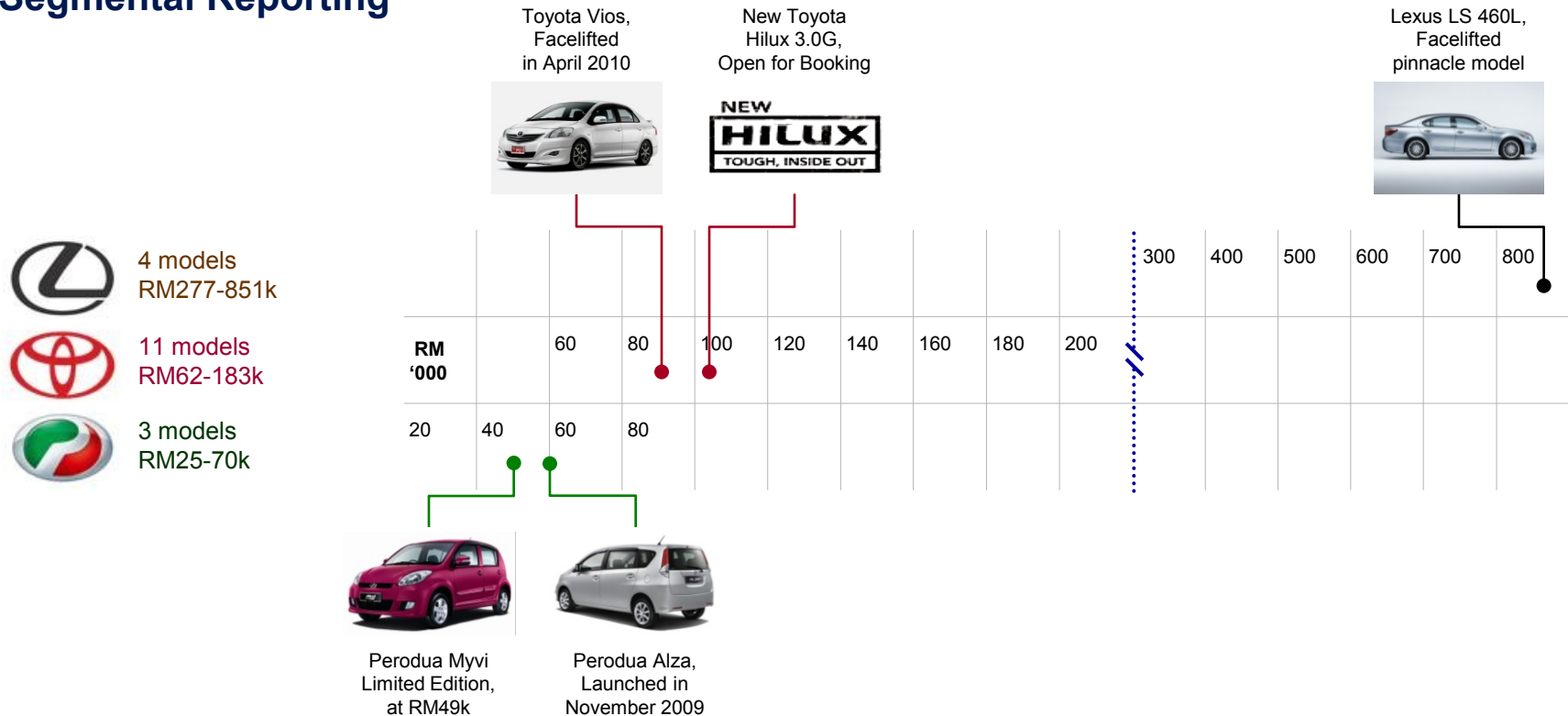
Segmental Reporting

	2Q10 RM'000	1Q10 RM'000	2Q09 RM'000	FY 2009 RM'000	FY 2008 RM'000	% Change for 2Q
Revenue	2,563,756	2,398,305	2,023,888	8,351,365	10,031,823	+27% YoY
Associated Companies	47,425	43,782	15,588	86,146	112,910	+204% YoY
Profit Before Taxation	400,200	319,105	150,914	738,247	1,152,765	+165% YoY

Company	UMW Toyota Motor Sdn Bhd (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn Bhd (38% associated company)
Vehicle sales	<p>YoY improvements</p> <ul style="list-style-type: none"> • 16% YoY improvement in unit sales to 23,557 units • Toyota Vios constituted 36% of UMW Toyota's total sales • Toyota Camry sales increased by 54% YoY as it benefited from improved consumer confidence and higher corporate purchases • Lexus sales improved by 129% YoY. The RX350 remained as the most sought after Lexus model 	<p>Outperformed TIV</p> <ul style="list-style-type: none"> • 22% YoY improvement in unit sales to 47,185 units, outperformed TIV (which expanded by 17% YoY) • Delivered 10,920 units of Perodua Alza in 2Q10. Raised production to reduce customers waiting period • Perodua Myvi continues to receive strong orders despite in its 5th year of production. Myvi contributed 39% to total sales in 2Q10
Market share of TIV	<p>Maintained market share</p> <ul style="list-style-type: none"> • Basically maintained market share of TIV at 15.3% in 2Q10 compared to 15.5% in 2Q09 • Toyota Vios retained its No.1 position in its segment in 2Q10 and outsold the nearest competitor by a larger margin at 1.7 unit of Vios to 1 unit by the competitor 	<p>Improved YoY</p> <ul style="list-style-type: none"> • Increased market share of TIV to 30.7% in 2Q10 compared to 29.5% in 2Q09 • Forecasted to retain No.1 position for 5th consecutive year • Perodua Alza MPV outsold the nearest MPV competitor by 1.7 unit to 1. Alza also won the Best Local Assembly Family Car award given by Asian Auto VCA Auto Industry Awards
2Q10 pretax profit	<p>YoY and QoQ improved profitability</p> <ul style="list-style-type: none"> • Higher sales volume • Lower unit selling cost as healthy demand reduced the need for high campaign and incentives related expenses • More favourable exchange rate. The policy is to hedge forward up to 3 months for all currency requirements 	<p>YoY and QoQ improved profitability</p> <ul style="list-style-type: none"> • Higher sales volume • Lower campaign and incentives related expenses • Improved contributions from associated manufacturing companies

BUSINESS SEGMENT – AUTOMOTIVE

Segmental Reporting



Prospects for 2H10

Invest for the future

- Enhance components localisation to capture greater cost efficiencies and raise overall capabilities of local vendors
- Invest in plants upgrade to increase assembly quality, testing capabilities and optimise future output capacity
- Ongoing upgrading of outlets, accessory-sales centres and human resources to better serve our growing customer-base

New/variant/facelift models

- Competition remained intense as consumers increasingly have broader product choices, especially in the non-national segment. New smaller vehicles imported from ASEAN markets could also pose greater competition for Perodua
- Some possibility of greater campaign/incentives in 2H10 to sustain sales momentum. Promotional packages to ease financing cost may be considered as hire purchase rates have increased. Fluctuating currencies could also affect overall profit margins
- UMW Toyota/Perodua will continue to introduce new/variant/facelift models to enhance model line-up and sustain orders

BUSINESS SEGMENT – EQUIPMENT

Segmental Reporting

	2Q10 RM'000	1Q10 RM'000	2Q09 RM'000	FY 2009 RM'000	FY 2008 RM'000	% Change for 2Q
Revenue	406,810	350,361	282,071	1,191,019	1,536,392	+44% YoY
Profit Before Taxation	42,516	27,316	20,670	83,543	144,772	+106% YoY

Heavy Equipment

Strong market share

- Komatsu command a market share of more than 30% in important markets and segments
- Sales of heavy equipment to construction, mining and industrial sectors are expected to be sustained

Recognition

- *World Highest Market Share* award for Backhoe presented by CASE

Highlights: New Komatsu PC130F-7

- UMW launched the new Komatsu PC130F-7 Hydraulic Excavator in Miri, East Malaysia
- At the same event, UMW also provided *Komatsu Sales Planning and Product Knowledge Training* together with Komatsu Asia Pacific

Industrial Equipment

Dominant market share

- Our Toyota forklifts have a commanding market share of more than 60% in Malaysia

Recognition

- Won the *Undisputed Performance Award* and was given the recognition by Toyota Material Handling International (TMHI) for our overall outstanding performance

Highlights: MINDEF

- UMW Industries delivered 16 additional units of the Toyota towing tractor to Ministry of Defence (MINDEF) in 2Q10. The towing tractors would be used throughout all the Royal Malaysian Air Force (RMAF) bases
- MINDEF owns and operates more than 60 units of Toyota Towing Tractors/Forklifts

Marine & Power Equipment

Delivering to Middle East

- Delivering and commissioning of Mitsubishi Gensets for Al Rheem island development expected to be completed by 3Q10

Inroads by Cameron Compressors

- Secured a new order for the supply, delivery, installation and commissioning of 2 units of motor driven Cameron Reciprocating Export and Booster Compressors, to be used in the Oil & Gas industry
- Scheduled to be delivered in 2Q of 2011

Prospects for 2H10

Equipment division expected to improve

- Unit sales are expected to be favourable following the improvement seen in 1H10. While outright sales contribute to the overall profitability of the Division, parts and services and after-sales support also provide a base profit level for UMW. The latter enable UMW to forge a closer relationship with our clients so that we can provide unparalleled customer support service levels once we know in-depth their working and technical requirements
- Domestically, more active level of private-sector led construction related activities will enhance the Division's performance. Overseas operations continue to benefit from sustained levels of global metal and commodity prices

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

Segmental Reporting

	2Q10 RM'000	1Q10 RM'000	2Q09 RM'000	FY 2009 RM'000	FY 2008 RM'000	% Change for 2Q
Revenue	163,933	145,524	111,554	509,951	490,013	+47% YoY
Profit Before Taxation	17,189	11,966	5,528	23,066	27,496	+211% YoY

Pennzoil	KYB	Auto Components
<p>Sponsoring rally events</p> <ul style="list-style-type: none"> • Pennzoil sees a favourable upturn in revenue in 2H10 • Sponsors the GSR-Pennzoil Racing Team competing in FIA Asia Pacific Rally Championship. Event provides exposure and penetration, raising public awareness of the Pennzoil brand 	<p>National MPVs ride on KYB</p> <ul style="list-style-type: none"> • Favourable results as both national MPVs, Perodua Alza and Proton Exora, as well as soon to be launched Proton Sedan use KYB shock absorber components and steering pumps. KYB also supplies complete power steering pump requirements of Perodua and Proton 	<p>OEM mainstay</p> <ul style="list-style-type: none"> • No.1 in OEM CKD filter supply sector • Major supplier of filtration products to Proton and Perodua • Major supplier of engineered plastic products such as engine cam cover to Proton and Perodua

Prospects for 2H10

Production commences in 2H10

- Automotive components sector in India
 - JV with Dongshin Motech of Korea to be an original equipment manufacturer (OEM) for stamped automotive body parts for General Motors (India) Ltd and other local manufacturers in India. Plant has been audited by VW and Tata and received approved vendor status
 - Operations commenced in late-1Q10 with General Motors, Bentler, and others as our clients
- Sathya Auto manufactures mechanical jacks, radiator caps, sheet metal components and forgings and have recently secured orders from VW (Polo) and Toyota for the supply of jacks. Plant has been audited by VW and Toyota (India) and received letter of intent. Plant-1 and Plant-2 are operational with Plant 3 scheduled for production in September
- Castwel Autoparts manufactures pressure die castings, aluminium gravity die castings and aluminium alloy auto components
 - Plant-A is operational
 - Expanded Plant-B has been completed, production to commence in 3Q10
- Lubricant market in China
 - JV with Dah Chong Hong (Motor Service Centre) Limited to develop the business of manufacturing/processing of lubricants. Plant is located in Xinhui, Guangdong Province of China, with an initial annual output capacity of 50 million litres. Plant to be completed by end of 4Q10 and operations scheduled to commence by 1Q11

BUSINESS SEGMENT – OIL & GAS

Segmental Reporting

	2Q10 RM'000	1Q10 RM'000	2Q09 RM'000	FY 2009 RM'000	FY 2008 RM'000	% Change for 2Q
Revenue	151,059	142,390	170,303	711,007	745,666	-11% YoY
Associated Companies	(266)	(15,717)	15,856	2,061	84,750	-102% YoY
Profit Before Taxation	(19,316)	(19,234)	19,266	37,696	75,390	-200% YoY

On subsidiaries [NAGA 1 remained fully deployed in 2Q10](#)

- NAGA 1, semi-submersible rig, is contracted with Petronas Carigali. We are finalising a new multi-year contract with the national oil company. In 2Q10, NAGA 1 has almost completed its extended 20-well drilling programme for Petronas
- [Hydraulic workover attained 1 million zero LTI](#)
- Achieved remarkable safety record of 1 million manhours with Zero Lost Time Incident (LTI) with hydraulic workover units UP Gait II & UP Gait III. Favourable demand for its services as Petronas/PSC companies target to maintain production and re-focus on Enhanced Oil Recovery (EOR) operations
- [Expanded plant at UOS for better services](#)
- UMW Oilpipe Services expanded its production capacity to 80,000 MT per annum, it has API Q1, ISO 9001 and ISO 14001 certifications and use approved thread patterns from VAM TOP Connection, JFE FOX Connection and Tenaris Connections

On associates [WSP improved sales and reduced losses in 2Q10](#)

- WSP achieved improvement in sales of API pipes especially in its domestic market. Export sales also saw major increase as it constituted 23% of total sales volume in 2Q10. WSP reduced its net losses by 56% to USD12.0m. WSP plans to recapture sales in North America when its new heat treatment line in Houston starts production by October 2010

Prospects for 2H10 [NAGA 2 to be deployed, NAGA 3 to be delivered](#)

- NAGA 2 is to be deployed by September 2010 in regional waters while NAGA 3 would be delivered to UMW by 4Q10
- In addition to final/ongoing negotiations with potential clients for the deployment of both ultra-premium jack-up drilling rigs, we are also exploring and evaluating strategic options for both rigs since UMW now own 100% of both rigs

[OCTG plants commencing/raising output levels](#)

- United Seamless Tubular Private Limited's new 300,000 MT plant located in Andhra Pradesh, India, has completed the testing and commissioning of its equipment and facilities. It will commence initial commercial production of seamless tubular green pipes from 3Q10 onwards
- Our new OCTG finishing plant, PT TPCO located in Batam, Indonesia, commenced initial operations in 2Q10 and can now increase its output as it provides heat treatment and end-finishing services for OCTG pipes
- Zhongyou BSS would commence production of LSAW/SSAW pipes for the Sino-Myanmar pipeline in 2H10

UMW HOLDINGS BERHAD

Consolidated Balance Sheet

	Jun 2010 RM'000	Mar 2010 RM'000	Dec 2009 RM'000	Dec 2008 RM'000
Investment In Associates	1,533,463	1,503,513	1,453,676	1,468,121
Property, Plant & Equipment	2,923,323	2,855,183	2,780,553	1,792,362
Deposits, Cash & Bank Balances	2,046,585	1,870,944	1,733,290	1,537,802
Inventories	1,334,953	1,296,294	1,303,573	1,453,830
TOTAL ASSETS	9,715,760	9,169,023	8,825,696	7,828,041
Long Term Liabilities	1,926,755	1,894,412	1,850,598	719,517
Short Term Borrowings (include ODs)	458,257	334,722	294,144	527,954
TOTAL EQUITY	5,352,533	5,207,914	4,919,768	4,605,420
Net Assets Per Share (RM)	3.62	3.52	3.37	3.23

AAA rated

Issued RM500 million of IMTN, UMW rated AAA

- UMW issued RM500 million Islamic Medium Term Notes (IMTN) with a tenure of 5 years
 - Can issue another RM300 million (total facility approved is RM800 million of ICP/IMTN with tenure up to 10 years)
 - No collateral or security pledged for ICP/IMTN Programme
- In June 2010, Malaysian Rating Corporation Berhad has reviewed and affirmed its 'AAA' Corporate Credit Rating

Strong balance sheet

Sizable investments is now largely completed

- Increased in long term liabilities due to drawdown of pre-approved facilities to finance especially Oil & Gas investments
 - Rate of increase of long term liabilities to taper off as most sizable Oil & Gas projects are being completed by 3Q10
- Well managed overall level of inventories
- YTD, net assets per share improved 7% to RM3.62



THANK YOU

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