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**ARTICLE IN THE EDGE, ON MONDAY, 28TH JUNE 2010, ENTITLED “LOSSES AT UMW’S OIL AND GAS UNIT?”**

Announcement Details :

We refer to the statement in The Edge (June 28 2010 edition) in their article entitled “Losses at UMW’s oil and gas unit?” and in particular the paragraph therein, which alludes to large losses or provisions for losses being required in our Oil & Gas unit, as per “a source.”

UMW wishes to state categorically that the above statement by The Edge is not only inaccurate and baseless, it is also misleading to investors.

Our Oil & Gas Division suffered a loss of RM19.234 million in the first quarter and this was duly disclosed in our first quarter results announcement on 20<sup>th</sup> May 2010. The reasons for this loss have been clearly explained over the last few months and at various platforms, as follows:-

1) Our 2009 fourth quarter results announcement on 23<sup>rd</sup> February 2010 states as follows:-

“Decreased drilling activities worldwide resulted in a significant drop in demand for Oil Country Tubular Goods (OCTG) and drilling services from the international markets, and consequently, there was excess supply in the domestic markets. The imposition of countervailing and anti-dumping duties on seamless pipes made in China by the United States further took a toll on the profitability of our associated company in China. As a result thereof, margins were adversely affected and profits reduced.”

2) In our Investor Relations Quarterly Update which is published on our website immediately after every quarterly announcement to Bursa, we stated as follows, after our first quarter results announcement on 20<sup>th</sup> May 2010:-

“The countervailing and anti-dumping duties imposed by USA on WSP’s seamless pipes are still adversely affecting its overall profitability. We are expecting a turnaround in the second quarter of 2010 as the domestic Chinese market would have adjusted to the increase in domestic supply. WSP continued its focus on enhancing its domestic market penetration and expanding to new export markets.”

3) At our Annual General Meeting held on 17<sup>th</sup> June 2010 and at the press conference held immediately thereafter, our President/Group CEO, Y Bhg Dato’ Abdul Halim, elaborated on the reasons in more detail.

We view the losses in our Oil & Gas Division as a temporary set-back. We have a number of greenfield projects which are expected to generate income and show positive results upon commencement of operations in the second half of this year. The main such project is our new Indian OCTG plant which is located in Hyderabad, Andhra Pradesh, India, which is expected to commence production and sales of seamless tubular green pipes in the second half of this year.

We are now in the final stages of negotiations with potential clients for the leasing of our jack-up drilling rigs, NAGA 2 and NAGA 3. An announcement will be duly made after the terms are finalised and agreed upon.

In view of all of the above, we fail to understand the rationale behind the above-stated paragraph of the article in The Edge. UMW, as a responsible public-listed company, is proud of its good corporate governance standards as well as its transparent reporting methods. We are also in compliance with all applicable Financial Reporting Standards in Malaysia.

Our annual accounts are duly audited by Ernst & Young and they have thus far given us unqualified audit reports. As such, any profits or losses which are incurred, are properly and accurately reflected in our accounts in the relevant reporting period, i.e., in the period of occurrence. The article in The Edge implies

that we have huge losses which have not been accounted for and which need provisions in the next few years. We view this as a baseless allegation and irresponsible, as we were not able to provide our perspective or input on the matter. We categorically deny the contents of the above-stated paragraph.

cc - Securities Commission  
(Issues & Investment Division)