



**UMW HOLDINGS BERHAD
(Company No. 090278-P)**

INFORMATION MEMORANDUM

Islamic Medium Term Note Programme of up to
RM2.0 billion in nominal value

JOINT PRINCIPAL ADVISERS / JOINT LEAD ARRANGERS / JOINT LEAD MANAGERS



**Maybank Investment Bank Berhad
(Company No. 15938-H)**



**Standard Chartered Saadiq Berhad
(Company No. 824647-K)**

20 December 2012

IMPORTANT NOTICE

Responsibility Statements

This information memorandum (the “**Information Memorandum**”) has been approved by the directors of UMW Holdings Berhad (Company No. 090278-P) (“**Issuer**” or “**UMW Holdings**”) and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that this Information Memorandum contains all information with respect to the Issuer which is material in the context of the issuance of the Islamic medium term notes in accordance with the Shariah principle of Musharakah (“**Sukuk Musharakah**”) pursuant to an Islamic medium term note issuance programme of up to RM2.0 billion in nominal value (“**Sukuk Musharakah Programme**”). The opinions and intentions expressed in this Information Memorandum in relation to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer or the Sukuk Musharakah the omission of which would, in the context of any Sukuk Musharakah issuance, make any statement in this Information Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum. The Issuer and its board of directors accept full responsibility for the information contained in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Sukuk Musharakah.

It is a condition precedent to the first issuance of the Sukuk Musharakah that the Sukuk Musharakah Programme is assigned, on issue a rating of AAA by RAM Rating Services Berhad. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency.

None of the information or data contained in this Information Memorandum has been independently verified by Maybank Investment Bank Berhad and Standard Chartered Saadiq Berhad as the joint principal advisers/joint lead arrangers of the Sukuk Musharakah Programme (“**Joint Principal Advisers**” or the “**Joint Lead Arrangers**”). Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Joint Principal Advisers/Joint Lead Arrangers as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Joint Principal Advisers/Joint Lead Arrangers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Sukuk Musharakah and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum.

It is to be noted that although the Issuer has sought the advice of the Shariah Adviser with regards to the conformity of the Sukuk Musharakah and the structure and mechanism as described in the Principal Terms and Conditions of the Sukuk Musharakah with Shariah principles, no representation, warranty or undertaking, express or implied, is given by the Issuer as to Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah and the Issuer, the Joint Principal Advisers/Joint Lead Arrangers and/or the Shariah Adviser shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice on the Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah. Any non-compliance with Shariah principles may have legal consequences.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Joint Principal Advisers/Joint Lead Arrangers or any other person.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia (“**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Musharakah or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the Joint Principal Advisers/Joint Lead Arrangers accept any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the Sukuk Musharakah under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Musharakah, (d) the Issuer, the Joint Principal Advisers/Joint Lead Arrangers and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Musharakah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Musharakah is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Sukuk Musharakah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Musharakah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Musharakah, (g) it is subscribing or accepting the Sukuk Musharakah for its own account, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Musharakah would constitute an excluded offer or excluded issue as specified in Schedule 6 or Section 229(1)(b), and Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 ("**CMSA**") at issuance and Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA thereafter. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Musharakah in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Musharakah is not, and should not be construed as, a recommendation by the Issuer and/or the Joint Principal Advisers/Joint Lead Arrangers to subscribe or purchase the Sukuk Musharakah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Musharakah and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Musharakah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Musharakah Programme is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Joint Principal Advisers/Joint Lead Arrangers nor any other advisers to the Sukuk Musharakah undertake to review the financial condition or affairs of the Issuer or to advise any investor of the Sukuk Musharakah Programme of any information coming to their attention.

This Information Memorandum includes forward-looking statements and reflects projections of future events which may or may not prove to be correct. All of these statements are based on estimates and assumptions made by the Issuer and its advisers and although believed to be reasonable, are subject to risks and uncertainties that may cause actual events or future results to be materially different than expected or indicated by such statements and estimates, and no assurance can be given that any such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer, its advisers or any other persons that the future events as anticipated by the Issuer will occur. Any such statements are not guarantees of performance and involve risks and uncertainties many of which are beyond the control of the Issuer.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Joint Principal Advisers/Joint Lead Arrangers to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the Sukuk Musharakah to prospective investors and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission

A copy of this Information Memorandum will be deposited with the Securities Commission Malaysia ("SC"), which takes no responsibility for its contents.

The issue, offer or invitation in relation to the Sukuk Musharakah in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the approval of the SC.

A copy of this Information Memorandum has been lodged with the SC together with the application for the issuance of the Sukuk Musharakah on 20 December 2012 and upon such lodgment of this Information Memorandum and the application, the SC is deemed to have granted its approval.

However, please note that the approval of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk Musharakah. Further, the SC takes no responsibility for the contents of this Information Memorandum.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK MUSHARAKAH.

Documents Incorporated by Reference

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (i) the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements of the Issuer (if any);
- (ii) the pricing supplement for each issuance of the Sukuk Musharakah in the form set out in Appendix 1 of this Information Memorandum; and
- (iii) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to prospective investors specifically in reference to the Sukuk Musharakah and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Joint Principal Advisers/Joint Lead Arrangers.

TABLE OF CONTENTS

	Page No.
DEFINITIONS	1
SECTION 1.0 EXECUTIVE SUMMARY	4
SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK MUSHARAKAH PROGRAMME	7
SECTION 3.0 BACKGROUND INFORMATION OF THE UMW HOLDINGS GROUP	28
SECTION 4.0 INVESTMENT CONSIDERATIONS	53
SECTION 5.0 ECONOMY AND INDUSTRY OVERVIEW	60
SECTION 6.0 OTHER MATERIAL INFORMATION	69
 APPENDICES	
APPENDIX I FORM OF PRICING SUPPLEMENT	71
APPENDIX II THE AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011	73
APPENDIX III TRANSACTION STRUCTURE	74

DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

BNM	means Bank Negara Malaysia, a body corporate established under the Central Bank of Malaysia Act, 2009, of Jalan Dato' Onn, 50480 Kuala Lumpur.
BURSA	means Bursa Malaysia Securities Berhad.
Business	means the Shariah-compliant business (or part thereof) of the Issuer, identified prior to each issuance of Sukuk Musharakah.
CMSA	means the Capital Markets and Services Act 2007, as amended from time to time.
Dissolution Event	means the dissolution event(s) under the Sukuk Musharakah.
Exercise Price	means the exercise price payable by UMW Holdings for its purchase of the interests of the Sukukholders in the Musharakah Venture upon occurrence of certain events.
FAST	means Fully Automated System for Issuing/Tendering.
Investors	means persons falling within any of the categories of persons or in the circumstances specified under (i) Schedule 6 (or Section 229(1)(b)) or (ii) Schedule 7 (or Section 230(1)(b)) read together with (iii) Schedule 9 (or Section 257(3)) of the CMSA, as amended from time to time, or after issuance, persons falling within any of the categories of persons or in the circumstances specified under (i) Schedule 6 (or Section 229(1)(b)) read together with (ii) Schedule 9 (or Section 257(3)) of the CMSA, as amended from time to time.
Issuer or UMW Holdings	means UMW Holdings Berhad (Company No. 090278-P), a company incorporated in Malaysia and having its registered office at 3 rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia.
Joint Principal Advisers or Joint Lead Arrangers	means Maybank IB and SCSB.
MAA	means Malaysian Automotive Association.
Manager	means the manager of the Musharakah Venture, which in this case is UMW Holdings.
Mandatory Redemption Event	means any one of the following events: <ul style="list-style-type: none"> (a) any material provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable or if any law is brought into effect which would prevent UMW Holdings from performing any of its obligations thereunder; (b) it is or will become unlawful for UMW Holdings to perform or comply with any one or more of its obligations under or in respect of any of the Sukuk Musharakah or the

Transaction Documents.

Maybank IB	means Maybank Investment Bank Berhad (Company No. 15938-H).
MITI	means Ministry of International Trade and Industry of Malaysia.
MTB or Trustee	means Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad) (Company No. 5004-P), a company incorporated in Malaysia and having its registered office at 34 th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur in its capacity as trustee for the Sukukholders.
Musharakah Agreement	means the agreement entered into between the Issuer and the Investors in respect of each series of the Sukuk Musharakah for the purpose of undertaking a Musharakah Venture.
Musharakah Capital	means the actual proceeds received by the Issuer upon issuance of the Sukuk Musharakah.
Musharakah Venture	means the respective business venture between the Sukukholders of the same series and the Issuer to invest in the identified Business.
Periodic Distribution	means the semi annual distribution of the income from the respective Musharakah Venture.
Potential Dissolution Events	means any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant transaction document would constitute a Dissolution Event.
Purchase Undertaking	means the undertaking given by the Issuer to the Trustee for and on behalf of the Sukukholders to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price upon: <ul style="list-style-type: none"> (a) declaration of a Dissolution Event; (b) declaration of a Mandatory Redemption Event; or (c) the maturity date of each series of Sukuk Musharakah.
RAM	means RAM Rating Services Berhad (Company No. 763588-T), a company incorporated in Malaysia and having its registered address at Suite 20.01, Level 20, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, or such other rating agency as may be approved by the Sukukholders.
RENTAS	means the Real Time Electronic Transfer of Funds and Securities System.
RENTAS Rules	means the rules on "Scripless Securities" under RENTAS.
RM	means Ringgit Malaysia, the lawful currency of Malaysia.
SC	means the Securities Commission Malaysia.
SCSB	means Standard Chartered Saadiq Berhad (Company No. 824647-K).
Sukuk Musharakah	means the Islamic medium term notes in accordance with the Shariah principle of Musharakah issued from time to time pursuant

to the Sukuk Musharakah Programme, which aggregate nominal value of outstanding Sukuk Musharakah shall not exceed RM2.0 billion at any one time.

Sukuk Musharakah Programme	means the Islamic medium term note programme of up to RM2.0 billion in nominal value established by the Issuer.
Sukukholders	means the Investors who are for the time being holders of the Sukuk Musharakah.
Ta'widh	means compensation for late payment of the Exercise Price.
Transaction Documents	means the transaction documents for the Sukuk Musharakah Programme including the trust deed constituting the Sukuk Musharakah, the programme agreement, the Musharakah Agreement and the Purchase Undertaking.
UMW Holdings Group	means the Issuer and/or its subsidiaries, associated companies and/or jointly-controlled entities.

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SECTION 1.0 EXECUTIVE SUMMARY

1.1 Brief Background of the Issuer

The Issuer was incorporated under the Companies Act, 1965 as a private limited company on 20 September 1982 under the name of UMW Management Services Sdn. Bhd. The Issuer subsequently became a public company on 30 July 1987 and changed its name to UMW Management Services Berhad. A day later on 31 July 1987, the Issuer then changed its name to UMW Holdings Berhad. Pursuant to the restructuring exercise of UMW Corporation Berhad which entailed the transfer of the listing status of UMW Corporation Berhad to the Issuer, the Issuer was listed on the Main Board of BURSA on 2 December 1987.

The principal activity of the Issuer is investment holding, and its material subsidiaries UMW Toyota Motor Sdn. Bhd., UMW (East Malaysia) Sdn. Bhd., UMW Equipment Sdn. Bhd., KYB-UMW Malaysia Sdn. Bhd., UMW Advantech Sdn. Bhd., UMW Drilling Co. Ltd. (a company incorporated in Labuan, Federal Territory) and UMW Standard 1 Pte. Ltd. (a company incorporated in Singapore) and its associated company Perusahaan Otomobil Kedua Sdn. Bhd., are involved in:

- (a) the import, assembly, and marketing of passenger and commercial vehicles and related spares and manufacturing of original/replacement automotive parts;
- (b) the 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) the ownership, construction and operation of drilling rigs, offshore leasing, contract drilling operations and other engineering services for oil and gas exploration, development and production.

Please refer to Section 3.0 of this Information Memorandum for further details on the Issuer.

1.2 Brief Description of the Sukuk Musharakah Programme

The Sukuk Musharakah Programme is an Islamic medium term note programme of up to RM2.0 billion in nominal value under the Shariah principle of Musharakah pursuant to which Sukuk Musharakah will be issued from time to time, provided always that the aggregate outstanding nominal value of the Sukuk Musharakah issued shall not exceed RM2.0 billion at any one time.

In respect of each issuance of the Sukuk Musharakah, the investors with the Issuer will enter into a Musharakah Agreement as partners (each a “**Partner**” and collectively the “**Musharakah Partners**”) from time to time, for the purpose of undertaking a Musharakah Venture to invest directly into the Business.

The Issuer will issue Sukuk Musharakah to Sukukholders. Proceeds raised from the Sukuk Musharakah shall be the capital contribution of the Sukukholders to the Musharakah Venture. Each Sukuk Musharakah shall represent the respective Sukukholders’ undivided proportionate interest in the Musharakah Venture. The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. Meanwhile, the Issuer will contribute its Business as capital contribution into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust all its interest in the Business for the benefit of the Sukukholders and itself.

UMW Holdings shall be appointed as the manager to manage the Musharakah Venture. The Sukukholders agree that any excess of the profits from the Periodic Distribution Amount (as hereinafter defined) shall be retained by the Issuer as an incentive fee.

Any profits from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to issuance of the relevant Sukuk Musharakah. Any losses incurred in each Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.

The expected return to the Sukukholders under the Musharakah Venture shall be the yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah ("**Expected Return**"). The income from the Musharakah Venture of up to an amount equivalent to the expected rate (to be determined prior to the issuance of the relevant Sukuk Musharakah) of the nominal value of the Sukuk Musharakah for the relevant period ("**Periodic Distribution Amount**") shall be distributed semi annually in each year (each such date of distribution is referred to as "**Periodic Distribution Date**") to the Sukukholders in the form of Periodic Distribution.

Any shortfall between the Periodic Distribution Amount and the actual profit generated from the Musharakah Venture distributable to the Sukukholders shall be paid by the Obligor (as defined below) as an advance part payment ("**Advance Part Payment**") of the Exercise Price. For avoidance of doubt, the Advance Part Payment will be set-off against the relevant Exercise Price.

UMW Holdings as obligor ("**Obligor**") shall issue a Purchase Undertaking to the Trustee (acting for and on behalf of the Sukukholders), wherein the Obligor undertakes to purchase the Sukukholders' interest in the Musharakah Venture upon declaration of any Dissolution Event or upon declaration of a Mandatory Redemption Event or at maturity date of each series of Sukuk Musharakah.

Pursuant to the Purchase Undertaking, upon occurrence of any of such events described above, the Obligor and the Trustee shall enter into a transfer agreement ("**Transfer Agreement**") to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price. The Obligor shall grant an unconditional and irrevocable power of attorney to the Trustee to execute the Transfer Agreement in the event of failure of the Obligor to do so.

For further terms of the Sukuk Musharakah Programme, please refer to Section 2.0 of this Information Memorandum.

1.3 Utilisation

The proceeds raised under the Sukuk Musharakah Programme shall be utilised by the Issuer for the following purposes:

- (i) to settle and/or redeem whether in full or in part the Issuer's existing ICP/IMTN Programme of up to RM300 million and IMTN Programme of up to RM500 million in nominal value;
- (ii) to finance domestic or foreign, current and/or future working capital requirements of the UMW Holdings Group;
- (iii) to finance UMW Holdings Group's domestic or foreign current and/or future projects and/or investments and/or capital expenditure;

- (iv) if required, to refinance borrowings/financings of the UMW Holdings Group (whether in whole or in part); and
- (v) to defray expenses arising from the setting up of the Sukuk Musharakah Programme.

The Issuer may also issue new Sukuk Musharakah to redeem any outstanding Sukuk Musharakah.

1.4 Rating of the Sukuk Musharakah Programme

The Sukuk Musharakah Programme has been accorded a “AAA” rating by RAM, pursuant to RAM’s letter to the Issuer dated 20 November 2012.

1.5 SC’s Approval

An application for the Sukuk Musharakah Programme was made to the SC on 20 December 2012 and a copy of this Information Memorandum dated 20 December 2012 has been lodged with the SC together with the application and upon such deposit of this Information Memorandum and the application, the SC is deemed to have granted its approval for the Sukuk Musharakah Programme.

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SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUKUK MUSHARAKAH PROGRAMME

The principal terms and conditions of the Sukuk Musharakah Programme as attached to the submission to the SC are set out below. Words and expression used and defined in this Section 2.0 shall, in the event of inconsistency with the definitions section of this Information Memorandum, only be applicable for this Section 2.0.

(a) Names of parties involved in the proposed transaction (where applicable)

- | | | |
|--------|---|---|
| (i) | Principal Adviser | : Maybank Investment Bank Berhad (Company No. 15938-H) (" Maybank IB ") and Standard Chartered Saadiq Berhad (" SCSB ") (Company No. 823437-K). |
| (ii) | Lead Arranger | : Maybank IB and SCSB as the Joint Lead Arrangers (" JLAs "). |
| (iii) | Co-arranger | : Not applicable. |
| (iv) | Solicitor | : Messrs Zaid Ibrahim & Co. |
| (v) | Financial Adviser | : Not applicable. |
| (vi) | Technical Adviser | : Not applicable. |
| (vii) | Trustee | : Maybank Trustees Bhd (previously known as Mayban Trustees Bhd) (Company No. 5004-P). |
| (viii) | Guarantor | : Not applicable. |
| (ix) | Valuer | : Not applicable. |
| (x) | Facility Agent | : Maybank IB. |
| (xi) | Primary Subscriber (under a bought deal arrangement) and amount subscribed | : If applicable, in a bought deal arrangement the Primary Subscriber will be determined prior to each point of issuance. |
| (xii) | Underwriter and amount underwritten | : Not applicable. |
| (xiii) | Shariah Adviser | : Maybank Islamic Bank Berhad (Company No. 787435-M). |
| (xiv) | Central Depository | : Bank Negara Malaysia (" BNM "). |

- (xv) **Paying Agent** : BNM.
- (xvi) **Reporting Accountant** : Not applicable.
- (xvii) **Calculation Agent** : Not applicable.
- (xviii) **Others** : Joint Lead Managers
Maybank IB, SCSB and/or such other financial institution(s), to be appointed by the Issuer prior to each issuance under the Sukuk Musharakah Programme (as defined below) ("**JLMs**")
- Auditor for the Issuer
Ernst & Young
- (b) **Facility Description (including the description of Islamic principle)** : An Islamic medium term notes programme of up to RM2.0 billion in nominal value under the Shariah principle of Musharakah ("**Sukuk Musharakah Programme**") pursuant to which Islamic medium term notes ("**Sukuk Musharakah**") will be issued from time to time, provided always that the aggregate outstanding nominal value of the Sukuk Musharakah issued shall not exceed RM2.0 billion at any one time.

The Shariah principle of Musharakah is listed in Appendix I of the Securities Commission Malaysia's ("**SC**") Islamic Securities Guidelines (Sukuk Guidelines) (revised on 12 July 2011 and effective on 12 August 2011) ("**Sukuk Guidelines**") and is one of the Shariah principles which have been approved by the SC's Shariah Advisory Council ("**SAC**").

Underlying Transaction

In respect of each issuance of the Sukuk Musharakah, the investors with the Issuer will enter into a Musharakah Agreement as partners (each a "**Partner**" and collectively the "**Musharakah Partners**") from time to time, for the purpose of undertaking a venture ("**Musharakah Venture**") to invest directly into the Shariah-compliant business of the Issuer ("**Business**").

The Issuer will issue Sukuk Musharakah to investors ("**Sukukholders**"). Proceeds raised from the Sukuk Musharakah shall be the capital contribution of the Sukukholders to the Musharakah Venture. Each Sukuk Musharakah shall represent the respective Sukukholders' undivided proportionate interest in the Musharakah Venture. The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. Meanwhile, the Issuer will contribute its Business as capital contribution into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust all its interest in the Business for the benefit of the Musharakah Partners.

UMW Holdings shall be appointed as the manager ("**Manager**") to manage the Musharakah Venture. The

Sukukholders agree that any excess of the profits from the Periodic Distribution Amount (as hereinafter defined) shall be retained by the Manager as an incentive fee.

Any profits from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to issuance of the relevant Sukuk Musharakah. Any losses incurred in each Musharakah Venture shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.

The expected return to the Sukukholders under the Musharakah Venture shall be the yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah ("**Expected Return**"). The income from the Musharakah Venture of up to an amount equivalent to the expected rate (to be determined prior to the issuance of the relevant Sukuk Musharakah) of the nominal value of the Sukuk Musharakah for the relevant period ("**Periodic Distribution Amount**") shall be distributed semi annually in each year (each such date of distribution is referred to as "**Periodic Distribution Date**") to the Sukukholders in the form of periodic distribution ("**Periodic Distribution**").

Any shortfall between the Periodic Distribution Amount and the actual profit generated from the Musharakah Venture distributable to the Sukukholders shall be paid by the Obligor (as defined below) as an advance part payment (the "**Advance Part Payment**") of the Exercise Price (as defined below). For avoidance of doubt, the Advance Part Payment will be set-off against the relevant Exercise Price.

UMW Holdings as obligor ("**Obligor**") shall issue a purchase undertaking ("**Purchase Undertaking**") to the Trustee (acting for and on behalf of the Sukukholders), wherein the Obligor undertakes to purchase the Sukukholders' interest in the Musharakah Venture upon declaration of any Dissolution Event or upon declaration of a Mandatory Redemption Event (as described under (v)(14) below) or at maturity date of each series of Sukuk Musharakah.

Pursuant to the Purchase Undertaking, upon occurrence of any such events described above, the Obligor and the Trustee shall enter into a transfer agreement ("**Transfer Agreement**") to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price. The Obligor shall grant an unconditional and irrevocable power of attorney to the Trustee to execute the Transfer Agreement in the event of failure of the Obligor to do so.

The transaction diagram is attached in the **Appendix III**.

Musharakah Partners

The Issuer and the Sukukholder(s).

Exercise Price

The Exercise Price shall be calculated as follows:-

The Musharakah Capital (as defined below) plus Expected Return less total Periodic Distributions made and received from the Musharakah Venture less Unearned Periodic Distribution (as defined below) (if applicable).

“**Musharakah Capital**” shall mean the actual proceeds received by the Issuer upon issuance of the Sukuk Musharakah.

“**Unearned Periodic Distribution**” shall mean the aggregate amount of all Periodic Distribution Amounts falling due after the declaration of a Dissolution Event or Mandatory Redemption Event and shall exclude the Periodic Distribution Amounts falling due immediately after the date of declaration of a Dissolution Event or Mandatory Redemption Event, as the case may be. For the avoidance of doubt, any Periodic Distribution Amount accrued but unpaid up to the first Periodic Distribution Date after declaration of Dissolution Event or Mandatory Redemption Event, as the case may be, will be payable.

On any payment of the Exercise Price, the Obligor will be entitled to set-off the Exercise Price with any Advance Part Payment made by the Obligor.

- | | | | |
|-----|---|---|---|
| (c) | Issue/programme size | : | Up to RM2.0 billion in nominal value. |
| (d) | Tenure of issue/sukuk programme (or facility) | : | <p><u>Tenure of the Sukuk Musharakah Programme</u>
Fifteen (15) years from the date of the first issue under the Sukuk Musharakah Programme.</p> <p><u>Tenure of the Sukuk Musharakah</u>
The tenure of the Sukuk Musharakah shall be more than one (1) year but not exceeding fifteen (15) years from issue date provided that the maturity date of the Sukuk Musharakah shall not extend beyond the tenure of the Sukuk Musharakah Programme.</p> |
| (e) | Availability period of sukuk programme (or facility) | : | The period commencing from the date the conditions precedent of the Sukuk Musharakah Programme are fulfilled or waived (as the case may be), provided that Sukuk Musharakah shall mature on or prior to the expiry of the Sukuk Musharakah Programme. |
| (f) | Profit/coupon/rental rate | : | To be determined prior to issuance. |
| (g) | Profit/coupon/rental payment frequency | : | Semi annual in arrears with the first payment to be made six (6) months from the date of issuance of the Sukuk Musharakah. |

- (h) **Profit /coupon/rental payment basis** : Actual / 365.
- (i) **Security/Collateral (if any)** : Unsecured.
- (j) **Details on utilisation of proceeds by Issuer** : The proceeds raised under the Sukuk Musharakah Programme shall be utilized by the Issuer for the following Shariah compliant purposes:
- (i) to settle and/or redeem whether in full or in part the Issuer's existing ICP/IMTN Programme of up to RM300 million and IMTN Programme of up to RM500 million in nominal value;
 - (ii) to finance domestic or foreign current and/or future working capital requirements of the Issuer, its subsidiaries, associate companies and/or jointly controlled entities ("**UMW Holdings Group**");
 - (iii) to finance UMW Holdings Group's domestic or foreign current and/or future projects and/or investments and/or capital expenditure;
 - (iv) if required, to refinance borrowings/financings of the UMW Holdings Group (whether in whole or in part); and
 - (v) to defray expenses incurred from the setting up of the Sukuk Musharakah Programme.

Notes :

The Issuer may also issue new Sukuk Musharakah to redeem any outstanding Sukuk Musharakah.

- (k) **Sinking fund and designated accounts (if any)** : Not applicable.

(l) **Rating**

- **Credit rating assigned** : (Please specify if this is an indicative rating)

Facility	Credit Rating Assigned
Sukuk Musharakah Programme	AAA

- **Name of Rating Agency** : RAM Rating Services Berhad ("**RAM**").

- (m) **Mode of issue** : The Sukuk Musharakah may be issued through any of the following modes on a best effort basis to be determined by the Issuer and the JLMs:
- (i) via private placement;
 - (ii) via bought deal basis; or
 - (iii) through book running or book building process on a best effort basis.

- (n) **Selling restriction, including tradability (ie tradeable or non-tradeable)** : The Sukuk Musharakah are tradable but shall not be offered or sold, directly or indirectly in Malaysia other than to persons falling within any of the categories of persons or in the circumstances specified under:-
- (i) at the point of issuance of the Sukuk Musharakah, Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 as amended from time to time (the “**CMSA**”); and
 - (ii) after the issuance of the Sukuk Musharakah, Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA.
- (o) **Listing Status and types of listing** : The Sukuk Musharakah will not be listed on the Bursa Malaysia Securities Berhad or on any other stock exchange but will be reported on the Fully Automated System for Tendering (“**FAST**”).
- (p) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** : Where applicable, should any funds be required for overseas utilization, BNM approval will be sought prior to any utilization.
- (q) **Conditions Precedent** : Conditions precedent to set up the Sukuk Musharakah Programme and first issuance to include but not limited to the following (all have to be in form and substance acceptable to the JLAs):-

A Main Documentation

- (i) the transaction documents for the Sukuk Musharakah Programme (“**Transaction Documents**”) have been signed and, where applicable, stamped or endorsed as exempted from stamp duty and where applicable, presented for registration with the relevant registries;
- (ii) the Issuer to furnish to the JLAs the certified true copy of its Memorandum and Articles of Association together with latest Forms 24, 44 and 49 and the Annual Return; and
- (iii) the JLAs shall have received the relevant company searches and winding-up search on the Issuer.

B The Issuer

- (i) a certificate signed by a duly authorized officer of the Issuer that there is (i) no adverse change in the condition (financial, economic or otherwise) of the Issuer which is material to the issue of the Sukuk Musharakah; (ii) no event rendering untrue or incorrect to a material

extent any of the representations and warranties made by the Issuer; (iii) no material breach of any of the undertakings by the Issuer; (iv) no Dissolution Event or event, which with the giving of notice or passage of time or both, would be a Dissolution Event has occurred and is continuing under the Transaction Documents; (v) no event of default/dissolution under any note or facility which have been issued, entered into or guaranteed by the Issuer has occurred or is continuing or will occur as a result of the issuance of the Sukuk Musharakah;

- (ii) certified true copies of all resolutions, authorizations and consents required in connection with the issuance of the Sukuk Musharakah having been obtained or otherwise delivered to the JLMs;
- (iii) Board of Directors' resolution authorizing the establishment of the Sukuk Musharakah Programme and the appointment of authorized signatories to approve and to execute the relevant documents relating to the Sukuk Musharakah Programme, duly certified by the company secretary or a director of the Issuer; and
- (iv) certificate from the Issuer certifying the names, titles and specimen signatures of the authorized persons:
 - (a) to execute the Transaction Documents;
 - (b) to authorize issues of the Sukuk Musharakah and sign or deliver all notices and other documents to be delivered in connection with the Transaction Documents; and
 - (c) to take any action in relation to the Transaction Documents.

C General

- (i) a written confirmation from RAM that the Sukuk Musharakah has received a rating of AAA;
- (ii) the approval of the SC for the Sukuk Musharakah Programme shall have been obtained;
- (iii) a letter from the Solicitor that all necessary due diligence exercise have been conducted;
- (iv) completion of an Information Memorandum in form and substance to the satisfaction of the JLAs;

- (v) a written opinion from the Solicitor on, inter alia, the validity, legality and enforceability of the Sukuk Musharakah and the Transaction Documents and that all conditions precedent have been fulfilled or waived;
- (vi) evidence of arrangements acceptable to the JLAs that all fees due and payable under the Sukuk Musharakah Programme and in connection with the preparation of the Transaction Documents shall be made by the Issuer for the relevant parties;
- (vii) receipt of an endorsement from the Shariah Adviser in respect of the Sukuk Musharakah Programme; and
- (viii) such other conditions precedent as advised by the legal counsel of the JLAs and agreed to by the Issuer.

Conditions precedent for each subsequent issuances shall include but not be limited to the following:

- i. the Sukuk Musharakah has a rating of at least investment grade* from RAM.

*to be mutually agreed between the Issuer and JLMs.

**(r) Representations
warranties**

and : To include but not limited to the following:-

- (i) the Issuer is a public listed company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its assets;
- (ii) the memorandum and articles of association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their respective terms;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in its memorandum and articles of association or in

any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, license, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any Security Interest or restriction of any nature on any of the Issuer's assets;

- (iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the Issuer's audited accounts are prepared in accordance with generally accepted accounting principles and standards;
- (vi) no tax liabilities of any kind having a Material Adverse Effect are outstanding in payments and all computations and payments should be or should have been made to the Department of Inland Revenue have been made within the requisite periods and are up-to-date, correct and made on a proper basis with the Department of Inland Revenue;
- (vii) there is no existing litigation or arbitration or to the Issuer's knowledge any litigation or arbitration which is threatened, which would have a Material Adverse Effect;
- (viii) the Information Memorandum does not contain any false or misleading information or material omission, and all expressions of expectation, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful inquiry by the Obligor and the Issuer, and neither the Obligor nor the Issuer is aware of any material facts or circumstances that have not been disclosed to the Joint Lead Managers which might reasonably be expected, if disclosed, to have an adverse effect on the decision of a person considering whether or not to subscribe for or purchase the Sukuk Musharakah; and
- (ix) such other representations and warranties as may be advised by the Solicitor and any other representations and warranties required to comply with the CMSA and/or the Sukuk

Guidelines.

- (s) **Events of Default (or enforcement event, where applicable)** : The Events of Default ("**Dissolution Events**") shall include but not limited to the following:
- (i) Non-payment: where UMW Holdings fails to pay any amount that is due and payable from it under any of the Transaction Documents on the due date;
 - (ii) Breach of other obligations under the Transaction Documents: default is made in the performance or observance of any other obligations of UMW Holdings under or in respect of the Sukuk Musharakah Programme and the Transaction Documents, and such default remains unremedied for thirty (30) days after UMW Holdings became aware or having been notified by the Trustee of the breach;
 - (iii) Breach of other obligations: there has been a breach by UMW Holdings of any obligation under any of UMW Holdings' other existing contractual obligations which may have a Material Adverse Effect and, if in the opinion of the Trustee is capable of being remedied, UMW Holdings does not remedy the breach within a period of thirty (30) days after UMW Holdings became aware or having been notified by the Trustee of the breach;
 - (iv) Cross-default: any Financial Indebtedness for borrowed/financed moneys of UMW Holdings becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of UMW Holdings is not discharged at maturity or when called and such declaration of Financial Indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by UMW Holdings in a court of competent jurisdiction within fourteen (14) days from the date of such declaration or call, or UMW Holdings goes into default under, or commits a breach of, any agreement or instrument relating to any such Financial Indebtedness, guarantee or other obligations, or any security created to secure such Financial Indebtedness becomes enforceable. No Dissolution Event will occur under this paragraph (iv) if the aggregate amount of Financial Indebtedness (denominated in RM or its equivalent in any other currency or currencies) falling within this paragraph (iv) is less than RM400.0 million or if it does not have a Material Adverse Effect;
 - (v) Enforcement proceedings: a distress, attachment, execution, seizure before

judgment or other legal process is levied, enforced or sued upon or against the whole or a material part of the assets or revenues of UMW Holdings and is not discharged or stayed within fourteen (14) days after UMW Holdings has effective notice thereof;

- (vi) Security enforced: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of UMW Holdings and such action is not discharged or stayed within thirty (30) days thereof;
- (vii) Insolvency, etc.: (1) UMW Holdings becomes insolvent or is unable to pay its debts as they fall due, (2) an administrator or liquidator is appointed in respect of the whole or any part of the undertaking, assets and revenues of UMW Holdings (or application for any such appointment is made (or documents filed with a court) and is not discharged, stayed or withdrawn within fourteen (14) days after UMW Holdings has effective notice thereof), (3) UMW Holdings takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any surety given by it or (4) UMW Holdings ceases or threatens to cease to carry on all or any material part of its business;
- (viii) Winding-up, etc.: UMW Holdings convenes the meeting of its creditors or proposes or makes any arrangement or composition with, or any assignment for the benefit of, its creditors or a petition is presented or a meeting is convened for the winding up of UMW Holdings;
- (ix) Section 176 of the Companies Act 1965: where a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted in respect of UMW Holdings' debts;
- (x) Misrepresentation: any representation or warranty made or given by UMW Holdings under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the financing facilities and/or any of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given;

- (xi) Change of business: UMW Holdings changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Trustee may have a Material Adverse Effect;
- (xii) Analogous event: any event occurs which under the laws of Malaysia has an analogous effect to any of the events referred to in paragraphs (v) to (ix) above;
- (xiii) Failure to take action, etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (1) to enable UMW Holdings lawfully to enter into, exercise its rights and perform and comply with its obligations under the Sukuk Musharakah Programme and the Transaction Documents, (2) to ensure that those obligations are legal, valid, binding and enforceable and (3) to make the Sukuk Musharakah and the Transaction Documents admissible in evidence in the courts of Malaysia is not taken, fulfilled or done;
- (xiv) Government intervention: (1) all or any material part of the undertaking, assets and revenues of UMW Holdings is condemned, seized or otherwise appropriated by any person acting or purporting to act under the authority of any national, regional or local government agency of the Malaysia or (2) UMW Holdings is prevented by any such person from exercising normal control over all or any material part of its undertaking, assets and revenues;
- (xv) Such other dissolution events as may be mutually agreed by UMW Holdings and the JLAs and/or such other dissolution events (if any) as prescribed by the CMSA and/or the Sukuk Guidelines.

Upon occurrence of a Dissolution Event, the Trustee may or shall (if directed to do so by the Sukukholders by extraordinary resolution) declare that a Dissolution Event has occurred and may take such proceedings against UMW Holdings as it may think fit to enforce the Transaction Documents in the following sequence:

- (a) to invoke the Purchase Undertaking;
- (b) thereupon, the exercise price will be due and payable; and
- (c) the Musharakah Venture will be dissolved.

(t) Covenants**: Positive Covenants**

To include but not limited to the following:-

- (i) UMW Holdings shall maintain in full force and effect all relevant authorizations, consents, rights, licenses, approvals and permits (governmental and otherwise) and will promptly obtain any further authorizations, consents, rights, licenses, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for UMW Holdings to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of UMW Holdings or the priority or rights of the financiers under the Transaction Documents and UMW Holdings shall comply with the same;
- (ii) UMW Holdings shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iii) UMW Holdings shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) UMW Holdings shall diligently pursue all claims against third parties which would have a Material Adverse Effect;
- (v) UMW Holdings will notify the Trustee of claims against it which would have a Material Adverse Effect and will defend itself against such claims;
- (vi) UMW Holdings shall promptly perform and carry out all its obligations under all the Transaction Documents (including but not limited to redeeming the Sukuk Musharakah on the relevant maturity date(s) or any other date on which the Sukuk Musharakah are due and payable) and ensure that it shall immediately notify Trustee in the event that UMW Holdings is unable to fulfill or comply with any of the provisions of the Transaction Documents;
- (vii) UMW Holdings shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of UMW Holdings for the period to which the financial statements are

made up and shall disclose or provide against all liabilities (actual or contingent) of UMW Holdings;

- (viii) UMW Holdings shall promptly comply with all applicable laws including the provisions of the CMSA, as amended from time to time and/or the notes, circulars, conditions or guidelines issued by SC from time to time; and
- (ix) such other undertakings as may be advised by the Solicitor.

Negative Covenants

To include but not be limited to the following:-

- (i) UMW Holdings shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents;
- (ii) UMW Holdings shall not enter into any agreement with interested persons except on ordinary commercial term and on the basis of arm's length arrangements and where the transaction does not have a Material Adverse Effect;
- (iii) UMW Holdings shall not undertake or acquire any other business or subsidiaries where such undertaking or acquisition would have a Material Adverse Effect;
- (iv) UMW Holdings shall not use the proceeds of the Sukuk Musharakah Programme except for the purposes set out in the Transaction Documents and the Information Memorandum;
- (v) UMW Holdings shall not declare or pay any dividends or make any distribution whether income or capital if a Dissolution Event has been declared, is continuing and has not been waived, or if following such payment or distribution a Dissolution Event would occur;
- (vi) UMW Holdings shall not make payments (whether in relation to principal, profit or otherwise) to its directors in connection with loans or financing or advances from its directors;
- (vii) such other undertakings as may be advised by the Solicitor and any other undertakings required to comply with the CMSA and/or the Sukuk Guidelines.

Information Covenants

To include but not limited to the following:-

- (i) UMW Holdings shall provide to the Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Sukuk Musharakah and that there does not exist or had not existed, from the date the Sukuk Musharakah were issued, any Dissolution Events, and if such is not the case, to specify the same;
- (ii) UMW Holdings shall deliver to the Trustee the following:
 - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its consolidated financial statements for that year which shall contain the income statements and balance sheets of UMW Holdings and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to and Trustee;
 - (b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period which shall contain the income statements and balance sheets of UMW Holdings which are duly certified by any one of its directors;
 - (c) promptly, such additional financial or other information relating to UMW Holdings' business and its operations as the Trustee may from time to time reasonably request (save and except for price sensitive and/or confidential information); and
 - (d) promptly, all statutory notices or other documents in relation to the Sukuk Musharakah Programme received by UMW Holdings from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Sukukholders, and a copy of all documents dispatched by the Issuer to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally at the same time as these documents are dispatched to these shareholders or

creditors;

- (iii) UMW Holdings shall promptly notify the Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency involving itself which may have a Material Adverse Effect;
 - (iv) UMW Holdings shall promptly give notice to the Trustee of the occurrence of any Dissolution Event or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfillment of the relevant requirement as contemplated under the relevant transaction document would constitute Dissolution Events ("**Potential Dissolution Events**") forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Dissolution Events or the Potential Dissolution Events;
 - (v) UMW Holdings shall promptly inform the Trustee of any substantial change in the nature of the business of UMW Holdings; and
 - (vi) any other covenants as advised by the Solicitor.
- (u) **Provisions on buy-back and early redemption of sukuk** : None, except as set out in paragraph (v)(14) below.
- (v) **Other principal terms and conditions for the issue**
- (1) **Negative Pledge** : So long as any Sukuk Musharakah remains outstanding or any amount is due under or in respect of any Sukuk Musharakah or otherwise under the Transaction Documents, the Issuer will not create or permit to subsist any Security Interest upon or over the whole or any part of its property, assets or revenues (whether present or future).
 - (2) **Restriction on borrowing/taking finance** : UMW Holdings shall not (i) give or assume any guarantee, letter of comfort and undertaking of any of the indebtedness of any person, except the Permitted Indebtedness (as defined in paragraph (v)(16)(ii) below) or (ii) incur any Financial Indebtedness (as defined in paragraph (v)(16)(i) below), except the Permitted Indebtedness;
 - (3) **Status** : The Sukuk Musharakah will constitute direct, unconditional, unsubordinated and (subject to the Negative Pledge) unsecured obligations of the Issuer in accordance with the relevant Transaction Documents, ranking at all times pari-passu, without

preference among themselves, with all other direct, unconditional, unsubordinated and unsecured obligations (whether present or future) of the Issuer, save and except those obligations preferred by law.

(4) Issue conditions

- : The Sukuk Musharakah shall be issued in accordance with (1) the “Participation and Operation Rules for Payment and Securities Services” issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear Rules**”) and (2) the MyClear Procedures, or their replacement thereof (collectively, the “**MyClear Rules and Procedures**”) applicable from time to time.

The Sukuk Musharakah may be issued in multiples of RM1,000.00, but subject to the MyClear Rules and Procedures, any other relevant guidelines and other standard conditions including, without limitation, the following:-

- (i) a minimum issue size of RM5,000,000 for each issue; and
- (ii) the issue request shall be given to the Facility Agent at least eight (8) business days (for the first issue) or six (6) business days (for subsequent issues) prior to and excluding the date of proposed issue.

(5) Purchase and cancellation

- : The Issuer or any of its subsidiaries or any of the agent(s) of the Issuer may at any time purchase the Sukuk Musharakah at any price in the open market or by private treaty, but these purchased Sukuk Musharakah shall be cancelled and cannot be reissued or resold.

(6) Redemption

- : Unless the Sukuk Musharakah are declared to be immediately due and payable pursuant to the declaration of a Dissolution Event or a Mandatory Redemption Event or previously redeemed or purchased and cancelled, the Sukuk Musharakah will be redeemed by the Issuer at one hundred per centum (100%) of their nominal value on their respective maturity dates.

(7) Trading

- : The Sukuk Musharakah shall be tradeable on the secondary market on a willing-buyer willing-seller basis under Real Time Electronic Transfer of Funds and Securities (“**RENTAS**”).

(8) Ta’widh

- : In the event of any overdue payments of any Exercise Price, the Obligor shall pay to Sukukholders compensation (“**Ta’widh**”) on such overdue amounts at an amount and manner prescribed by the SAC from time to time in accordance with the Shariah principles.

(9) Taxation

- : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever

nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Sukukholders after such withholding or deduction shall equal the respective amounts of principal and profit which would otherwise have been receivable in respect of the Sukuk Musharakah in the absence of such withholding or deduction.

- | | |
|---|---|
| (10) Legal Fees, Stamp duty and other expenses | : All expenses, including legal fees, stamp duty, out-of-pocket expenses and other costs incurred in arranging the Sukuk Musharakah Programme shall be for the account of the Issuer and on a full indemnity basis. |
| (11) Governing laws and jurisdiction | : Laws of Malaysia and exclusive jurisdiction of the Courts of Malaysia. |
| (12) Transaction Documents | : Standard documentation for a programme of this nature, which would include, inter-alia: <ul style="list-style-type: none"> (i) the Programme Agreement; (ii) the Trust Deed; (iii) the Musharakah Agreement; (iv) the Management Agreement; (v) the Transfer Agreement; (vi) the Purchase Undertaking (vii) the Sukuk Musharakah; (viii) the Power of Attorney; (ix) the Securities Lodgement Form; and (x) Any other documents as advised by the Solicitor. |
| (13) Change In Circumstances | : If as a result of any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof or if any applicable direction, request or requirement (whether or not having the force of law) is imposed on the JLAs any material condition burden or obligation arises, then upon notice to the Issuer after becoming aware of such occurrence, the commitment of the JLAs to the Sukuk Musharakah Programme will terminate immediately upon notice to the Issuer of the happening of such events after becoming aware thereof. |

(14) Mandatory Redemption

: Upon the occurrence of any one of the following events (each a “**Mandatory Redemption Event**”):

- (a) any material provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable or if any law is brought into effect which would prevent UMW Holdings from performing any of its obligations thereunder;
- (b) it is or will become unlawful for UMW Holdings to perform or comply with any one or more of its obligations under or in respect of any of the Sukuk Musharakah or the Transaction Documents,

the Trustee may at its sole discretion and shall (if directed to do so by the Sukukholders by extraordinary resolution) issue a notice in writing to UMW Holdings declaring that a Mandatory Redemption Event has occurred and:

- (i) the Obligor shall be obliged to purchase the Musyarakah Interest pursuant to the Purchase Undertaking by executing the Transfer Agreement and paying the Exercise Price; and
- (ii) the Issuer shall redeem the Outstanding Sukuk Musharakah with the Exercise Price (after setting off the Advance Part Payment) received from the Obligor.

(15) Other Conditions

: The Sukuk Musharakah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC and BNM Malaysia and the MyClear Rules and Procedures.

(16) Definitions

: In these principal terms and conditions:

- (i) **Financial Indebtedness** means any indebtedness for or in respect of:
 - (a) moneys borrowed/financings;
 - (b) any amount raised by acceptance under any acceptance credit facility (not being acceptances of trade bills in respect of the sale or purchase of goods in the ordinary course of trading without recourse to the Issuer);
 - (c) any amount raised pursuant to any note purchase facility or the issue of bonds/sukuks, notes, debentures, loan stock or any similar instrument;
 - (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with accounting principles generally accepted in Malaysia, be treated as a finance or capital lease;

- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) required under accounting principles generally accepted in Malaysia to be shown as a borrowing in the financial statements of the Issuer;
- (g) calculating the value of any derivative transaction, only the marked to market value shall be taken into account) required under accounting principles generally accepted in Malaysia to be shown in financial statements of the Issuer (including the notes to such financial statements);
- (h) shares which are expressed to be redeemable (other than those redeemable solely at the option of the issuer);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

(ii) **Permitted Indebtedness** means:

- (a) any Financial Indebtedness created, incurred or assumed by the Issuer under any guarantee, letter of comfort or undertaking for the payment or repayment of moneys relating to or in connection with the Financial Indebtedness of any member of the UMW Holdings Group (as defined in (j) above);
- (b) any unsecured Financial Indebtedness of the Issuer;
- (c) any Financial Indebtedness under the Transaction Documents; and
- (d) all hire purchase obligations and finance lease obligations, of the Issuer in the ordinary course of business of the Issuer.

- (iii) **Security Interest** means any encumbrance mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security of any kind.
- (iv) **Material Adverse Effect** means any material adverse effect on (i) the business or condition (financial or otherwise) or results of the operations of UMW Holdings or (ii) the ability of UMW Holdings to perform any of its obligations under any of the Transaction Documents.

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SECTION 3.0 BACKGROUND INFORMATION OF THE UMW HOLDINGS GROUP

3.1 Corporate History

The Issuer was incorporated under the Companies Act, 1965 as a private limited company on 20 September 1982 under the name of UMW Management Services Sdn. Bhd. The Issuer subsequently became a public company on 30 July 1987 and changed its name to UMW Management Services Berhad. A day later on 31 July 1987, the Issuer then changed its name to UMW Holdings Berhad. Pursuant to the restructuring exercise of UMW Corporation Berhad which entailed the transfer of the listing status of UMW Corporation Berhad to the Issuer, the Issuer was listed on the Main Board of BURSA on 2 December 1987. The Issuer's registered office and business office are located at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan and The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan respectively.

As at 30 October 2012, the Issuer's authorised share capital is RM1,000,000,000.00 divided into 2,000,000,000 ordinary shares of RM0.50 each and its issued and paid-up share capital as at 30 October 2012 is RM584,146,966.00 divided into 1,168,293,932 ordinary shares of RM0.50 each.

Shareholding Structure of the Issuer

The details of the substantial shareholders as at 30 October 2012 are as follows:

Name	% shareholding	
	Direct Interest	Deemed Interest
Skim Amanah Saham Bumiputera	-	42.59
Employees Provident Fund Board Group	0.13	13.65

3.2 Business Overview

Revenue of UMW Holdings Group for 2011 increased to RM13.5 billion from RM12.8 billion for 2010. The UMW Holdings Group recorded a profit before taxation of RM1,381.5 million in 2011, which was a 5% increase over the RM1,313.2 million registered in 2010. Net profit attributable to shareholders however has declined to RM969.5 million, a decrease of RM3.3 million from the RM972.8 million registered in 2010.

(a) Automotive Division

Based on statistics released by the MAA, year 2011 saw a Total Industry Volume ("TIV") of 600,123 units, slightly lower than the 605,156 vehicles sold in 2010. Vehicle sales were affected by production disruptions caused by the unexpected earthquake and subsequent tsunami in Japan as well as the massive floods in Thailand. While both UMW Toyota Motor Sdn. Bhd. and Perusahaan Otomobil Kedua Sdn. Bhd. sold less vehicles, in tandem with the broader industry, both companies still sustained their respective leadership in the market and collectively controlled 44.8% of TIV.

UMW Toyota Motor Sdn. Bhd.

Despite the slowdown in vehicle sales, the Toyota marque remained at the top in the non-national car category for the twenty-second consecutive year, securing 14.8% market share. Vios and Hilux were still the most popular models in their respective categories, having sold 29,820 units and 21,471 units, respectively, in 2011. Camry also performed very well with 7,575 units sold during the year. UMW Toyota Motor Sdn. Bhd. ("**UMW Toyota Motor**") had several new launches in 2011, including Vios improved model, Hilux BMC, Innova BMC, Fortuner BMC and Lexus CT200h. UMW Toyota Motor remains committed towards its goals of achieving high quality standards and customer service levels, which require things to be done right from the beginning until the end of the value chain. UMW Toyota Motor continues to incorporate Quality Management practices, methodology and mindset amongst each and every employee, while focusing on UMW Holdings' customers and managing costs through streamlining of processes, reduction of wastage and increase in productivity.

Assembly Services Sdn. Bhd.

Assembly Services Sdn. Bhd. ("**ASSB**"), which is involved in vehicle assembly, saw slower production volume and registered lower earnings contributions, which were partly eroded by investments to enhance the production line for Camry. ASSB continued to show commitment towards enhancing customer service by offering quicker solutions to customer issues while implementing Plant Management Requirement steps to improve safety, quality, machine maintenance, cost, production control and logistics, environment and human resource. It also continued the five (5) year Jiritsuka Plan as part of Kaizen initiatives to enhance manufacturing capabilities. The Kaizen scope involves the overall plant re-layout by "Smooth Flow" concept, Shipping Operation Management, Standardised Work implementation, Pull System using Kanban and Floor Management Development System.

Automotive Industries Sendirian Berhad

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

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

Toyota Boshoku UMW Sdn. Bhd.

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

and Camry's completely knocked down preparation, which was launched in November 2011.

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

Perusahaan Otomobil Kedua Sdn. Bhd. Group ("Perodua")

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

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

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

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

(b) Equipment

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

Heavy Equipment

UMW Equipment Sdn. Bhd. / UMW (East Malaysia) Sdn. Bhd. / UMW Niugini Limited, Papua New Guinea / UMW Engineering Services Limited., Myanmar (collectively known as “Heavy Equipment Group”)

The Heavy Equipment Group is involved in importation, distribution, repair, maintenance and service of all types of industrial and heavy equipment and related spares in Singapore, Brunei, Papua New Guinea and the Republic of the Union of Myanmar. For year 2011, the Heavy Equipment Group had an outstanding performance with new records in revenue and profit before tax contributed by the Malaysian and Myanmar operations. The Heavy Equipment Group achieved a significant increase in revenue of 40.2% compared to 2010.

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

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

Industrial Equipment

UMW Industries (1985) Sdn. Bhd.

UMW Industries (1985) Sdn. Bhd. (“**UMW Industries**”), which specializes in material handling and industrial floor cleaning equipment business, represents some of the world’s most recognised names in industrial equipment, including Toyota material handling equipment, BT and Raymond warehouse trucks, and Tennant industrial sweepers and scrubbers. In 2011, UMW Industries maintained its forklift market share of more than 50% in Malaysia’s material handling equipment business.

UMW Industries launched Tennant T16 battery-operated rider scrubber in 2011, which is a combination of advanced Tennant technologies and quality construction that delivers clean and safe floors. The new product is ideal for manufacturing plants, warehouses, car parks and retail stores. UMW Industries continued to understand its customers’ needs by offering value added products. In 2011, it organised many activities like technical workshop for fleet customers to train customers’ technical personnel, safety campaigns at customers’ site to raise awareness as well as Regional Customer Day at branches to promote warehouse safety awareness and safe forklift operations.

In recognition of its achievement, UMW Industries received the President’s Award 2010 from Toyota Material Handling Company for the second time. UMW Industries is a Diamond Member of the Toyota Material Handling International Premier Club. Its four (4) branches in Kuching, Sibul, Kota Kinabalu and Tawau received the Toyota Industries Corporation’s “After-Sales

Service Evaluation & Certification Programme” re-certification from August 2011 to July 2016.

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

While more competitively-priced Chinese brands continue to dominate demands, the two (2) companies have capitalized on its excellent after-sales service and support to make further inroads into the market. The two (2) companies has also benefitted from the high demand and good resale value for its used trucks.

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

UMW Industrial Power Sdn. Bhd.

UMW Industrial Power Sdn. Bhd. (“**UMWIP**”), which distributes engines, generator sets, air and gas compressors in Malaysia, achieved better earnings in both top-line and bottom-line. Revenue improved in 2011, predominantly due to contributions from Mitsubishi Marine Engine, generator sets and oil and gas compressors. Operating profit registered a 38% jump from the previous year, while profit before tax improved 29% year-on-year.

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

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

Singapore Equipment Operations

UMW Equipment & Engineering Pte. Ltd., Singapore

UMW Equipment & Engineering Pte. Ltd. (“**UMW EEPL**”) is an exclusive distributor of Komatsu construction equipment and Toyota/BT/Raymond material handling equipment with its related spare parts. In 2011, it achieved higher profitability on the back of better margins and higher revenue, owing to increased sales volume and expanded market share. In particular, the distributor increased the number of forklifts sold by 18%.

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

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

UMW Equipment Systems (Vietnam) Company Limited, Vietnam

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

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

(c) Oil & Gas

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

Oil & Gas Exploration Operations

UMW Standard Drilling Sdn. Bhd. / UMW Standard 1 Pte. Ltd. / UMW Standard 3 Pte. Ltd.

UMW Standard Drilling Sdn. Bhd. ("**UMWSD**") provides contract offshore drilling business and operations and other engineering services for oil and gas exploration, appraisal, development and production in Malaysia and overseas. UMWSD currently manages and operates jackup rigs, NAGA 2 and NAGA 3. Both UMW Standard 1 Pte. Ltd. ("**UMWSD1**") and UMW Standard 3 Pte. Ltd. ("**UMWSD3**") build, own and operate drilling rigs and related activities in the upstream oil and gas sector. Currently, UMWSD1 is the owner of NAGA 2 while UMWSD3 owns NAGA 3.

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

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

bare boat charter basis to secure contracts. There is an option for the jack-up rig to be purchased after one or two years.

UMW Drilling Co. Ltd. / UMW JDC Drilling Sdn. Bhd.

UMW Drilling Co. Ltd. (“**UDC**”) is a 50% asset owner of semisubmersible rig NAGA 1 in Malaysia and the intended business of UDC is to provide contract drilling and engineering services for the oil and gas industry and to acquire drilling rigs and vessels for sale or lease to third parties. UMW JDC Drilling Sdn. Bhd. (“**UMW JDC**”), meanwhile, offers drilling services to the upstream oil and gas sector, and operates NAGA 1. UMW JDC is a 85% joint venture unit with Japan Drilling Co. Ltd.

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

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

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

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

Arabian Drilling Services L.L.C, Oman

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

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

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

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

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

Manufacture of OCTG and Line Pipes

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

Zhongyou BSS (Qinhuangdao) Petropipe Co. Ltd. (“**Zhongyou BSS**”)’s core business is in manufacturing and sales of large diameter Longitudinal Submerged Arc Welded and Spiral Submerged Arc Welded steel pipes and Bend-pipes for transmission of oil and gas. The Bend-pipes production line was completed in February 2010.

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

The plant secured first order of 8,916MT for Sino-Myanmar Pipeline Project (China-Section) in July 2011. A month later, the LSAW plant of BSS successfully completed trial production of H-Grade “Offshore Riser” pipes with steel grade of X80, that meets the technical requirements of DNV-OS-F101.

Shanghai BSW Petro-Pipe Co. Ltd., China

Shanghai BSW Petro-Pipe Co. Ltd.’s core business is in the manufacturing of Spiral Submerged Arc Welded pipes and the provision of external and internal coating for line pipes. Demand for line pipes is promising with major projects from CNPC and the general market, due to the increasing need for oil-related products in China.

WSP Holdings Limited, China

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

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

WSP Holdings had on 13 December 2011, announced to the NYSE that its Board of Directors has formed a special committee of independent directors to consider strategic alternatives which would enhance shareholder value. The Special Committee was formed after receiving a non-binding proposal letter from H.D.S. Investment LLC notifying the board of its interest in acquiring all of the shares of WSP Holdings in a possible going private transaction for USD0.60 per American Depositary Share ("**ADS**") in cash, subject to certain conditions. WSP Holdings had subsequently purported to effectuate a change in the ratio of its ADS to ordinary shares from 1:2 to 1:10 ("**Ratio Change**"), effective as of 15 February 2012, whereby WSP Holdings anticipates the Ratio Change will enable it to regain compliance with the continued listing standard of NYSE relating to minimum average share price.

United Seamless Tubulaar Private Limited, India

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

Fabrication of Oil And Gas And Other Structures

UMW Fabritech Sdn. Bhd.

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

UMW Helmsion Engineering Pte. Ltd., Singapore

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

Vina Offshore Holdings Pte. Ltd., Singapore

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

Offshore Construction Services Pte. Ltd., Singapore

Offshore Construction Services Pte. Ltd. (“**OCSPL**”) provides fabrication services to the marine industry, turnkey projects and other engineering services. In 2011, the lack of new contracts in the market as well as stiff price competition eroded its profitability but this was mitigated by the successful orders for two (2) ship repairs in the fourth quarter of 2011. OCSPL remained prudent in its management of resources and continued to implement cost reduction measures, while enhancing product quality by upgrading its machineries and equipment.

On 5 November 2012, Mr Neo Teck Seng, a director and shareholder of OCSPL, has entered into a share sale agreement with UMW Singapore Ventures Pte. Ltd. (“**UMWSV**”), whereby a total consideration of SGD7,050,000.00 is paid in respect of the divestment of UMWSV’s 300,000 ordinary shares, representing 60% of the total issued and paid-up capital in OCSPL (“**Disposal**”).

Upon completion of the Disposal, OCSPL will cease to become a subsidiary of the UMW Holdings.

Provision of Oilfield Services**UOT (Thailand) Limited, Thailand**

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

UMW Oilpipe Services Sdn. Bhd.

UMW Oilpipe Services Sdn. Bhd. (“**UOS**”) owns and operates Malaysia’s premium threading plant for OCTG. Its two threading facilities - East Plant and West Plant - are strategically located inside the Asian Supply Base, Labuan

Federal Territory. Located one kilometer apart, both plants stand on seven acres of land and house facilities that effectively enable them to meet the threading needs of drilling companies and contractors operating in Sabah, Sarawak and Brunei. UOS, which is the market leader in OCTG in East Malaysia, with a market share of 70%, performed positively during the year under review, riding on the increase in demand for oil and gas threaded pipes and services in East Malaysia. In particular, demand for drilling requirement and pipes by local oil and gas companies increased significantly in the second half of 2011. In recognition of its excellent safety performance, UOS received a Zero Lost-Time-Injury Certificate of Appreciation from Prime Sourcing International, a wholly-owned subsidiary of PETRONAS, on 5 December 2011. In addition, due to its stringent Quality Management System and machine capabilities, UOS was licensed in 2011 for additional thread pattern of DINO VAM and VAM HP from VAM Services France. During the year, UOS embarked on a 5S programme with assistance from UMW Training & Development Department. The programme, which focuses on organisation, cleanliness and standardisation of plant operations, is expected to improve overall efficiency, quality standards and safety. It has so far completed the Seiri and Seiton phases and is moving forward with the Seiso phase. UOS plans to seek NPC certification by mid-2012. Prospects going forward remained favourable in view of the number of activities being planned by local oil and gas players in Sabah, Sarawak and Brunei.

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

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

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

UMW Synergistic Generation Sdn. Bhd. (formerly known as Synergistic Generation Sdn. Bhd.) (“**SGSB**”) is a total power solutions provider and is very active in three main market sectors, namely oil and gas, public utilities, and industrial application and building construction. SGSB's earnings improved in 2011, in the wake of an increase in oil and gas projects, in particular the contract for the Garraf Power Plant in Iraq, which was awarded by Petronas Carigali Iraq Holding B.V. During the year, it completed the ISO Audit for ISO9001 certification.

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd., China

Shanghai Tube-Cote Petroleum Pipe Coating Co., Ltd. (“**STPPC**”) was set up in March 2002 and its business scope mainly covers anti-abrasion internal coating, hardbanding and related products and services for drill pipes, tubings, casings and line pipes. It has received certification for ISO9001:2000 quality system and NS-1 certificate and its products were also testified by China National Petroleum Corporation. STPPC had also obtained Shanghai's Hi-Tech Enterprise and Hi-Tech Foreign Investment Enterprise status and enjoy lower corporate tax rate until 2013. In the year under review, it achieved a 10% increase in production output and 8% increase in production value. It is

expanding its coating businesses and diversifying into different markets that will contribute to stable increase in sales. During the year, it tested, produced and improved several classes of new coating products in preparation for production diversification. STPPC further improved its production and logistic operation efficiency during the year.

Jiangsu Tube-Cote Shuguang Coating Co., Ltd., China

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

UMW Oilpipe Services (Turkmenistan) Ltd., Turkmenistan

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

Supply of Oilfield Products

UMW Oilfield International (M) Sdn. Bhd. / UMW Oilfield International (L) Ltd.

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

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

PFP Holdings Pty. Ltd., Australia (“PFP Holdings”)

PFP Holdings Pty. Ltd. (“**PFP Holdings**”) supplies a complete range of piping and pressure vessel components, including pipes, flanges and fittings to the oil and gas, and mining sectors, with operations in Australia, Singapore, Malaysia, China and Taiwan. PFP Holdings, which saw improved performance in 2011, is one of the leading companies in Australia for the supply of piping, valving and

pressure vessel components, with offices in Perth, Brisbane and Melbourne. It stands as the number two supplier in both sides of the business - carbon versus stainless steel and duplex stainless steel. In terms of market share, PFP Holdings captured approximately 25% share with its current business scope in trading of carbon, stainless steel and duplex stainless steel.

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

(d) MANUFACTURING & ENGINEERING (“M&E”)

As at 31 December 2011, the M&E Division contributed towards the higher revenue of the UMW Holdings Group.

UMW Advantech Sdn. Bhd.

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

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

Lubetech Sdn. Bhd. / UMW Pennzoil Distributors Sdn. Bhd.

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

UMW Lubricant International Sdn. Bhd.

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

on 19 October 2011 and made its maiden appearance during the MotoGP in Sepang on 23 October 2011.

Lubritech Limited, China

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

KYB-UMW Malaysia Sdn. Bhd. / KYB-UMW Steering Malaysia Sdn. Bhd. (collectively known as the KYB-UMW Group)

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

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

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

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

Sathya Auto Private Limited, India

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

ISO/TS16949:2009 certificate for Quality Management System, which is valid from 25 May 2011 until 24 May 2014.

UMW Dongshin Motech Private Limited, India ("UMW Dongshin")

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

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

Castwel Auto Parts Private Limited, India

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

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

Support Operations

Toyota Capital Malaysia Sdn. Bhd. ("TCAP")

TCAP provides innovative autofinancing and leasing products to support vehicle sales of UMW's Automotive segment including Toyota, Lexus, Perodua, Hino and Daihatsu. TCAP continued to strengthen its collaboration with distributors and its sales network, which helped to improve TCAP's market share.

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

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

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

U E-Technologies Sdn. Bhd. (“UET”)

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

U-TravelWide Sdn. Bhd. (“U-TravelWide”)

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

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

Having obtained new title deeds from the Selangor State Government in 2010, UMW Development received more enquiries on the UMW Development’s land from interested parties. During the year, UMW Development entered into a sale and purchase agreement with a local company for the disposal of two (2) plots of industrial land in Serendah, of a combined size of 38.5 acres. UMW Development is currently awaiting approval for the transfer of the said land from the State Authority. To date, 145.5 acres of industrial land have been disposed, and several real estate agents have been appointed to market the remaining unsold land to potential buyers. UMW Development will also continue its collaboration with the Selangor State Investment Centre and Malaysian Industrial Development Authority to market the land to local and foreign investors.

U-Insurance Sdn. Bhd. (“U-Insurance”)

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

3.3 Key Financial Highlights of the UMW Group

The UMW Group's key financial highlights for the financial year ended ("FYE") 31 December 2009, 31 December 2010, 31 December 2011 and the financial period ended ("FPE") 30 September 2012 are as follows:

Consolidated Statement of Financial Position (in RM'000)	Unaudited as at 30 September 2012	Audited as at 31 December 2011	Audited as at 31 December 2010	Audited as at 31 December 2009 (restated)
Total non-current assets	5,233,325	5,191,705	5,081,765	4,746,927
Total current assets	6,377,953	5,349,252	4,942,053	4,078,769
Total Assets	11,611,278	10,540,957	10,023,818	8,825,696
Equity attributable to equity holders of the Company				
Share capital	584,147	584,147	576,687	559,658
Share premium	794,482	794,482	716,708	542,045
Capital reserve	396	6,302	7,375	5,793
Share option reserve	-	-	14,514	41,038
Fair value adjustment reserve	-	(16,235)	-	-
Foreign currency translation reserve	(41,765)	(26,344)	(40,826)	42,666
Hedging reserve	22	-	-	-
Retained profits	3,435,435	2,906,812	2,752,635	2,582,659
Non-controlling interests	1,305,164	1,328,904	1,239,918	1,145,909
Total Equity	6,077,881	5,578,068	5,267,011	4,919,768
Total non-current liabilities	2,030,021	1,866,320	1,971,374	1,938,193
Total current liabilities	3,503,376	3,096,569	2,785,433	1,967,735
Total Liabilities	5,533,397	4,962,889	4,756,807	3,905,928
Total Equity and Liabilities	11,611,278	10,540,957	10,023,818	8,825,696
Consolidated Statement of Comprehensive Income (in RM'000)	Unaudited FPE 30 September 2012	Audited FYE 31 December 2011	Audited FYE 31 December 2010	Audited FYE 31 December 2009
Revenue	11,799,882	13,535,753	12,820,229	10,720,861
Profit from operations	1,437,332	1,273,177	1,209,671	777,901
Profit before taxation	1,541,135	1,381,486	1,313,219	846,504
Profit for the period/year	1,195,580	969,513	972,821	647,212
Profit for the period/year attributable to:				
Equity holders of the Company	743,404	502,053	526,903	382,395
Non-controlling interests	452,176	467,460	445,918	264,817
	1,195,580	969,513	972,821	647,212

The UMW Group's key financial highlights for the FPE 30 September 2012 were extracted from the UMW Group's condensed consolidated interim financial statements for the period ended 30 September 2012 which have been prepared in accordance with Malaysia Financial Reporting Standards (MFRS).

For the periods up to and including the FYE 31 December 2011 above, the key financial highlights presented above were extracted from the Group's audited financial statements of the relevant financial years which have prepared in accordance with Financial Reporting Standards in Malaysia (FRS).

Accordingly the key financial highlights for the FPE 30 September 2012 which are prepared in accordance with MFRS are not comparable to those presented in FRS.

3.4 Profile of Directors

The Directors of UMW Holdings, with their respective profiles as at 30 October 2012, are as follows:

TAN SRI ASMAT BIN KAMALUDIN Age 68, Malaysian Group Chairman, Non-Independent Non-Executive Director
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QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 20 February 2001 (Group Chairman)

WORKING EXPERIENCE AND OCCUPATION

- Tan Sri Asmat bin Kamaludin had a distinguished career with the MITI spanning over 35 years, culminating with his retirement as Secretary-General in January 2001. Between 1973 and 1976, he had served as Senior Economic Counsellor for Malaysia in Brussels and worked with several international bodies such as the Association of South-East Asian Nations, World Trade Organisation and Asia-Pacific Economic Cooperation, representing Malaysia in relevant negotiations and agreements. He was also actively involved in several national organisations such as Johor Corporation, Small and Medium Scale Industries Development Corporation and Malaysia External Trade Development Corporation. In 2008, Tan Sri Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

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

DATUK SYED HISHAM BIN SYED WAZIR Age 58, Malaysian

President & Group CEO

Non-Independent Executive Director

Member of Investment & Risk Management Committee and UMW Employee Share Option Committee

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

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

DATE APPOINTED TO THE BOARD

- 1 October 2010 (President & Group CEO)

WORKING EXPERIENCE AND OCCUPATION

- Datuk Syed Hisham bin Syed Wazir has had vast exposure in the motor industry at senior management level. Prior to joining UMW Holdings Group, 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

DATO' SIOW KIM LUN 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

WORKING EXPERIENCE AND OCCUPATION

- Dato' Siow Kim Lun started his career in investment banking with Malaysian International Merchant Bankers in 1981 and had served as a Manager in its

Corporate Finance Division. In 1985, he joined Permata Chartered Merchant Bank Berhad (now known as Affin Investment Bank Berhad) as Manager of Corporate Finance and subsequently became the Divisional Head of its Corporate Finance Division. From 1993 to 2006, Dato' Siow was with the Securities Commission and has served as the Director of its Issues & Investment Division and Director of its Market Supervision Division. He has also served as a member of the Listing Committee of Bursa Malaysia Securities Berhad from 2007 to 2009. Currently, Dato' Siow is also a Director of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") and a Commission Member of Suruhanjaya Pengangkutan Awam Darat.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

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

DR. LEONG CHIK WENG Age 49, Malaysian

Independent Non-Executive Director

Chairman of Nomination Committee, Investment & Risk Management Committee and UMW Employee Share Option 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 & Manufacturing Strategy Development Stanford University, School of Business

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 29 November 2007

WORKING EXPERIENCE AND OCCUPATION

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- A-Rank Berhad
- Chemical Company of Malaysia Berhad

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 and Westfield College, University of London
- Read law at the University of Buckingham
- Post-Graduate Diploma in Syariah Law and Practice (with Distinction), International Islamic University of Malaysia

MEMBERSHIP OF ASSOCIATIONS

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

DATE APPOINTED TO THE BOARD

- 13 August 2008

WORKING EXPERIENCE AND OCCUPATION

- Currently, Dato' Dr. Nik Norzrul Thani bin N.Hassan Thani is a practising lawyer and Chairman of Zaid Ibrahim & Co., the largest law firm in Malaysia. Prior to joining Zaid Ibrahim & Co., he was with Baker & McKenzie (International Lawyers), Singapore. Dato' Dr. Nik Norzrul is a Barrister of Lincoln's Inn and an Advocate & Solicitor of the High Court of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986. He was a visiting Fulbright Scholar, Harvard Law School in 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
- Fraser & Neave Holdings Berhad
- Manulife Holdings Berhad

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

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

KHALID BIN SUFAT Age 56, 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

WORKING EXPERIENCE AND OCCUPATION

- Encik Khalid bin Sufat had considerable experience in the banking industry having held several senior positions, namely General Manager, Consumer Banking of Malayan Banking Berhad in 1994, Executive Director of United Merchant Finance Berhad from 1995 to 1998 and Managing Director of Bank Kerjasama Rakyat Malaysia Berhad from 1998 to 2000. This experience has led him to become involved in the managing and restructuring of a number of public-listed companies. He became the Executive Director of Tronoh Mines Malaysia Berhad in 2002 and the Group Managing Director of Furqan Business Organisation Berhad in 2003 before being appointed as Group Managing Director of Seacera Tiles Berhad in mid-2006, a position he held until late 2007.

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

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

WAN KAMARUZAMAN BIN WAN AHMAD Age 53, Malaysian Non-Independent Non-Executive Director
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QUALIFICATIONS

- Bachelor of Economics (Honours), University of Malaya

MEMBERSHIP OF ASSOCIATIONS

- None

DATE APPOINTED TO THE BOARD

- 1 January 2011

WORKING EXPERIENCE AND OCCUPATION

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES

- None

3.5 Senior Management

PROFILE OF MANAGEMENT COMMITTEE

DATUK SYED HISHAM BIN SYED WAZIR

Please refer to the profile of Datuk Syed Hisham bin Syed Wazir, as listed above.

DATUK ISMET BIN SUKI

Datuk Ismet Suki is the President of UMW Toyota Motor Sdn. Bhd. since January 2011. He graduated with a Bachelor of Science (Marketing) from Syracuse University, USA. He has held several leadership roles in his twenty (20) years of experience – in areas including Dealer Development, Regional, Public Affairs, Service, Marketing, Customer Services and Human Capital. He succeeded from his predecessor as President, UMW Toyota Motor Sdn. Bhd. on 1 January 2011 in recognition of his exemplary performance, contribution and experience.

CHEW CHEE LOON

Chew Chee Loon is the Executive Director, Equipment Division of UMW. He graduated with a Bachelor of Engineering (Mechanical) from University Malaya. He started his career with UMW Industries (1985) Sdn. Bhd. as a Service Executive in August 1980 and then as a Sales Engineer. He moved to UMW Equipment Sdn. Bhd. as a Product Manager, Operations Manager and later as General Manager. He was subsequently appointed as Director, Equipment Group and assumed the position as Executive Director, Equipment Division. In March 2011, he was appointed as Acting Head, Manufacturing & Engineering until the new Executive Director, Manufacturing & Engineering Division was appointed.

AZMIN BIN CHE YUSOFF

Azmin Che Yusoff is the Executive Director, Group Financial Services since 1 September 2009. He graduated with a Bachelor of Accounting from University Malaya. Prior to joining UMW, Azmin was Chief Executive Officer (CEO) of Kontena Nasional Sdn. Bhd. and then as Executive Director, Landbridge Haulage (M) Sdn. Bhd. Apart from his current portfolio of heading the Group Finance Services, he also assume directorship of several companies i.e. UMW Toyotsu Motors Sdn. Bhd., PFP (Malaysia) Sdn. Bhd., Offshore Construction Services Pte. Ltd., U-Insurance Sdn. Bhd., UMW Development Sdn. Bhd. (formerly known as UMW-PNSB Development Sdn. Bhd.) and Bumiputera and Technology Venture Capital Sdn Bhd. He is also a committee member of the ESOS Committee, Sejati Motor Retirement Plan and UMW Group Retirement Plan.

BADRUL FEISAL BIN ABDUL RAHIM

Badrul Feisal Abdul Rahim is the Executive Director, Group Corporate Development since 1 April 2011. He graduated with a Bachelor of Science in Accountancy from University of Missouri, Columbia, USA. Prior to joining UMW, Badrul Feisal has had seventeen (17) years experience – in areas, which include automotive, education, banking, securities, utilities, oil & gas and construction. His last position in his previous company was as Managing Director with Insight Value Sdn. Bhd., a consulting company. He was first appointed as Special Assistant to President & Group CEO, UMW Holdings Berhad. In a short time span, he progressed to become Executive Director, Group Corporate Development. He is instrumental in spearheading the rationalization of the Value Group of the Oil & Gas business.

NIK JULIAH BINTI NIK JAAFAR

Juliah Nik Jaafar is the Executive Director, Group Human Resource, UMW Corporation Sdn. Bhd. since 15 September 2011. She graduated with a Bachelor of Science (Major in Education) and a Masters Degree in Administrative Studies from Ohio University, USA. Juliah commenced her working experience in the United States where her last position was Regional HR Director for a healthcare organization. After a stint of twelve (12) years, she returned to Malaysia and assumed several leadership roles in established companies such as American International Assurance (AIA), Malaysian National Insurance (MNI), as well as TYCO Fire and Security. Prior to joining UMW, Juliah was Head of Human Resources for AXA-AFFIN Life Insurance Berhad.

ROHAIZAD BIN DARUS

Rohaizad Darus is the President of UMW Oil & Gas Corporation Sdn. Bhd. He joined UMW Group of Companies on 3 January 2012 as Executive Director, Oil & Gas Division. He graduated with a Bachelor of Science in Mechanical Engineering from California State University, Long Beach, California, USA. Rohaizad is no stranger to the Malaysian oil & gas industry and he brings with him 26 years of solid experience to UMW. Rohaizad started his career as Trainee Mechanical Engineer and over the years, he has moved up the corporate ladder due to his dedicated efforts, coupled with strong technical competencies and leadership credentials. Prior to joining UMW, Rohaizad has held several senior management positions, most recently as the Chief Executive Officer of the Oil & Gas construction services for an established player in the market; whereby, he was responsible for the overall operation, financial and support functions of the Company. In addition, Rohaizad also played a vital role in increasing market penetration through potential business acquisition, as well as developing competitive marketing strategies. His strategic direction and focus saw a major restructuring exercise in the Oil & Gas Division.

MEGAT SHAHRUL AZMIR BIN NORDIN

Megat Shahrul Azmir Nordin is the Executive Director, Manufacturing & Engineering Division since 3 January 2012. He graduated with a Bachelor of Science in Engineering from Widener University Pennsylvania, USA. Megat Shahrul Azmir started his career as Product Development, Quality & Marketing Engineer where he then joined an established consulting firm in leading Business Process Re-engineering (BPR), Customer Relationship Management (CRM), strategy development proposals, etc for large players in the telecommunication and oil & gas industries, as well as government institutions. Prior to joining UMW, Megat Shahrul Azmir was the Asia Pacific Marketing Director for one (1) of the established energy companies; whereby, he was responsible for executing the growth strategies for 17 major countries in Asia Pacific, as well as developing market/competitive analysis and customer segmentation initiatives.

DR WAFI NAZRIN BIN ABDUL HAMID

Dr Wafi Nazrin Abdul Hamid is the Executive Director, Group Management Services since 1 June 2012. He graduated with a Bachelor of Law (1st Class Honor) from the International Islamic University and a Master of Law from Cambridge University, UK. Dr Wafi then obtained his Doctor of Philosophy from Southampton University, UK in Maritime Law, as well as a Master of Business Administration (Applied Finance & Investment) from National University Malaysia. Prior to joining UMW, Dr Wafi was the Executive Vice President, Corporate Services Division & External Relations for Malaysian Airline System Berhad (MAS); whereby, Dr Wafi was responsible for strengthening the legal framework for MAS and its group of companies, improving business efficiency through the establishment of corporate/ divisional policies with

high corporate governance, as well as implementing Enterprise Risk Management (ERM) programs in mitigating inherent business/ operation risks. In addition, Dr Wafi was tasked to lead the Business Continuity Management (BCM) and Corporate Social Responsibility (CSR) portfolios, apart from overseeing the external relations, property maintenance, procurement and insurance functions.

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SECTION 4.0 INVESTMENT CONSIDERATIONS

Investment in the Sukuk Musharakah involves certain risks. This section provides a summary of certain risk factors, each of which, among others, may materially and adversely affect the ability of the Issuer to make payment under any transaction documents relating to the Sukuk Musharakah to which it is a party on a timely basis. This section is not intended to be exhaustive. Prospective purchasers of the Sukuk Musharakah should read and carefully consider, among other things, the following factors in connection with the purchase of the Sukuk Musharakah and undertake their own investigations and analyses on the Issuer, its business and risks associated with the Sukuk Musharakah. Investors should also note that each Sukuk Musharakah issuance under the Sukuk Musharakah Programme will carry different risks and all investors should evaluate each Sukuk Musharakah issuance on its respective merits.

4.1 Considerations Relating to the Issuer

Issuer's Ability to Meet its Obligations under the Sukuk Musharakah

The Sukuk Musharakah represent the direct, unsecured and unconditional obligations of the Issuer, and shall be payable out of the UMW Holdings Group's consolidated operating cash flow. In this regard, the redemption and profit payments obligations under the Sukuk Musharakah shall depend on the consolidated cash flow availability at the UMW Holdings Group's level. The Sukuk Musharakah will not be the obligations or responsibilities of any other person other than the Issuer and shall not be the obligations or responsibilities of, or guaranteed by any of the Joint Lead Arrangers, the Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the Sukuk Musharakah. None of such persons will accept any liability whatsoever to the holders of the Sukuk Musharakah in respect of any failure by the Issuer to pay any amount due under the Sukuk Musharakah.

4.2 Considerations Relating to the UMW Holdings Group's Business

The UMW Holdings Group is subject to certain risks inherent in the industries in which the UMW Holdings Group operates in, which are oil and gas, automotive, equipment, manufacturing and engineering. In view of its cross border operations, the UMW Holdings Group is not only exposed to risks occurring in Malaysia, but also in other countries where it has presence.

Developments in Malaysia's political and economic conditions could affect the prospects of the UMW Holdings Group. Such political and economic uncertainties include but are not limited to risks of global economic downturn and unfavourable changes in the government's policy; which could include changes in interest rates, inflation, taxation and changes in regulations.

The UMW Holdings Group's international operations expose it to additional risks including foreign exchange rate fluctuations, political and regulatory risks in those countries which the UMW Holdings Group operates.

Although the UMW Holdings Group seeks to limit these risks through, inter-alia, careful negotiations of contractual terms with third parties, effective project planning and management, prudent financial policies and effective human resource management, no assurance can be given that any change to these factors will not have a material effect on the UMW Holdings Group's business.

The risks the UMW Holdings Group may be exposed to include but are not limited to:

(a) Competition

There is competition among the many companies within the markets in which the UMW Holdings Group operates. Some of the competitors have substantial market positions. Many of the competitors are large companies with international links that have substantial capital and marketing resources, and some of these competitors are larger than the UMW Holdings Group or its key subsidiaries and may have access to capital at a lower cost. There is also intense competition with respect to the selling prices and types of products and services offered. There can be no assurance that the UMW Holdings Group will be able to sustain its market position against its competitors. If the UMW Holdings Group is not able to compete successfully against others in the industry, its business, financial conditions, results of operations and prospects could be affected.

As a mitigating factor, the UMW Holdings Group will continue to take effective measures to ensure quality products and services and develop innovative marketing strategies to remain competitive.

(b) Environmental regulations

The UMW Holdings Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. The UMW Holdings Group's operations are currently in compliance with all respects with applicable environmental regulations and standards. However, it is possible that these regulations could become more stringent in the future, which would result in the UMW Holdings Group incurring additional expenses on environmental matters. In such event, the UMW Holdings Group's operational results and financial condition may be affected.

(c) Freight costs and transportation

The UMW Holdings Group depends on ships and other modes of transportation to deliver its products to its customers. Disruptions of these transportation services due to adverse weather conditions, labour related issues or other events could significantly impair the UMW Holdings Group's ability to supply its products to its customers or could result in incurring demurrage claims by ship owners for loading and unloading delays, and hence, could affect the UMW Holdings Group's business, financial condition, operational results and prospects.

(d) Significant investments

The UMW Holdings Group requires significant investments in property, plant, machineries and equipments for its operations. The UMW Holdings Group needs to have sufficient funds to sustain and grow its business. Although, it can also act as a barrier to entry for new competitors, it will also act as a barrier to exit the industry. In the event the UMW Holdings Group is unable to obtain sufficient funds for its operations, the business, financial condition, operational results and prospects of the UMW Holdings Group could be affected.

(e) Skilled labour and expertise

The UMW Holdings Group requires skilled labour and technical expertise to carry out its operations. The UMW Holdings Group has to ensure that there is sufficient number of these workers and is able to train new workers efficiently in order to avoid any disruptions. In the event the UMW Holdings Group is

unable to obtain sufficient manpower for its operations, the business, financial position, operational results and prospects of the UMW Holdings Group could be affected.

Additionally, labour activism and unrest could cause disruption to the UMW Holdings Group's operations. Although the UMW Holdings Group's operations have not been affected by any significant labour dispute in the past, there is no assurance that the UMW Holdings Group will not experience labour unrest, activism or disputes which could affect the UMW Holdings Group's business, financial condition, operational results and prospects.

(f) Foreign exchange fluctuation

The UMW Holdings Group is exposed to movements in foreign exchange rates due to its operations in several countries. The UMW Holdings Group records its financial results in Ringgit Malaysia, thus any fluctuations in currency exchange rates will result in exchange gains or losses arising from transactions carried out in foreign currencies. Similarly, the UMW Holdings Group will also experience exchange gains or losses as a result of transactions of foreign currency denominated assets and liabilities as at the balance sheet dates.

While the UMW Holdings Group usually engages in foreign currency forward contracts to hedge its foreign currency exposure, it may be insufficient in the event of any sudden and significant movement in the exchange rates between the Ringgit Malaysia and other currencies. In such event, the results of the UMW Holdings Group's operations and financial position may be affected.

(g) Technology changes

Technological changes in materials, manufacturing processes and obsolescence of technology may affect the UMW Holdings Group's operations and its ability to maintain its existing cost structure. The UMW Holdings Group's established presence and knowledge in each of the industries it is in, would allow them to be proactive and react accordingly should the need arises. Nevertheless, no assurance can be given that such measures in the future would be sufficient or effective.

(h) Licenses and Permits

The businesses of the UMW Holdings Group are dependent on licenses and permits issued by the government and such other regulatory authorities (as applicable). As the UMW Holdings Group's business is subject to extensive regulation and supervision by the government and such other regulatory authorities (as applicable), changes in laws and regulations affecting the UMW Holdings Group may affect the UMW Holdings Group's financial performance.

(i) Holding Company Structure of the Issuer

The Issuer may be required to rely on dividends from its subsidiaries, associated companies and/or jointly controlled entities to meet its obligations, including its obligations under the Sukuk Musharakah. The ability of its subsidiaries, associated companies and/or jointly-controlled entities to pay dividends is dependent on their maintaining profitable operations and is subject to applicable laws, regulatory guidelines and restrictions on the payment of dividends by any of the regulatory authorities or by restrictions contained in relevant financial or other agreement.

4.3 Considerations Relating to the Sukuk Musharakah

(a) No prior market for the Sukuk Musharakah

There has been no prior public market for the Sukuk Musharakah. There can be no assurances that a secondary market for the Sukuk Musharakah will develop, or if a secondary market does develop, that it will provide Sukukholders with liquidity of investment or that it will continue for the life of the Sukuk Musharakah.

The market value of the Sukuk Musharakah may fluctuate. Consequently, any sale of the Sukuk Musharakah by Sukukholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates and the market for similar securities. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Sukuk Musharakah and an investor in the Sukuk Musharakah must be prepared to hold the Sukuk Musharakah for an indefinite period of time or until their maturity, nor any assurance can be given as to the ability of the Sukukholders to sell their Sukuk Musharakah, or the prices at which the Sukukholders will be able to sell their Sukuk Musharakah.

(b) The market value of the Sukuk Musharakah may be subject to fluctuation

Trading prices of the Sukuk Musharakah may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer, political, economic, financial and any other factors that can affect the capital markets, the industry or the Issuer. Adverse economic developments could have a material adverse effect on the market value of the Sukuk Musharakah.

(c) An investment in the Sukuk Musharakah is subject to interest rate risk

Sukukholders may suffer unforeseen losses due to fluctuations in interest rates. Although the Sukuk Musharakah are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices. The Sukuk Musharakah may be similarly affected resulting in a capital loss for the Sukukholders. Conversely, when interest rates fall, bond prices and the prices at which the Sukuk Musharakah trade may rise. Sukukholders may enjoy a capital gain but profit received may be reinvested for lower returns.

(d) An investment in the Sukuk Musharakah is subject to inflation risk

Sukukholders may suffer erosion on the return of their investments due to inflation. Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Sukuk Musharakah. An unexpected increase in inflation could reduce the actual return.

(e) The ratings on the Sukuk Musharakah Programme may be changed at any time and this may adversely affect the market value of the Sukuk Musharakah

Sukuk Musharakah Programme has been assigned an indicative rating of "AAA" by RAM. The rating addresses the likelihood of full and timely payment of profit and principal to Sukukholders. A rating is not a recommendation to purchase, hold or sell the Sukuk Musharakah as such ratings do not comment as to market price or suitability for a particular investor. There is no

assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by an assigning rating organisation in the future, if, in its judgment, circumstances in the future so warrant. Further, such a rating is not a guarantee of repayment or that there will be no default by the Issuer under the Sukuk Musharakah Programme. In the event that the ratings initially assigned to the Sukuk Musharakah are subsequently lowered, downgraded or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk Musharakah. Any downgrade or withdrawal of a rating may have an effect on the liquidity and the market price of the Sukuk Musharakah. Any downgrade or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to repay the Sukuk Musharakah.

(f) Suitability of investments

The Sukuk Musharakah issued under the Sukuk Musharakah Programme may not be a suitable investment for all investors. Each potential investor in the Sukuk Musharakah must determine the suitability of this investment in light of its own circumstances. In particular, each potential investor should:

- (1) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Musharakah, the merits and risks of investing in the Sukuk Musharakah and the information contained in this Information Memorandum;
- (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Musharakah and the impact the Sukuk Musharakah will have on its overall investment portfolio;
- (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Musharakah, including where the currency of payment is different from the potential investor's currency;
- (4) understand thoroughly the terms of the Sukuk Musharakah and be familiar with the behaviour of any relevant indices and financial markets; and
- (5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

(g) Risks specific to the Musharakah structure

The Musharakah structure is based on the concept of partnership. Therefore, the partners in a Musharakah structure (i.e. Sukukholders) will be exposed to both the risk of loss as well as the gain of profit. Any profit or loss derived from the partnership will be distributed or borne by each Sukukholder in proportion to each Sukukholder's contribution of capital in the partnership. The risk of loss is mitigated through an undertaking by the Obligor to purchase the Sukukholders' interest in the partnership on either the maturity date of the Sukuk Musharakah or upon declaration of a Dissolution Event (as defined in Section 2.0 of this Information Memorandum) or a Mandatory Redemption Event, whichever is earliest.

Further, on the maturity date of the Sukuk Musharakah or upon declaration of a Dissolution Event or a Mandatory Redemption Event, the Obligor is required to execute a Transfer Agreement in relation to its purchase of the Sukukholders' interest in the Musharakah Venture. The Exercise Price is payable pursuant to the Transfer Agreement – this means that the Exercise Price is not due and payable until the Transfer Agreement is executed. There

is no assurance that the Obligor will execute the Transfer Agreement, especially on occurrence of Dissolution Events. This risk is mitigated by the granting of a power of attorney by the Obligor in favour of the Trustee to execute the Transfer Agreement in the event of the failure of the Obligor to do so, though the risk is not entirely mitigated since there is possibility of a delay or failure of the Trustee to exercise such power of attorney for example in the event of disputes relating to declaration of Dissolution Events.

(h) No assurance that Sukuk Musharakah will be Shariah-compliant

The Shariah Adviser has issued a pronouncement which states, amongst others that in its opinion, the structure and mechanism of the Sukuk Musharakah Programme are in compliance with Shariah principles. Neither the Issuer nor the Joint Lead Arrangers makes any representation as to the Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah issued under the Sukuk Musharakah Programme. Investors are reminded that as with any Shariah views, differences in opinion are possible and opinions may change from time to time. Investors should obtain their own independent Shariah advice as to the Shariah permissibility of the structure, the issue and the trading of the Sukuk Musharakah.

If the Sukuk Musharakah are deemed not to be Shariah-compliant by an investor's own standard of Shariah compliance, such investor may be required to sell or otherwise dispose of its Sukuk Musharakah by virtue of its own constitutional restraints or otherwise. Similarly, if the Sukuk Musharakah are deemed not to be Shariah-compliant by potential investors' standard of Shariah compliance, they may be prohibited from buying the Sukuk Musharakah by virtue of its own constitutional restraints or otherwise. Accordingly, the liquidity and price of the Sukuk Musharakah in the market may be adversely affected by particular Shariah standards, and interpretation thereof, of existing or potential investors.

4.4 General Considerations

(a) Regulatory

Changes in law and regulations are unpredictable and beyond the Issuer's control and may affect the way the UMW Holdings Group conducts its business and the products it offers. Such changes may be more restrictive or result in higher costs than current requirements or otherwise materially impact its businesses, results of operations or financial condition.

(b) Political and Economic Considerations

The development and performance of any of the UMW Holdings Group's future projects and the ability to successfully conclude any potential future joint venture agreements, may be affected by the economic and political situation in the relevant countries and regions, as well as exchange rates and exchange controls, interest rates, inflation, rates of taxes, trade and employment practices (including industrial action), foreign investment restrictions, the risk of war, nationalisation, expropriation, changes in government policy and other political, economic, social or other developments in or affecting the relevant jurisdiction in which it operates its business. Any adverse developments in the political and economic conditions in Malaysia and globally may affect the prospects and future performance of the UMW Holdings Group and the market value of the Sukuk Musharakah.

There is no assurance that such adverse political and economic factors will not materially affect the UMW Holdings Group. In addition, there can be no assurance that political and economic policies adopted by a relevant

government at the time of the initial negotiations or development of any project will be continued or that a future government will not adopt substantially different policies.

In mitigation, the UMW Holdings Group will continue to review its business development strategies in response to the ever-changing political and economic conditions. Nonetheless, no assurance could be given that any change to these factors would not have any material impact on the UMW Holdings Group's business.

(c) Interest Rate Fluctuation Risks

The Issuer may secure credit facilities on a floating rate basis. The interest rate of such floating rate credit facilities may be pegged to the respective financiers' base lending rates or cost of funds. There can be no assurance that the base lending rates or costs of funds of such financiers would maintain at a certain level at all times. If there is any revision in the interest rate regime, the financial performance of the Issuer may be consequently affected.

(d) Change of Law

The issue of the Sukuk Musharakah is based on Malaysian law, tax rulings and regulations, and administrative practices in effect at the date hereof and having due regard to the expected tax treatment of all relevant statutes under such law and practice. No assurance can be given that Malaysian law, tax rulings and regulations or administrative

(e) Adequacy of Insurance Coverage

The Issuer's Board believes that the Issuer's assets are adequately insured against unforeseen events including fire, theft and flood. Although the Issuer has taken the necessary measures to ensure that the UMW Holdings Group's businesses and assets are adequately covered by insurance/takaful, there can be no assurance that the insurance/takaful coverage would be adequate for the replacement cost of all its assets, businesses or any consequential costs arising therefrom. In addition, such insurance/takaful policies may no longer be available or the policy cost may significantly increase in the future.

4.5 Forward-Looking Statements

This Information Memorandum contains forward-looking statements. Such forward-looking statements in the Information Memorandum involve known and unknown risks, uncertainties and other factors which may affect actual outcomes, many of which are outside the control of the Issuer. These factors include economic conditions in the markets in which the Issuer operates and achievement of the company's business forecasts. These factors will cause the actual results, performance or achievements of the Issuer to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. These forward-looking statements do not constitute a representation that future results will be achieved in the amounts or by the dates indicated.

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SECTION 5.0 ECONOMY AND INDUSTRY OVERVIEW

5.1 THE MALAYSIAN ECONOMY

Overview

The global economic environment remained challenging in the second quarter, amidst heightened vulnerabilities in several key economies. Growth in the major advanced economies was weighed down by policy and domestic structural concerns. In Asia, economic activity was affected by weaker external demand. In spite of this challenging environment, the Malaysian economy recorded a higher growth of 5.4% (1Q 12: 4.9%), driven by stronger domestic demand, which rose by 13.8% (1Q 12: 9.7%). This was supported by robust growth in the expenditure of both the private and public sectors, while net exports moderated further due to weaker exports and higher imports. On the supply side, most major economic sectors continued to expand, led by the services, manufacturing and construction sectors.

Gross fixed capital formation recorded a stronger growth of 26.1% (1Q 12: 16.1%), amidst increased capital spending by both the private and public sectors. Private investment strengthened further, supported by investment in the domestic-oriented services sub-sectors, oil and gas and manufacturing industries. Expansion in public investment was driven by non-financial public enterprises' capital spending in the transportation, oil and gas and utilities sectors, as well as the Federal Government's development spending on transportation, trade and industry, public utilities and education.

Growth of private consumption registered a strong growth of 8.8% (1Q 12: 7.4%), supported by firm labour market conditions, robust income growth and improved consumer sentiment. In addition, Government initiatives such as financial assistance to the lower income households and FELDA settlers, as well as increases in the salaries and pensions of civil servants also supported the increase in spending. Public consumption increased by 9.4% (1Q 12: 7.3%), led by higher spending on emoluments and supplies and services.

On the supply side, most economic sectors expanded further. This was supported by domestic-driven activity in the services sector, namely communication, real estate and business services, and the finance and insurance subsectors. The manufacturing sector was driven by higher growth in the export-oriented industries and a continued expansion of the domestic oriented industries. The construction sector recorded a strong double-digit growth for the second consecutive quarter amidst increased activities in the civil engineering sub-sector. The mining sector expansion reflected the higher output of crude oil, while the agriculture sector recorded a contraction due to lower crude palm oil production.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), moderated to 1.7% in the second quarter (1Q 12: 2.3%). Inflation in the *food and non-alcoholic beverages* category moderated amid a decline in the prices of meat and vegetables.

In the external sector, the current account surplus narrowed in the second quarter to RM9.6 billion, equivalent to 4.4% of GNI. The lower surplus was due mainly to the lower goods surplus, largely as a result of higher expansion of gross imports amid moderating growth in gross exports.

The financial account recorded a turnaround with inflows of RM5.4 billion during the quarter (1Q 12: -RM10.3 billion), as net inflows in other investment and FDI rose, which offset the net outflow of non-resident portfolio funds. FDI was sustained at RM6.1 billion (1Q 12: +RM7.5 billion), supported by inflows of equity capital and higher extensions of inter-company loans to multinational companies operating in Malaysia. Direct investment abroad by Malaysian companies moderated to RM2.5

billion in the second quarter (1Q 12: -RM16.9 billion), reflecting a lower outflow of equity capital and intercompany loans, and net repatriated earnings by Malaysian companies operating abroad. With surpluses in both the current and financial accounts, the overall balance of payments turned around to record a surplus of RM12.7 billion in the second quarter (1Q 12: -RM7.2 billion).

The international reserves of Bank Negara Malaysia increased to RM428.8 billion (equivalent to USD134.2 billion) as at 29 June 2012. This reserve level has taken into account the quarterly adjustment for foreign exchange revaluation gains, following the strengthening of currencies against the ringgit during the period. As at 31 July 2012, the reserves position amounted to RM429.6 billion (equivalent to USD134.5 billion), sufficient to finance 9.5 months of retained imports and is 3.9 times the short-term external debt.

The Overnight Policy Rate (OPR) was left unchanged at 3.00% during the second quarter of 2012. At the prevailing level of the OPR, monetary conditions continue to be supportive of economic activity.

Reflecting the unchanged OPR, the average interbank rates of all maturities were relatively stable. In terms of retail interest rates, the average quoted fixed deposit (FD) rates of commercial banks were relatively unchanged during the quarter. The average base lending rate (BLR) of commercial banks remained unchanged at 6.53%, while the weighted average lending rate (ALR) on loans outstanding remained stable, standing at 5.60% as at end-June 2012 (end-March 2012: 5.62%).

In the second quarter, total gross financing raised by the private sector through the banking system and the capital market increased to RM280.6 billion (1Q 12: RM259.9 billion). The higher gross financing was attributable mainly to the increase in loan disbursements to businesses and initial public offerings (IPOs) during the quarter. On a net basis, banking system loans and PDS outstanding expanded at an annual growth rate of 13.0% as at end-June 2012 (1Q 12: 13.3%).

Net funds raised in the capital market amounted to RM27.6 billion during the quarter (1Q 12: RM43.5 billion), mostly by the private sector. Funds raised from the equity market increased significantly to RM12.1 billion (1Q 12: RM1.3 billion), due to a large initial public offering in June. After adjusting for redemptions, net funds raised by the private sector amounted to RM22.6 billion. In the public sector, net funds raised during the quarter amounted to RM5.0 billion (1Q 12: RM13.7 billion).

The monetary aggregates grew at a moderate pace during the second quarter. M1, or narrow money, increased by RM3.5 billion. On an annual basis, M1 expanded by 9.9% as at end-June (end-March 2012: 13.2%). M3, or broad money, grew by 12.8% annually as at end-June 2012 (end-March 2012: 15.0%). The moderate expansion in M3 was attributable to higher Government fundraising activities and net portfolio outflows during the quarter.

The ringgit depreciated by 3.8% against the US dollar in the second quarter, along with most other regional currencies. Renewed uncertainties over the European sovereign debt crisis and its impact on the prospects for regional and global economic growth prompted some investors to reduce holdings of emerging market assets. Against other major currencies, the ringgit depreciated against the pound sterling (-1.6%) and the Japanese yen (-7.0%), while strengthening against the euro (2.0%). Against the other regional currencies, the ringgit depreciated in the range of between 0.7% and 5.4%.

During the period 1 July to 13 August 2012, the ringgit appreciated against the euro (4.7%), US dollar (2.3%), pound sterling (1.9%) and Japanese yen (0.9%).

The ringgit also appreciated against regional currencies, strengthening against the Korean won, Thai baht, Philippine peso, Indonesian rupiah and Chinese renminbi by

between 0.6% and 2.3%. The ringgit remained unchanged against the Singapore dollar.

Financial stability remained intact throughout the second quarter of 2012, underpinned by strong capitalisation of financial institutions and orderly financial market conditions. Financial markets continued to demonstrate strong capacity to withstand external shocks and volatility arising from the escalation of sovereign risk in the Euro area.

The banking sector remained resilient during the quarter, amid sustained profitability and ample liquidity. Capitalisation of the banking sector remained stable with the core capital ratio and risk-weighted capital ratio at 12.9% and 14.7% respectively. Similarly, the insurance sector remained resilient with a strong capital adequacy ratio of 216.7%.

The global economic recovery continued in the second quarter, albeit at a more modest pace. Going forward, the global economy faces increasing downside risks emanating from the developments in several major economies. Policy uncertainty surrounding the European sovereign debt crisis and fiscal issues in the US are expected to weigh on market sentiments and growth prospects.

For the Malaysian economy, the strong support provided by domestic demand, underpinned by activities in both the private and public sectors have ensured higher growth amidst the challenging global environment. This trend is expected to be sustained going forward, although downside risks emanating from external developments remain.

(Source : Bank Negara Malaysia Quarterly Bulletin (Second Quarter 2012))

Outlook

For 2012, GDP growth in Malaysia will be largely domestic driven, due to heightened uncertainties in the global economy. While the outlook for 2012 is affected by the increasingly adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the ETP will enhance domestic sources of growth. Domestic demand, in particular private sector expenditure is expected to play a more significant role in driving economic expansion in 2012. The public sector will remain supportive of growth with higher capital spending by NFPEs. The Government will continue to provide an enabling environment to facilitate private investment by implementing key initiatives under the National Key Result Areas (NKRAs) and National Key Economic Areas (NKEAs).

On the external front, increased domestic demand in the region and steady intra-regional trade will provide support for Malaysia's exports. Hence, Malaysia's real GDP growth is expected to be sustained at 5% - 6% in 2012. The projection takes into consideration a modest world economic growth with sustained strong expansion in intra-regional trade, improvement in Electrical & electronics exports and form commodity prices.

(Source: Economic Report 2011/2012, Ministry of Finance, Malaysia)

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5.2 INDUSTRY OUTLOOK:

5.2.1 Automotive

Total Industry Volume

The total industry volume ("TIV") of new motor vehicles registered in Malaysia in year 2011 reached 600,123 units against 605,156 units registered in 2010. This was a decline of only 5,033 units or 0.8% over 2010.

TIV achievement in 2011 fell below MAA's original projection of 618,000 units and even that of MAA's revised mid-year forecast of 608,000 units which was announced in July 2011. The revised TIV Forecast 2011 was decided in the light of the disruption in the automotive supply chain following the earthquake and tsunami disasters which hit Japan in March 2011. The mid-year revised forecast however did not take into account the automotive supply chain being hit again by the massive floods in Thailand in October 2011.

As a result of the two natural disasters, the sales of new motor vehicles were much lower during the second and fourth quarter of 2011 compared with similar corresponding periods in 2010.

On a monthly basis, sales in January and March 2011 were higher than the corresponding months in 2010. However, this expansionary trend was interrupted in April and again in November 2011 due to the two natural disasters mentioned earlier. In addition the amendments to the Hire Purchase Act 1967 had also caused some slowdown in new vehicle registrations in June 2011.

With regard to the performances of the passenger vehicles segment, it started off the year with an impressive expansion of 8% and 12% in the months of January and March 2011 respectively. This was due to the rush for deliveries for the Chinese New Year festival and the overall favourable market conditions then. Following the disruption in the automotive supply chain in March 2011, the sales of new passenger vehicles declined in April to June. Sales only started to recover from July 2011 onwards. However the sales of new passenger vehicles declined in November and December. This time it was due to the massive flood in Thailand which disrupted again the automotive supply chain.

The commercial vehicles segment performed well although its growth rate was not as high as last year's achievement. The total registration for commercial vehicles increased by 5.6% in 2011 compared to 21.8% in 2010.

Except for February, June and December, the sales of new commercial vehicles were consistently higher in 2011 compared to 2010.

The slightly flat performance of the TIV in 2011 could be attributed to following factors:

- (a) the impact of the two major natural disasters on the automotive supply chain;
- (b) a fairly strong GDP growth of 5% estimated for 2011;
- (c) multiplier effects from the 10th Malaysian Plan's Projects as well as the ongoing Economic Transformation Programme's ("ETP") Projects;
- (d) Positive consumer's sentiments and increased consumer spending due to low unemployment rate and rising disposable income;
- (e) Introduction of several new designs and models at competitive prices;
- (f) Aggressive sales campaigns by car companies.

Total Production Volume

Production of new vehicles in year 2011 recorded a drop of 34,200 units or 6% to reach a total of 533,515 units compared to 567,715 units in 2010. The drop in total production volume was caused by the passenger vehicles segment decline.

This lower volume was basically due to the two natural disasters that occurred in 2011. As a result of the disasters, MAA members handling a number of Japanese makers faced problems in their production throughput.

Outlook for Automotive Market for 2012

MAA have taken the following economic and environmental factors into account in our forecast for the total industry volume in 2012:-

- (a) Malaysia's GDP growth in 2012 to expand at a moderate rate of 4.8% (estimate);
- (b) A possible slowdown in the global economy due to the uncertainty in the developed countries and the continued financial troubles in the Euro zone. However, the robust intra-regional trade in Asia could mitigate the effects of the global economic slowdown;
- (c) Multiplier effects from the on-going Economic Transformation Programme's ("ETP") Projects and increased foreign direct investment activity. These effects would give a boost to the domestic economy and create greater demand for new vehicles;
- (d) Consumer's confidence are expected to remain relatively high owing to greater stability in the employment market;
- (e) The overnight policy rate (OPR) is expected to remain stable at current level of 3.00% borrowing cost is expected to remain accommodative;
- (f) The extension of tax incentives for hybrid and electric cars to December 2013 under Budget 2012 would help to promote greater demand for the energy efficient and eco-friendly vehicles; and
- (g) Introduction of new and exciting models will generate interest among car enthusiasts and the general public at large.

(Source : Market Review for 2011 and Outlook for 2012, MAA)

5.2.2 Equipment

The Malaysian Government has identified the machinery and equipment ("M&E") industry to be one of the key areas for growth and development. The growth will focus on the manufacture of high value-added and high technology M&E.

The long term objective outlined under the Third Industrial Master Plan (IMP3) for the M& E sector is to position Malaysia as:-

- (a) the regional production hub for high technology and specialised M&E;
- (b) the main distribution centre in the region for all types of M&E; and
- (c) the centre for maintenance related services, refurbishment, reconditioning and upgrading of high technology and specialised M&E.

Malaysia's competitive edge lies in its ability to provide engineering design services with R&D, high skilled and knowledgeable workforce and high technology and high quality production at lower cost compared to other industrialised countries.

With increasing competition from lower cost producing countries, the industry is expected to move away from the manufacture of low-end and low-technology M&E.

Malaysia is now moving towards or focusing on high technology and high value added M&E i.e. standard M&E for niche market, and specialised or custom made M&E.

Although Malaysia competes with developed countries where these M&E are produced, Malaysia would have the cost competitive edge.

The global M&E industry is continuously being driven by technological advances, process specialisation and customer requirements for shorter throughput time, faster delivery and lower costs.

Malaysian M&E manufacturers, like their counterparts in industrialised countries, are leveraging upon their strengths in core activities, such as R&D, D&D, software development, system integration, assembly, testing and calibration while focusing on quality of production.

The manufacture of parts & components and modules which are more capital-intensive, are outsourced to an extensive and technically capable local engineering supporting industry to keep costs low.

(Source: Malaysian Investment Development Authority at <http://www.mida.gov.my/env3/index.php?page=machinery-and-equipment-industries>)

5.2.3 Manufacturing & Engineering (M&E)

The launching of Proton in the early 1980's catalyzed the development of the ancillary and supporting industries by creating opportunities for growth in the manufacturing of component parts and accessories. Currently, there are more than 704 automotive components and parts manufacturers and 110 motorcycle components and parts manufacturers.

Today there are about 45 vendors in the automotive component industry who has achieved the capabilities and competency to design and develop, source components and parts and manufacture the whole module/component both for the original equipment and replacement markets. Malaysia continues to be one of the main producers and exporters of vehicle parts, components and accessories in the region. These products have been accepted in Japan, Germany and the UK due to their quality, compliance with international standards and competitive prices.

Due to the dynamic development of the sector, the sales volume of components and parts could register a steady growth during the last decades. In 2010, sales reached RM6.13 billion (RM 5.77 billion in 2009). Along with this, the local content of national cars of all ranges average between 50-90 % (PROTON) and 35-80 % respectively (PERODUA) while the percentage of local content in domestically assembled foreign cars of all ranges average between 35-65%.

(Source: "Market Watch 2012", The Malaysian Automotive and Supplier Industry)

5.2.4 Oil & Gas

Oil Supply & Demand

With relatively stable production and limited exploration activity Malaysia's reserves can be expected to shrink gradually, dropping to a 5.0bn barrel of oil (bbl) by 2016, according to BMI forecasts. Talisman, Shell and Murphy Oil have all made significant oil discoveries that could slow the decline in reserves. The 2,397 billion cubic metres (bcm) of gas reserves (BP Statistical Review) should be stable over the near-term as new prospects are developed for export although in the medium term we expect reserves to decline to 2,000 bcm.

The shift to coal-fired power plants has reduced demand for oil from the power industry. Another factor that is hampering growth in oil consumption is the government's steady reduction of fuel subsidies. In line with these developments, we expect oil consumption to grow to 621,300 barrels per day (b/d) by 2016, an increase of only 14.7% from 2011 levels. This increase is in contrast with our production forecast of 880,500b/d by 2016, a jump of 36.4% from 2011 levels. The regional oil export market continues to be attractive especially given Indonesia's surging oil import needs.

Underlying BMI's strong growth forecast is a series of new field production in the coming years coming from the following projects:

- Shell's Gumusut-Kakap (130,000-150,000b/d)
- ExxonMobil's EOR at Tapis (100,000b/d)
- ConocoPhillips' Block G fields (50,000b/d)
- ConocoPhillips' Kebanbagan cluster (80,000b/d)

As a result of these projects, BMI see Malaysian liquids output rising to as much as 894,500b/d by 2017. BMI assume an average decline rate of 3% after that, although new discoveries and projects certainly create upside risks to Malaysia's oil production. In particular, BMI point to the November 2011 Heads of Agreement (HoA) between Shell and Petronas for EOR at the Baram Delta (BDO) and North Sabah fields, which, when implemented, could boost output by almost 100,000b/d and extend the fields' lives beyond 2040. The companies believe they can boost the fields' recovery rate from around 36% to 50% through chemical Enhanced Oil Recovery (EOR). Further upside potential exists at Petronas' November 2011 Wakid-1 oil discovery offshore Sabah, with preliminary estimates of 227 million barrel of oil equivalent (boe).

Exxon announced in June 2010 that its EOR project at the Tapis field will start in 2013, with an estimated gross investment of more than US\$1 billion. Tapis is one of seven mature offshore fields that Exxon, in collaboration with Petronas, have agreed to develop as part of a 25-year Production Sharing contract (PSC) that was finalised in June 2009, which includes provisions for the deployment of EOR and further drilling to boost output. The two partners agreed to invest US\$2.1 billion in the fields. An Exxon executive said in June 2010 that the Tapis EOR project was in its FEED phase at the time. On January 17 2012, it was reported that ExxonMobil Exploration and Production Malaysia had ordered gas turbine and compression equipment for the project from Rolls-Royce. The order includes two Rolls-Royce RB211-GT61 gas turbines, with the equipment due to be delivered in Q312.

In September 2010, Petronas awarded a US\$770 million EPC and commissioning services contract to South Korea's Samsung Engineering for an oil and gas terminal in Sabah. The terminal's completion has been delayed from 2010 to 2013. Once onstream, the terminal is expected to

process 300,000b/d of oil and 35.4 million cubic metres per day (Mcm/d) of gas.

On March 5 2012, Malaysia's national oil company Petronas and Germany's petrochemicals giant BASF signed an HoA for the development of the refinery and petrochemical integrated development (RAPID) complex in Pengerang, in Malaysia's southern state of Johor. The integrated petrochemicals complex will have a crude oil refinery capable of producing 300,000b/d, a naphtha cracker that will produce 3 million tonnes per annum (tpa) of ethylene, C4 and C5 olefins, facilities for isononanol, highly reactive polyisobutylene, non-ionic surfactants, methanesulfonic acid, plants for precursor materials, and a gas-fired power plant to supply the site.

Gas Supply & Demand

BMI expect gas production to reach 74.2bcm by 2016, an annual average growth rate of 3.4% from 2011 levels. Given substantial gas subsidies, consumption is set to grow faster at an annual average rate of 4.7% from 34.9bcm in 2011 to 43.9bcm in 2016. They hold a view that artificially cheap gas discourages investment in exploration and development of gas fields hence our relatively low production growth forecast. Due to substantial subsidies, Malaysian end-user gas prices are the lowest in South East Asia at around US\$4 per million British thermal units (MMBtu). In FY2011, subsidies cost the government MYR20billion and has been a strain on government finances. The government is currently looking into steadily raising prices and plan to reach market parity by 2016. The following paragraphs detail recent supply developments in the industry.

Petronas recorded two gas discoveries in 2011 offshore Borneo, with estimated in-place gas of 34bcm. Finally, Murphy Oil reported the Buru gas discovery in January 2012 - the fourth gas strike in Block H till date. The company is hoping to commercialise gas in this block through an Floating Liquid Natural Gas (FLNG) export terminal, with partner Petronas saying at end-2011 that start-up could be realised by 2016. The so-called Rotan FLNG project will have a capacity of 1.2-1.3mn tpa, while a second FLNG export project (Kinawit) offshore Sarawak will have a similar capacity.

Pending a development plan, further production upside could come from the Kasawari field. Petronas said in February 2012 that Kasawari, located offshore Sarawak, could hold over 85bcm of recoverable gas reserves, making it one of the country's largest non-associated gas fields. The company reported having encountered a 1,000m gas column - the longest-ever in Malaysian gas exploration. In September 2011, Petronas struck gas at the NC8-SW field, located in the same block as Kasawari - SK316. Petronas said that NC8-SW had 12.7bcm of recoverable gas.

Gas demand in peninsular Malaysia has risen substantially, and with a growing share of the country's gas offshore and on Borneo, this necessitates imports. Petronas has been working on an LNG import terminal with a targeted completion date of end-2012. The facility, which will be located near Sungai Udang Port (Malacca), will have a capacity of 3.8 million tonnes per annum (tpa). Petronas' CEO said in December 2011 that project start-up was targeted for August 2012, and that a second LNG import terminal at Pengerang (Johor) was being targeted for start-up in 2015. A third import terminal at Lahad Datu (Sabah) is also being discussed.

The Malaysia-Thailand Joint Development Area (JDA), located in the lower part of the Gulf of Thailand, has become an active area for gas exploration. Three blocks, Block A-18, Block B-17 and Block C-19, are administered by the Malaysia-Thailand Joint Authority (MTJA), with each country owning 50%

of the JDA's resources - estimated at up to 270bcm of proven and probable gas.

Murphy Oil is producing gas from fields in blocks SK 309 and SK 311 offshore Sarawak. Output started in September 2009, with the contract terms specifying the supply of 2.6bcm per annum a period of five years. The gas produced is supplied to the Petronas LNG complex in Bintulu.

(Source: Business Monitor International – Malaysia Oil & Gas Report Q3 2012)

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SECTION 6.0 OTHER MATERIAL INFORMATION

6.1 MATERIAL CONTRACTS

As at the date of this Information Memorandum, the Issuer has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years preceding the date of this Information Memorandum.

6.2 MATERIAL LITIGATION

As at the date of this Information Memorandum, the Issuer is not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Issuer, and the Directors of the Issuer do not know of any proceedings pending or threatened or of any fact likely to give any proceedings which might materially and/or affect the position or business of the Issuer.

6.3 CONTINGENT LIABILITIES

As at 30 September 2012, the capital commitment of the UMW Holdings Group was approximately RM 468.0 million:

	RM 'Million
Approved and contracted for:	
- Land & Buildings	78
- Equipment, plant and machinery	153
- Others	9
Sub-total	240
Approved but not contracted for:	
- Land & Building	58
- Equipment, plant and machinery	162
- Others	8
Sub-total	228
Total capital commitment	468

Contingent liabilities of the UMW Holdings Group have reduced to RM731.8 million as at 30 September 2012 from RM800.5 million as at 31 December 2011.

6.4 MATERIAL INFORMATION

The Issuer has no other material information that could have any material effect on the Issuer's financial position and the Directors of the Issuer do not know of any other material information apart from those already disclosed herein.

6.5 POTENTIAL CONFLICT-OF-INTEREST AND APPROPRIATE MITIGATING MEASURES

Save as disclosed below, the Issuer is not aware of any circumstances, which may potentially give rise to a conflict of interest situation in this transaction.

In relation to Maybank IB

As at the date hereof, Maybank IB confirmed that they are not aware of any circumstances which would give rise to a possible conflict of interest in their capacity as Joint Principal Adviser/Joint Lead Arranger for the Sukuk Musharakah Programme.

In relation to SCSB

As at the date hereof, SCSB confirmed that they are not aware of any circumstances which would give rise to a possible conflict of interest in their capacity as Joint Principal Adviser/Joint Lead Arranger for the Sukuk Musharakah Programme.

In relation to the Solicitor

Dato' Dr. Nik Norzrul Thani bin N. Hassan Thani, Chairman and Senior Partner of Messrs. Zaid Ibrahim & Co. ("**ZICO**"), sits on the board of the Issuer. However, any potential conflict of interest is mitigated because Dato' Dr. Nik Norzrul Thani will not be directly involved in the Sukuk Musharakah Programme, whether in his capacity as the non-independent non-executive director of the Issuer or a partner in ZICO.

Save as disclosed above, as at the date hereof, ZICO confirmed that they are not aware of any circumstances which would give rise to a possible conflict of interest in their capacity as Solicitor for the Sukuk Musharakah Programme.

In relation to the Trustee

Apart from below, Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad) (Company No. 5004-P) ("**MTB**") confirmed that they are not aware of any circumstances which would give rise to a possible conflict of interest in their capacity as trustee for the Sukuk Musharakah Programme.

MTB, the appointed trustee, is a related corporation of Malayan Banking Berhad ("**Maybank**"). Maybank has, within its ordinary course of business, extended to KLK, several credit facilities which would make MTB not eligible to act as a trustee under Section 260(2) of the Capital Markets and Services Act, 2007, without the approval of the SC.

In order to address the above, MTB is submitting to the SC, a declaration in the form set out in Appendix 1 of the Guidelines on Allowing a Person to Be Appointed or to Act as a Trustee under Subsection 69(2) Of The Securities Commission Act 1993 (now Subsection 260(2) of the Capital Markets and Services Act, 2007).

APPENDIX I

Form of Pricing Supplement

UMW Holdings Berhad (Company No. 090278-P)

Islamic medium term notes issuance programme of up to RM2.0 billion in nominal value based on the Islamic principle of Musharakah

Information Memorandum dated 20 December 2012 ("IM")

Pricing Supplement No:

Terms defined in the IM shall have the same meaning when used in this pricing supplement, unless otherwise indicated or the context otherwise requires. This pricing supplement shall be read together with the IM, as amended or supplemented from time to time if any.

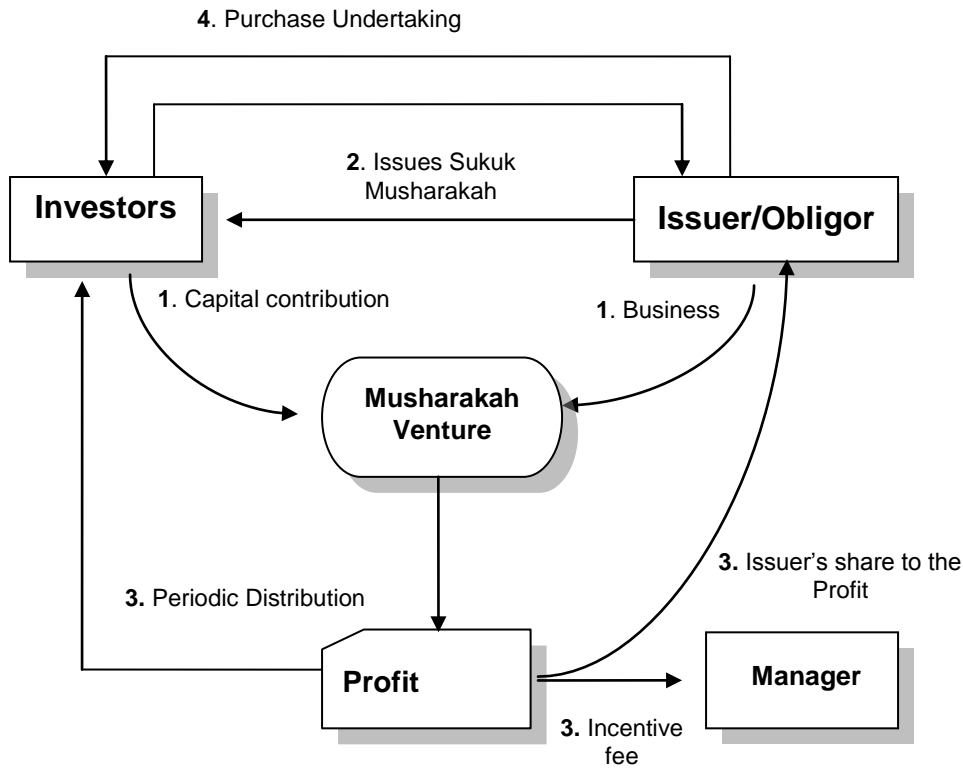
- | | | | |
|-----------|---|----------|---|
| 1 | <i>Issuer</i> | : | UMW Holdings Berhad |
| 2. | <i>Issue Size</i> | : | |
| 3. | <i>Tenure of the Issue</i> | : | |
| 4. | <i>Coupon/Profit or Equivalent Rate (%) (please specify)</i> | : | |
| 5. | <i>Coupon/Profit Payment Frequency and Basis</i> | : | |
| 6. | <i>Details on Utilisation of Proceeds</i> | : | |
| 7. | <i>Rating</i> | : | |
| 8. | <i>Issue Date</i> | : | |
| 9. | <i>Other Conditions</i> | : | Please refer to the IM for the other terms and conditions applicable to the Sukuk Musharakah. |

APPENDIX II

THE AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

APPENDIX III

TRANSACTION STRUCTURE



Steps	Description
1	In respect of each issuance of the Sukuk Musharakah, the investors with the Issuer will enter into a Musharakah Agreement as partners (each a "Partner" and collectively the "Musharakah Partners") from time to time, for the purpose of undertaking a venture ("Musharakah Venture") to invest directly into the Shariah-compliant business of the Issuer ("Business").
2	The Issuer will issue Sukuk Musharakah to investors ("Sukukholders"). Proceeds raised from the Sukuk Musharakah shall be the capital contribution of the Sukukholders to the Musharakah Venture. Each Sukuk Musharakah shall represent the respective Sukukholders' undivided proportionate interest in the Musharakah Venture. The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. Meanwhile, the Issuer will contribute its Business as capital contribution into the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust all its interest in the Business for the benefit of the Musharakah Partners.
3	<p>UMW Holdings shall be appointed as the manager ("Manager") to manage the Musharakah Venture. The Sukukholders agree that any excess of the profits from the Periodic Distribution Amount shall be retained by the Manager as an incentive fee.</p> <p>Any profits from the Musharakah Venture shall be distributed to each Partner based on profit sharing ratios which will be determined prior to issuance of the relevant Sukuk Musharakah. Any losses incurred in each Musharakah Venture</p>

	<p>shall be borne by each Partner in proportion to each Partner's respective capital contribution in the Musharakah Venture.</p> <p>The expected return to the Sukukholders under the Musharakah Venture shall be the yield for the Sukuk Musharakah up to the maturity date of the Sukuk Musharakah ("Expected Return"). The income from the Musharakah Venture of up to an amount equivalent to the expected rate (to be determined prior to the issuance of the relevant Sukuk Musharakah) of the nominal value of the Sukuk Musharakah for the relevant period ("Periodic Distribution Amount") shall be distributed semi annually in each year (each such date of distribution is referred to as "Periodic Distribution Date") to the Sukukholders in the form of periodic distribution ("Periodic Distribution").</p> <p>Any shortfall between the Periodic Distribution Amount and the actual profit generated from the Musharakah Venture distributable to the Sukukholders shall be paid by the Obligor as an advance part payment (the "Advance Part Payment") of the Exercise Price. For avoidance of doubt, the Advance Part Payment will be set-off against the relevant Exercise Price.</p>
4	<p>UMW Holdings as obligor ("Obligor") shall issue a purchase undertaking ("Purchase Undertaking") to Trustee (acting for and on behalf of the Sukukholders), wherein the Obligor undertakes to purchase the Sukukholders' interest in the Musharakah Venture upon declaration of Dissolution Event or upon declaration of Mandatory Redemption Event or at maturity date of each series of Sukuk Musharakah.</p> <p>Pursuant to the Purchase Undertaking, upon occurrence of any such events described above, the Obligor and the Trustee shall enter into a transfer agreement ("Transfer Agreement") to purchase the Sukukholders' interest in the Musharakah Venture at an Exercise Price. The Obligor shall grant an unconditional and irrevocable power of attorney to the Trustee to execute the Transfer Agreement in the event of failure of the Obligor to do so.</p>

ISSUER

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(Company No. 090278-P)
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JOINT PRINCIPAL ADVISERS/JOINT LEAD ARRANGERS

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50050 Kuala Lumpur

Standard Chartered Saadiq Berhad
(Company No. 823437-K)
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**SOLICITORS TO THE PRINCIPAL ADVISER/LEAD
ARRANGER**

TRUSTEE

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50490 Kuala Lumpur

**Maybank Trustees Berhad (formerly known as
Mayban Trustees Berhad)**
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