

**23/07/2009**

**EXECUTION OF SHARE SUBSCRIPTION AND SHARE SALE AGREEMENT IN RELATION TO ARABIAN DRILLING SERVICES LLC**

**1. INTRODUCTION**

UMW wishes to announce that UMW Sher (L) Ltd ("UMW Sher"), a subsidiary in the UMW Group, has today entered into a Share Subscription and Share Sale Agreement ("the SSSA") with Sheikh Saif bin Hashil bin Rashid Al-Maskery ("SS") and Nabeel bin Abdullah bin Mohamed Al-Riyami ("NR"), both of Oman (collectively known as "the Vendors").

Under the SSSA, the share capital of Arabian Drilling Services LLC ("ADS") will be increased from RO500,000 to RO1,700,000 by the allotment of 1,200,000 ordinary shares of par value RO1.00 each to UMW Sher (520,000 ordinary shares) and its existing shareholders, i.e., SS, NR and Mohamed Said Al-Marjabi ("MM") (680,000 ordinary shares). UMW Sher will pay a total consideration of RO520,000 (equivalent to approximately USD1.352 million) for the subscription of 520,000 ordinary shares of par value RO1.00 each in ADS ("Proposed Subscription") whilst the existing shareholders will capitalise and convert an existing Shareholders' loan of RO680,000 to ADS, into 680,000 ordinary shares of par value RO1.00 each in ADS.

Pursuant to the SSSA, SS and NR will dispose 420,000 and 165,000 ordinary shares of par value RO1.00 each of the enlarged issued and paid-up capital of ADS, respectively, to UMW Sher for a total consideration of RO620,568 (equivalent to approximately USD1.613 million)("Proposed Acquisition"). Subsequent to the disposal, SS will retain his remaining 170,000 ordinary shares of par value RO1.00 each, representing 10% of the enlarged issued and paid-up capital of ADS.

NR and MM of Oman will dispose 130,000 and 295,000 ordinary shares of par value RO1.00 each in ADS, respectively, representing 25% of the enlarged issued and paid-up capital of ADS, to Nham Energy Services LLC ("NES"), a company incorporated in Oman and having its registered office at P.O.Box 522, Madinat Sultan Qaboos, PC 115, Sultanate of Oman, which is owned by NR and MM.

Upon completion of the above, UMW Sher will own 65% of the enlarged issued and paid-up capital of ADS comprising 1,105,000 ordinary shares of par value RO1.00 each. The respective shareholding of the parties in the share capital of ADS subsequent to the Proposed Subscription and Proposed Acquisition is reflected in Table A.

UMW Sher, SS and NES will, in due course, enter into a Shareholders' Agreement to regulate the conduct of business and affairs of ADS.

**2. DETAILS OF PARTIES OF THE PROPOSED SUBSCRIPTION AND PROPOSED ACQUISITION**

**2.1 Information on ADS**

ADS (Company No. 1034614) is a limited liability company incorporated under the laws of Oman with its registered office at P.O.Box 521, PC 115, Madinat Sultan Qaboos, Sultanate of Oman.

ADS was incorporated on 7th January 2008 and the company was registered with the Ministry of Oil & Gas in February 2008 and with Petroleum Development Oman ("PDO") in March 2008.

The principal activity of ADS is to own and provide onshore drilling rigs to the Oil & Gas Industry in Oman and overseas.

The issued and paid-up share capital of ADS is currently RO500,000 divided into 500,000 ordinary shares of par value RO1.00 each.

The existing shareholders of ADS are SS, NR and MM.

## 2.2 Information on SS

Sheikh Saif bin Hashil bin Rashid Al-Maskery, an Omani, of P.O.Box 431, PC 115, Madinat Sultan Qaboos, Sultanate of Oman. He was the founder promoter in Nawrass Telecomm, Oman UAE Exchange and Modern College of Business and Sciences. He served as Assistant Secretary-General for Gulf Corporation Council from 1987 to 1993 and Under-Secretary for Ministry of Commerce, Industry and Tourism from 1994 to 1997.

## 2.3 Information on NR

Nabeel bin Abdullah bin Mohamed Al-Riyami, an Omani, of P.O.Box 621, PC 116, Mina Al Fahal, Sultanate of Oman. He has 18 years experience in providing operating, strategic, technical and business leadership with PDO, Shell, Petronas, Falcon Oil, Abraj & Nordic Arabia Energy.

## 2.4 Information on UMW Sher

UMW Sher is a company incorporated in the Federal Territory of Labuan on 4th December 2007 and has its registered office at Brumby House, Jalan Bahasa, P.O. Box 80148, 87011 Federal Territory of Labuan.

The principal activity of UMW Sher is to provide onshore contract drilling and engineering services for the Oil and Gas Industry and leasing of onshore drilling rigs. UMW Sher has already made significant inroads in India since 2008 and it currently owns three (3) onshore rigs, namely, Sher 1, Sher 2 and Sher

3. All the rigs are now operating in northeast India.

The issued and paid-up share capital of UMW Sher is USD6,710,000 divided into 6,710,000 ordinary shares of par value USD1.00 each.

## 3. RATIONALE

The Proposed Subscription and Proposed Acquisition are to enable UMW Sher to expand its geographical market to the Middle East in the Oil & Gas industry so as to provide a base for future growth. The Proposed Subscription and Proposed Acquisition will enable the Group to further develop onshore drilling business. This acquisition is intended to be a springboard for further investments and inroads into the Middle East.

## 4. APPROVALS

The Proposed Subscription and Proposed Acquisition are not subject to the approval of the shareholders of UMW.

## 5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the other Directors or major shareholders of UMW and/or persons connected with the Directors and/or major shareholders, has any interest, direct or indirect, in the Proposed Subscription and Proposed Acquisition.

## 6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND PROPOSED ACQUISITION

The above transactions are not expected to have any material impact on the earnings and net assets of the UMW Group.

## 7. STATEMENT BY DIRECTORS

The Board of Directors of UMW is of the opinion that the Proposed Subscription and Proposed Acquisition are in the best interests of the UMW Group.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSSA will be available for inspection, in accordance with UMW's Documents Inspection Policy, at the registered office of UMW Holdings Berhad at 3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan, during normal office hours from 9.00 a.m. to 5.00 p.m. on any weekday (except public holidays) from 24th July 2009 to 31st July 2009.

cc - Securities Commission  
(Issues & Investment Division)

Table A

| <b>Name of Shareholder</b> | <b>Number of ordinary shares of RO1.00 each</b> | <b>%</b> |
|----------------------------|---|----------|
| UMW Sher                   | 1,105,000                                       | 65.0     |
| NES                        | 425,000   | 25.0     |
| SS                         | 170,000   | 10.0     |
| Total                      | 1,700,000                                       | 100.0    |