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PROSPECTUS | UMW OIL & GAS CORPORATION BERHAD

P R O S P E C T U S

THIS PROSPECTUS IS DATED 3 OCTOBER 2013

UMW OIL & GAS CORPORATION BERHAD

(Company No.: 878786-H)
(Incorporated in Malaysia under the Companies Act 1965)

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 843,180,000 ORDINARY SHARES OF RM0.50 EACH IN UMW OIL & GAS CORPORATION BERHAD ("UMW-OG") ("IPO SHARES") COMPRISING AN OFFER FOR SALE OF UP TO 231,380,000 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 611,800,000 NEW SHARES ("ISSUE SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE 2,162,000,000 ORDINARY SHARES OF RM0.50 EACH IN UMW-OG ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD, IN THE FOLLOWING MANNER:

(I) INSTITUTIONAL OFFERING OF UP TO 648,600,000 IPO SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND

(II) RETAIL OFFERING OF 194,580,000 IPO SHARES TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF UMW-OG GROUP, THE ELIGIBLE DIRECTORS AND EMPLOYEES OF UMW HOLDINGS BERHAD ("UMWH") AND ITS SUBSIDIARIES, THE ENTITLED SHAREHOLDERS OF UMWH AND THE MALAYSIAN PUBLIC, AT THE RETAIL PRICE OF RM2.80 PER SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND OVER-ALLOTMENT OPTION. THE FINAL RETAIL PRICE WILL EQUAL THE LOWER OF:

(I) THE RETAIL PRICE OF RM2.80 PER SHARE; AND

(II) THE INSTITUTIONAL PRICE,

SUBJECT TO ROUNDING TO THE NEAREST SEN.

Transaction Manager, Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Global Coordinator and Joint Bookrunner

CREDIT SUISSE (SINGAPORE) LIMITED
(Company Registration Number: 197702363D)

GOLDMAN SACHS (SINGAPORE) PTE.
(Company Registration Number: 198602165W)

Joint Bookrunner

STANDARD CHARTERED SECURITIES (SINGAPORE) PTE. LIMITED
(Company Registration Number: 199000557R)

Joint Underwriters

AFFIN INVESTMENT BANK BERHAD
(Company Number: 9999-V)

AMINVESTMENT BANK BERHAD
(Company Number: 23742-V)

MIDF AMANAH INVESTMENT BANK BERHAD
(Company Number: 23878-X)

RHB INVESTMENT BANK BERHAD
(Company Number: 19663-P)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISKS RELATING TO AN INVESTMENT IN THE SHARES WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA AND ANY UMWH SHAREHOLDER PARTICIPATING IN THE IPO MUST WARRANT THAT ITS PARTICIPATION IS NOT IN BREACH OF THE LAWS OF ANY JURISDICTION. SEE SECTION 4.3.2 (II) OF THIS PROSPECTUS FOR MORE INFORMATION.

Our Directors, the Promoter and the Selling Shareholder have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after making all reasonable enquiries and, to the best of their knowledge and belief, there is no false or misleading statement or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Maybank Investment Bank Berhad and CIMB Investment Bank Berhad, as the Joint Principal Advisers, in relation to our initial public offering ("**IPO**"), acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the roles of Credit Suisse (Singapore) Limited and Goldman Sachs (Singapore) Pte. in our IPO are limited to being the Joint Global Coordinators and the Joint Bookrunners in respect of the Institutional Offering outside of Malaysia only. None of them has any role in, and each of them disclaims any responsibility for, the Institutional Offering and the Retail Offering (as defined herein) in Malaysia.

It is to be noted that the role of Standard Chartered Securities (Singapore) Pte. Limited in our IPO is limited to being the Joint Bookrunner in respect of the Institutional Offering outside of Malaysia only. It has no role in, and it disclaims any responsibility for, the Institutional Offering and the Retail Offering in Malaysia.

The Securities Commission Malaysia ("**SC**") has approved our IPO and a copy of this Prospectus has been registered with the SC. The approval, and registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment.

The SC is not liable for any non-disclosure on our part in this Prospectus. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss that you may suffer as a result of your reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

Our Company has obtained the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the entire 2,162,000,000 ordinary shares of RM0.50 each in UMW-OG ("**Shares**"). Our admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

This Prospectus and the accompanying application forms have also been lodged with the Registrar of Companies Malaysia, who takes no responsibility for their contents.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**").

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and advisers, are responsible.

Our Shares are classified as Shariah-compliant by the Shariah Advisory Council of the SC based on our latest audited financial information for the financial year ended 31 December 2012. This classification remains valid from the date of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should not take the agreement by the Joint Managing Underwriters and the Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, the Promoter, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, the Promoter, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters or any of their respective Directors, or any other persons involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. Our Company, the Promoter, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. No action has been taken to permit any offering of our Shares based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under the IPO in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions, including the warranty required of UMWH shareholders participating in the IPO regarding the compliance with laws of any jurisdiction, see Section 4.3.2(ii) of this Prospectus.

Our Shares have not been and will not be registered under the United States of America ("**United States**") Securities Act of 1933, as amended ("**U.S. Securities Act**"). Our Shares may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")), except in a transaction pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, our Shares are being offered and sold only outside of the United States in reliance on Regulation S.

ELECTRONIC PROSPECTUS

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. You may obtain a copy of the Electronic Prospectus from the website of Malayan Banking Berhad at www.maybank2u.com.my, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, RHB Bank Berhad at www.rhb.com.my, Affin Bank Berhad at www.affinOnline.com and Public Bank Berhad at www.pbebank.com.

The Internet is not a fully secure medium. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

(i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, file or other material provided by the Third-Party Internet Sites; and

(iii) any data, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

(i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties; and

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

Event	Date
Opening of the Institutional Offering*	3 October 2013
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 3 October 2013
Closing of the Retail Offering	5:00 p.m., 14 October 2013
Closing of the Institutional Offering	17 October 2013
Price Determination Date	17 October 2013
Balloting of applications for the IPO Shares under the Retail Offering	18 October 2013
Allotment/Transfer of the IPO Shares to successful applicants	30 October 2013
Listing	1 November 2013

Note:

* *Other than the Institutional Offering to the Cornerstone Investors. The master cornerstone placing agreement for the acquisition of the IPO Shares by the Cornerstone Investors was entered into on 18 September 2013.*

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the IPO Shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting of applications for the IPO Shares under the Retail Offering, allotment/transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Glossary of Abbreviations and Acronyms" and "Glossary of Technical Terms" commencing on pages viii, xii and xxi, respectively.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" and "UMW-OG" in this Prospectus are to UMW Oil & Gas Corporation Berhad. All references to "UMW-OG Group" and "our Group" in this Prospectus are to our Company and our subsidiaries as a whole and all references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Company. Unless otherwise indicated, the information in this Prospectus assumes the Over-allotment Option is not exercised.

In this Prospectus, all references to "UMWH", the "Promoter" and the "Selling Shareholder" are to UMW Holdings Berhad.

In this Prospectus, all references to the "Government" are to the Government of Malaysia and all references to "RM" and "sen" are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the "Glossary of Abbreviations and Acronyms" section and technical terms used herein are defined in the "Glossary of Technical Terms" section appearing after this section. Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

All references to dates and times are references to dates and times in Malaysia, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate and our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Douglas-Westwood Pte. Ltd. ("**Douglas-Westwood**") as included in Section 8 of this Prospectus. In addition, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Douglas-Westwood whom we have appointed to provide an independent market and industry review for inclusion in this Prospectus. The IMR Report is available for inspection at the location and during the period as set out in Section 15.8 of this Prospectus. In compiling their data for the review, Douglas-Westwood had relied on industry sources, published materials, their own private databases and direct contacts within the industry. The information on the industry as contained in this Prospectus and the other statistical data and projections cited in this Prospectus is intended to help prospective investors understand the major trends in the industry in which we operate. However, we, the Promoter, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters and their respective advisers have not independently verified these figures. Neither our Company nor the Promoter, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters and their respective advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurance can be given that the estimated figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our websites or any website directly or indirectly linked to such websites does not form part of this Prospectus and should not be relied on.

Reference to the "LPD" in this Prospectus is to 31 August 2013, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the FRS, IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the FRS, IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the FRS, IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company (on the assumption that they are derived consistently by the companies) by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or on companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-FRS, non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the FRS, IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our strategies, trends and competitive position;

(ii) our future financial position, earnings, cash flows and liquidity;

(iii) our future overall business development and operations including our fleet expansion and maintenance plan;

(iv) potential growth opportunities;

(v) the future demand for our services and general industry environment; and

(vi) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) the general economic, business, social, political and investment environment in Malaysia and globally;

(ii) government policy, legislation or regulation;

(iii) interest rates and tax rates;

(iv) the competitive environment of the industry in which we operate;

(v) the activities and financial position of our customers, suppliers and other business partners;

(vi) delays, cost overruns, shortages in labour or problems with the execution of our expansion plans;

(vii) fixed and contingent obligations and commitments;

(viii) the continued availability of capital and financing;

(ix) the cost and availability of adequate insurance coverage;

(x) any other factors beyond our control; and

(xi) liability for remedial actions under environmental and/or health and safety regulations.

FORWARD-LOOKING STATEMENTS *(Cont'd)*

Additional factors that could cause our actual results, performance or achievements to differ materially include, without limitation, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

Save as required by Section 238(1) of the CMSA and Paragraph 1.02 of the Prospectus Guidelines – Supplementary/Replacement Prospectus, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard to such statement or any change in events, conditions or circumstances on which any such statement is based.

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

ABS	:	American Bureau of Shipping, a U.S. classification society which has established rules and regulations for the classification of seagoing vessels or equipment
Act	:	Companies Act 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
Apexindo	:	P.T. Apexindo Pratama Duta Tbk
API	:	American Petroleum Institute
Application Form	:	Application form for the application of the IPO Shares under the Retail Offering accompanying this Prospectus
Articles	:	Articles of Association of our Company, as amended
ASB	:	Skim Amanah Saham Bumiputera, a fund managed by PNB
ASEAN	:	Association of South East Asian Nations
ATM	:	Automated teller machine
Board	:	Board of Directors of our Company
Bursa Depository or Central Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Bursa Securities LR	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
Cameron	:	Cameron International Corporation
CCC	:	Certificate of completion and compliance or certificate of fitness for occupation issued by the local authorities
CDS	:	Central Depository System
Chevron	:	Chevron Corporation
CIMB	:	CIMB Investment Bank Berhad
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Cornerstone Investors	:	Collectively, AmCorp Group Berhad, Eastspring Investments Berhad, EPF, Caprice Capital International Ltd, CIMB-Principal Asset Management Berhad, FIL Investment Management (Hong Kong) Limited, Fullerton Fund Management Company Ltd, GuoLine Capital Limited, Great Eastern Life Assurance (Malaysia) Berhad, Hong Leong Asset Management Berhad, Hong Leong Assurance Berhad, Hong Leong Fund Management Sdn Bhd, Hwang Investment Management Berhad, JF Asset Management Limited, Kumpulan Wang Persaraan (Diperbadankan), Lembaga Tabung Haji, MKL Wealth Sdn Bhd, Nomura Asset Management Malaysia Sdn Bhd, PNB, Tan Sri Abdul Rashid Hussain and Tan Sri Dato' Chua Ma Yu
Cougar Drilling Solutions	:	Cougar Drilling Solutions FZE
Credit Suisse	:	Credit Suisse (Singapore) Limited
Director(s)	:	Director(s) of our Company
DNV	:	Currently known as DNV GL Group (the merger between Det Norske Veritas and Germanischer Lloyd), one of the world's largest ship and offshore classification societies
Douglas-Westwood	:	Douglas-Westwood Pte. Ltd., an independent market researcher
Dril-Quip	:	Dril-Quip, Inc.
EBITDA	:	Earnings Before Interest, Taxation, Depreciation and Amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including, without limitation, CD-ROMs or floppy disks
Electronic Share Application	:	Application for the IPO Shares under the Retail Offering through a Participating Financial Institution's ATMs
Energy Commission	:	Energy Commission of Malaysia, the statutory body established under the Energy Commission Act 2001
Ensco	:	Ensco plc
Entitled Shareholders of UMWH	:	Shareholders of UMWH (except for the Excluded Shareholders) whose names appear in the Record of Depositors of UMWH as at 5:00 p.m. on the Entitlement Date and who are eligible to apply for the IPO Shares under the Restricted Offering
Entitlement Date	:	1 October 2013, being the date on which the Entitled Shareholders of UMWH must be registered as a member and whose names appear in the Record of Depositors of UMWH as at 5:00 p.m. to be eligible to apply for the IPO Shares under the Restricted Offering
EOR	:	Enhanced Oil Recovery
EPF	:	Employees Provident Fund
EPP	:	Entry Point Project as identified under the ETP are high impact projects to spur the growth of the NKEAs
EPS	:	Earnings per share

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Equity Guidelines	:	Equity Guidelines issued by the SC, as amended from time to time
ETP	:	Economic Transformation Programme
Excluded Shareholders	:	Shareholders of UMWH whose names appear in its Record of Depositors as at 5:00 p.m. on the Entitlement Date who fall into any one of the following categories: (i) persons located in the United States (as such term is defined under Regulation S); (ii) persons with a registered address in jurisdictions outside of Malaysia; (iii) persons who are bound under the jurisdictions outside of Malaysia in which acquisition of Issue Shares under the Restricted Offering would result in the contravention of the laws of such jurisdictions (whether or not in the absence of any necessary consent and/or compliance with any registration of other legal requirements or for any other reason); or (iv) persons who are, in the opinion of our Board necessary or expedient to be excluded from participating in the Restricted Offering by reason of legal or regulatory requirements
Final Retail Price	:	Final price per IPO Share to be paid by investors pursuant to the Retail Offering, equivalent to the Retail Price and the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FPE	:	Six-months financial period ended or where the context requires, financial period ending
FRS	:	Financial Reporting Standards in Malaysia
FYE	:	Financial year ended or where the context requires, financial year ending
Goldman Sachs	:	Goldman Sachs (Singapore) Pte.
Government	:	Government of Malaysia
GustoMSC	:	GustoMSC B.V.
HESS	:	HESS Corporation
HESS (Indonesia-Pangkah)	:	HESS (Indonesia-Pangkah) Limited
Hilong Group	:	Hilong Group of Companies, Ltd.
IADC	:	International Association of Drilling Contractors, an association aimed at advancing drilling and completion technology, improving industry health, safety, environmental and training practices and advocating sensible regulations and legislation that facilitate safe and efficient drilling
IFRS	:	International Financial Reporting Standards
IHI Marine United	:	IHI Marine United Inc.
IMF	:	International Monetary Fund
IMR Report	:	Independent market research report prepared by Douglas-Westwood

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

Initial Public Offering or IPO	:	Collectively, the Institutional Offering and the Retail Offering
Institutional Offering	:	Offering of up to 648,600,000 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to the following: (i) Malaysian institutional and selected investors including Bumiputera investors approved by the MITI; and (ii) foreign institutional and selected investors outside the United States in reliance on Regulation S
Institutional Price	:	Price per IPO Share to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internal Reorganisation	:	Collectively, the transfer of our Company from being held by UMW-OGB to directly being held by UMWH, the subscription of Shares by UMWH, the acquisitions of our subsidiaries and associate, and the settlement of amounts owing by our Group to the companies within the UMWH Group (other than companies within our Group) as set out in Section 6.1.2 of this Prospectus
Internet Participating Financial Institution(s)	:	The participating financial institution(s) for Internet Share Application
Internet Share Application	:	Application for the Issue Share(s) under the Retail Offering through an Internet Participating Financial Institution
IPO Share(s)	:	Collectively, the Offer Share(s) and the Issue Share(s)
Issue Share(s)	:	New Shares to be issued by our Company pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd
IWCF	:	International Well Control Forum (registered with the Dutch Chamber of Commerce in The Hague, Netherlands), an organisation with the primary aim to improve well control competency globally by promoting and promulgating knowledge about well control and establishing uniform training, assessment and certification programmes that are acceptable globally by all operators, contractors and regulatory bodies in the oil and gas industry
JDC	:	Japan Drilling Co. Ltd
JDC Panama	:	JDC Panama Inc.
JFE	:	JFE Steel Corporation
Joint Bookrunners	:	Collectively, Maybank IB, CIMB, Credit Suisse, Goldman Sachs and Standard Chartered
Joint Global Coordinators	:	Collectively, Maybank IB, CIMB, Credit Suisse and Goldman Sachs
Joint Managing Underwriters	:	Collectively, Maybank IB and CIMB

Joint Principal Advisers	:	Collectively, Maybank IB and CIMB
Joint Underwriters	:	Collectively, the Joint Managing Underwriters and AFFIN Investment Bank Berhad, AmInvestment Bank Berhad, MIDF Amanah Investment Bank Berhad and RHB Investment Bank Berhad
JVPC	:	Japan Vietnam Petroleum Company
KeppelFELS	:	Keppel FELS Ltd.
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing	:	Listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities
LPD	:	31 August 2013, being the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC
LPS	:	Loss per share
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Day on which Bursa Securities is open for securities trading
Maybank IB	:	Maybank Investment Bank Berhad
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry, Malaysia
Mitsubishi Heavy Industries	:	Mitsubishi Heavy Industries, Ltd.
Murphy Oil	:	Murphy Oil Corporation
N/A	:	Not applicable
NA	:	Net assets
NAGA 1	:	NAGA 1, a semi-submersible drilling rig jointly-owned 50% by UDC and 50% by JDC Panama and operated by UJD, which is 85%-owned by us and 15%-owned by JDC
NAGA 2	:	NAGA 2, a premium jack-up drilling rig wholly-owned by US-1 and operated by UMWSD
NAGA 3	:	NAGA 3, a premium jack-up drilling rig wholly-owned by UN3 and operated by UMWSD
NAGA 4	:	UMW NAGA 4, a premium jack-up drilling rig wholly-owned by UD4 and operated by UMWSD
NBV	:	Net book value

GLOSSARY OF ABBREVIATIONS AND ACRONYMS *(Cont'd)*

NKEA	:	National Key Economic Area
Offer for Sale	:	Offer for sale by the Selling Shareholder of up to 231,380,000 Offer Shares (before Over-allotment Option)
Offer Share(s)	:	Existing Share(s) to be offered by the Selling Shareholder pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
OMS Oilfield Services	:	OMS Oilfield Services Sdn Bhd
OPEC	:	Organisation of the Petroleum Exporting Countries
Over-allotment Option	:	Over-allotment option as set out in Section 4.3.4 of this Prospectus granted by the Selling Shareholder to the Stabilising Manager (on behalf of the Placement Managers)
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PETRONAS	:	Petroliam Nasional Berhad
PETRONAS Carigali	:	PETRONAS Carigali Sdn Bhd
Petronnic	:	Petronnic Sdn Bhd
Petrovietnam	:	Vietnam Oil & Gas Group
Placement Agreement	:	The placement agreement to be entered into by our Company, the Selling Shareholder, the Joint Global Coordinators and the Joint Bookrunners in respect of such number of Shares to be offered under the Institutional Offering
Placement Managers	:	Collectively, CIMB, Credit Suisse, Goldman Sachs, Maybank IB and Standard Chartered
PNB	:	Permodalan Nasional Berhad
Price Determination Date	:	The date on which the Institutional Price and the Final Retail Price will be determined
Promoter	:	UMWH
Prospectus Guidelines	:	Prospectus Guidelines – Equity issued by the SC, as amended from time to time
PTTEP	:	PTT Exploration and Production Public Company Limited
Public Issue	:	Public issue of 611,800,000 Issue Shares by our Company
PV Drilling	:	Petrovietnam Drilling and Well Services Corporation

Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
Regulation S	:	Regulation S under the U.S. Securities Act
Restricted Offering	:	Offer of Issue Shares to the Entitled Shareholders of UMWH
Retail Offering	:	Offering of 194,580,000 IPO Shares at the Retail Price, subject to the clawback and reallocation provisions, to the following: (i) eligible directors and employees of our Group; (ii) eligible directors and employees of the UMWH Group; (iii) Entitled Shareholders of UMWH; and (iv) Malaysian Public
Retail Price	:	Initial price of RM2.80 per Issue Share to be fully paid upon application pursuant to the Retail Offering, subject to adjustment as detailed in Section 4.5.1 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement dated 19 September 2013 between our Company, the Selling Shareholder, the Joint Managing Underwriters and the Joint Underwriters for the underwriting of the IPO Shares under the Retail Offering
RPS	:	Redeemable preference share
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
Sabah Shell Petroleum	:	Sabah Shell Petroleum Company
SAC of the SC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SDSD	:	S.D. Standard Drilling Plc.
Seadrill	:	Seadrill Limited
Selling Shareholder	:	UMWH, being the party undertaking the Offer for Sale
Share Lending Agreement	:	The agreement to be entered into by the Selling Shareholder and the Stabilising Manager under which the Selling Shareholder will lend Shares to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option
Share Registrar	:	Securities Services (Holdings) Sdn Bhd
Shelf Drilling	:	Shelf Drilling Holdings Ltd
Shell	:	Royal Dutch Shell plc
SICDA	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof

Sime Darby Industrial	:	Sime Darby Industrial Sdn Bhd
SOCSO	:	Social Security Organisation
SOCO International	:	SOCO International plc
Stabilising Manager	:	Maybank IB
Standard Chartered	:	Standard Chartered Securities (Singapore) Pte. Limited
Transaction Manager	:	Maybank IB, being the investment bank mandated by our Company to assist in the day-to-day and project management in relation to the IPO
UMW Fabritech	:	UMW Fabritech Sdn Bhd
UMWC	:	UMW Corporation Sdn Bhd
UMWH	:	UMW Holdings Berhad
UMWH Group	:	Collectively, UMWH and its subsidiaries
UMW-OG or Company	:	UMW Oil & Gas Corporation Berhad
UMW-OG Group or Group	:	Collectively, UMW-OG and its subsidiaries
UMW-OG Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in our Company
UMW-OGB	:	UMW Oil & Gas Berhad
UMW Oilfield International	:	UMW Oilfield International (L) Ltd.
UMW Petropipe	:	UMW Petropipe (L) Ltd
U.S. or United States	:	United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. Securities Act	:	United States Securities Act of 1933, as amended
VM	:	Vallourec & Mannesmann
Weatherford International	:	Weatherford International, Ltd.

Currencies

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of the People's Republic of China
SGD	:	Singaporean Dollar, the lawful currency of the Republic of Singapore
THB	:	Thai Baht, the lawful currency of Thailand
USD	:	United States Dollar, the lawful currency of the United States

Subsidiaries

OD4	:	Offshore Driller 4 Ltd
ODB	:	Offshore Driller B324 Ltd
UD4	:	UMW Drilling 4 (L) Ltd
UD5	:	UMW Drilling 5 (L) Ltd
UD6	:	UMW Drilling 6 (L) Ltd
UDA	:	UMW Drilling Academy Sdn Bhd
UDC	:	UMW Drilling Co, Ltd
UJD	:	UMW JDC Drilling Sdn Bhd
UMV	:	UMW Malaysian Ventures Sdn Bhd
UMWSD	:	UMW Standard Drilling Sdn Bhd
UN2	:	UMW Naga Two (L) Ltd
UN3	:	UMW Naga Three (L) Ltd
UOS	:	UMW Oilpipe Services Sdn Bhd
UOS-TJ	:	UMW Oilfield Services (Tianjin) Co, Limited
UOS-TK	:	UMW Oilpipe Services (Turkmenistan) Ltd
UOT	:	UOT (Thailand) Limited
UPC	:	UMW Pressure Control Sdn Bhd
UPD	:	UMW Petrodril (Malaysia) Sdn Bhd
URA	:	UMW Rig Asset (L) Ltd
US-1	:	UMW Standard 1 Pte Ltd
US-3	:	UMW Standard 3 Pte Ltd
USV	:	UMW Singapore Ventures Pte Ltd

Associate

OTT	:	Oil-Tex (Thailand) Limited

GLOSSARY OF TECHNICAL TERMS

API thread	:	Standardised thread licensed by the API
appraisal well	:	Wells drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field
bbl	:	Barrel
bbl/day	:	Barrel per day
bcf	:	Billion cubic feet
bcm	:	Billion cubic metre
BHA	:	Bottom Hole Assembly is the lower portion of the drill string which is used to provide weight to the bottom of the drill string, to assist in the drilling of a hole by crushing the rock formation using the drill bit
bn	:	Billion
BOP	:	Blowout Preventer
btoe	:	Billion tonne of oil equivalent
Btu	:	British thermal unit which is a traditional unit of energy equal to about 1,055 joules
CAGR	:	Compound Annual Growth Rate
capex	:	Capital expenditure
casing	:	Large-diameter pipe set inside a drilled well to protect the wellstream
CNC	:	Computer Numerically Controlled machine refers to the automation of machine tools that are operated by abstractly programmed commands encoded on a storage medium
DCR	:	Daily Charter Rate
DD	:	Drilling Depth often refers to the depth of the well being drilled, not the water depth and hence, it can be used interchangeably with the term "well depth"
deepwater drilling	:	Process of oil and gas exploration and production in depths of more than 500 metres (1,640 ft)
development well	:	A well drilled to the depth of a geologically proven horizon that is likely to be productive within the proved area of an oil or gas reservoir, so as to maximise the chances of success
drillship	:	Vessel-shaped floating drilling rigs capable of drilling in deepwater
drill bit	:	A rotating apparatus that usually consists of three cones made up of the hardest of materials (usually steel, tungsten carbide and/or synthetic or natural diamonds) and sharp teeth that cuts into the rock formation and sediment when drilling an oil or gas well
drill collar	:	Thick-walled tubular pieces machined from solid bars of steel that provides weight on the drill bit for drilling and is a component of a drill string

drill stabiliser	:	A downhole equipment used in the BHA of a drill string to mechanically stabilise the BHA in the borehole in order to avoid unintentional sidetracking, vibrations and ensure the quality of the hole that is being drilled
drill string	:	Drill string is made up of BHA and drill pipe, which transmits drilling fluid via the mud pumps to the drill bit
E&A	:	Exploration and Appraisal
E&P	:	Exploration and Production
EPC	:	Engineering, Procurement, Construction refers to a contract between a company and a contractor to perform detailed engineering, procurement of materials and equipment and construction of structure
exploration well	:	A well drilled to find oil or gas in an unproven area
fatigue life	:	The number of cycles of fluctuating stress and strain operating environments experienced by a drilling rig that a rig hull structure can sustain before failure occurs
Fixed Platform	:	Offshore production structure consisting of a topside facility that is attached to the seabed via a steel jacket or sometimes a concrete foundation
FLNG	:	Floating Liquefied Natural Gas refers to offshore LNG production platform
FPSO	:	Floating, Production, Storage and Offloading refers to production units that are the most commonly used method of deepwater production which are typically shipshaped and are often converted from crude oil carriers and are spread-moored on location but can be re-deployed to several fields over its lifespan
FPSS	:	Floating Platform Semi-Submersible offers all the advantages of semi-submersible drilling rigs such as the ability to provide a highly stable workstation in water depths of up to 3,000 metres
FPU	:	Floating Production Units are offshore production platforms that are not fixed to the seabed via a fixed structure which includes FPSO, FPSS, TLP, SPAR and FLNG
ft	:	A foot (or plural feet) is a unit of length measuring 0.3048 metre
high specification jack-up drilling rigs	:	Rigs that have hook load capacity of at least 2,000,000 lbs
hook load	:	The total force pulling down on the hook (travelling block) of a drilling rig, which includes the weight of the drill string and any ancillary equipment under the travelling block
HP	:	Horse power
HPHT	:	High Pressure High Temperature is typically used as a classification for reservoirs that are subject to pressure greater than 10,000 psi and temperature greater than 150°C
HSE	:	Health, Safety and Environment

HSSE	:	Health, Safety, Security and Environment
HWU	:	Hydraulic Workover Unit
jack-up	:	Jack-up drilling rigs are primarily used for continental shelf drilling operations in water depths typically ranging from 91 to 152 metres (300 to 500 ft)
killed-well	:	Well pressure suppressed by kill fluid or kill mud to the extent preventing flow of reservoir fluids without the need for pressure control equipment at the surface
kWe	:	Kilowatt of electrical energy, which is a unit of electricity equal to 1,000 watts of electrical energy
lbs	:	Pounds
LNG	:	Liquefied Natural Gas
LTI	:	Lost Time Incident refers to an accident resulting in personnel not being able to work as a result of their injury
mboe	:	Million barrels of oil equivalents, is a metric used to measure both the rate of oil production or oil transportation, and also used to measure total proven reserves in the ground
mboe/day	:	Million barrel of oil equivalents per day
mn	:	Million
MODU	:	Mobile Offshore Drilling Unit which includes jack-up drilling rigs, semi-submersible drilling rigs and drillships
MWe	:	Megawatt of electrical energy, which is a unit of electricity equal to 1,000,000 watts of electrical energy
OCTG	:	Oil Country Tubular Goods which includes drill pipes, casings, oil well tubings, plain-end casing liners, pup joints, couplings and connectors but excludes linepipes which are commonly used to transport oil and gas from production fields to end users
OCTG OSS	:	OCTG One Stop Shop
OIM	:	Offshore Installation Manager
pedestal platform crane	:	An elevating and rotating lifting device that is temporarily installed, directly mounted or skid-beam mounted on a platform and used to transfer materials, equipment or personnel to or from marine vessels, barges and offshore platforms
pin and box	:	A type of connection to join parts of OCTG without couplings where the box is a thick-walled collar with threads on the inside whilst the pin is threaded on the outer circumference and is screwed into the box
pontoon-sponsons	:	A structure that consist of a pontoon, a floatation device with buoy and sufficient to float itself and heavy loads placed on a drilling rig for drilling operations, and sponsons, which are additional floatation devices attached to forward and aft columns to provide better stability under larger loading capacities

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

premium jack-up drilling rigs	:	Cantilevered rigs that are capable of operating in water depths of 91 metres (300 ft) or more
premium thread	:	A class of high-performance thread types that are commonly used in modern oil well and gas well completions, especially in offshore wells and onshore gas wells
PSC	:	Production Sharing Contract is an agreement between the parties to a field and a host country regarding the percentage of production each party will receive after the participating parties have recovered a specified amount of costs and expenses
Psi	:	Pound per square inch or pressure per square inch
pulling capacity	:	The pulling capacity of a HWU while performing workover services, often measured in pounds. Average maximum pulling capacity of a typical HWU is 300,000 lbs
riser	:	A conduit that provides a permanent extension of a well head to a production platform
RSC	:	Risk Sharing Contract is a contract governing IOCs to supply services and know-how to the state from exploration through production phases for the government in exchange for an agreed-on fixed fee or some other form of compensation and in risk service contract, IOCs bear all the exploration costs
semi-submersible drilling rig (semisub)	:	Floating drilling platforms that provide station-keeping and a large deck space making them an ideal MODU solution for development drilling in deepwater of rough sea conditions
shallow water drilling	:	Process of oil and gas exploration and production in water depth of less than 500 metres (1,640 ft) of water
snubbing capacity	:	Pushing capacity of a HWU while performing workover services, often measured in pounds. Average maximum pushing capacity of a typical HWU is 125,000 lbs
SPAR	:	Single Point Anchor Reservoir, a floating system with infield flow lines and associated subsea infrastructure to connect the subsea production and injection wells, is a cylindrical, partially submerged offshore drilling and production platform that is particularly well-adapted to deepwater
sq metre	:	Square metre, the area of a square whose sides measure exactly 1 metre
STOP	:	Safety Tools Observation Programme
SWOT	:	Strengths, Weaknesses, Opportunities, Threats
tcf	:	Trillion cubic feet
tcm	:	Trillion cubic metre
threads	:	Ridges at the end of a pipe or tube that allows several similar pipes or tubes to be joined together

TLP	:	Tension Leg Platform are offshore production platforms that are permanently tethered to the seabed which eliminates vertical movement on the surface and allows wells to be completed on the platform to increase recovery rate
trunklines	:	Pipelines with large diameter, typically designed to transport oil and gas from production fields to various onshore facilities including refineries, and separation plants
tubing	:	Production tubing is placed inside the casing and assembled with other completion components to make up the production string
tubular products	:	Also called tubular, includes linepipes and OCTG such as tubing, casing, drill pipes, drill collars and couplings
ultra deepwater drilling	:	Process of oil and gas E&P in depths of more than 1,500 metres (4,921 ft)
VLCC	:	Very large crude carriers
water depth (WD) vs. well depth	:	The water depth refers to vertical distance between the sea level and the seabed where the drilling starts whilst well depth refers to the total length drilled to complete a well

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1. CORPORATE DIRECTORY

DIRECTORS

Name	Nationality	Address	Profession
Tan Sri Asmat bin Kamaludin *(Chairman)* *(Non-Independent Non-Executive Director)*	Malaysian	No. 23, Jalan 14/37 46100 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director
Datuk Syed Hisham bin Syed Wazir *(Non-Independent Non-Executive Director)*	Malaysian	No. 1, Jalan USJ 18/7 47630 UEP Subang Jaya Selangor Darul Ehsan Malaysia	Company Director
Dr. Leong Chik Weng *(Non-Independent Non-Executive Director)*	Malaysian	No. 12A, Jalan Daun Inai 6 Sunway SPK Damansara 52200 Kuala Lumpur Malaysia	Company Director
Razalee bin Amin *(Independent Non-Executive Director)*	Malaysian	No. 80, Jalan Ampang 50450 Kuala Lumpur Malaysia	Company Director
Dato' Afifuddin bin Abdul Kadir *(Independent Non-Executive Director)*	Malaysian	No. 1, Jalan 3/2F 43650 Bandar Baru Bangi Selangor Darul Ehsan Malaysia	Company Director
Cheah Tek Kuang *(Independent Non-Executive Director)*	Malaysian	No. 1, Jalan Setiabakti 10 Bukit Damansara 50490 Kuala Lumpur Malaysia	Company Director
Ibrahim bin Marsidi *(Independent Non-Executive Director)*	Malaysian	No. 18, Jalan Suasana 5/3A Bandar Tun Hussein Onn Batu 9 43200 Cheras Selangor Darul Ehsan Malaysia	Company Director
Fina Norhizah binti Hj Baharu Zaman *(Independent Non-Executive Director)*	Malaysian	No. 630, Jalan 8 Taman Ampang Utama 68000 Ampang Selangor Darul Ehsan Malaysia	Company Director
Rohaizad bin Darus *(Non-Independent Executive Director)*	Malaysian	No. 8, Jalan Cempaka 8 Taman Cempaka 68000 Ampang Selangor Darul Ehsan Malaysia	Company Director/ President of our Company

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Razalee bin Amin	Chairman	Independent Non-Executive Director
Cheah Tek Kuang	Member	Independent Non-Executive Director
Ibrahim bin Marsidi	Member	Independent Non-Executive Director
Datuk Syed Hisham bin Syed Wazir	Member	Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Afifuddin bin Abdul Kadir	Chairman	Independent Non-Executive Director
Dr. Leong Chik Weng	Member	Non-Independent Non-Executive Director
Razalee bin Amin	Member	Independent Non-Executive Director
Fina Norhizah binti Hj Baharu Zaman	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dr. Leong Chik Weng	Chairman	Non-Independent Non-Executive Director
Dato' Afifuddin bin Abdul Kadir	Member	Independent Non-Executive Director
Cheah Tek Kuang	Member	Independent Non-Executive Director
Ibrahim bin Marsidi	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	Mohd Nizamuddin bin Mokhtar (LS 006128) G-03-06, Puteri Palma 2 IOI Resort City 62505 Putrajaya Malaysia
REGISTERED OFFICE	:	3rd Floor, The Corporate No. 10, Jalan Utas (15/7) Batu Tiga Industrial Estate 40200 Shah Alam Selangor Darul Ehsan Malaysia Tel. No.: +603 5163 5000 Fax No.: +603 5519 3890
MANAGEMENT OFFICE	:	Level 18, Block 3A Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur Malaysia Tel. No.:+603 2096 8788 Fax No.: +603 2274 7787 Website address: http://www.umw-oilgas.com E-mail address: info@umw-oilgas.com
SELLING SHAREHOLDER	:	UMW Holdings Berhad 3rd Floor, The Corporate No. 10, Jalan Utas (15/7) Batu Tiga Industrial Estate 40200 Shah Alam Selangor Darul Ehsan Malaysia Tel. No.: +603 5163 5000 Fax No.: +603 5519 3890
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Malaysia Tel. No.: +603 7495 8000
LEGAL ADVISERS	:	*To our Company as to Malaysian law* Albar & Partners 6th Floor, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: +603 2078 5588
	:	*To our Company as to United States and English law* Cleary Gottlieb Steen & Hamilton LLP 39/F, Bank of China Tower One Garden Road Central Hong Kong Tel. No.: +852 2521 4122
	:	*To the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters as to Malaysian law* Zul Rafique & Partners D3-3-8 Solaris Dutamas No. 1 Jalan Dutamas 1 50480 Kuala Lumpur Malaysia Tel. No.: +603 6209 8228

1. CORPORATE DIRECTORY *(Cont'd)*

LEGAL ADVISERS *(Cont'd)*	:	*To the Joint Global Coordinators and the Joint Bookrunners as to United States and English law* Clifford Chance Pte Ltd Marina Bay Financial Centre 25th Floor, Tower 3 12 Marina Boulevard Singapore 018982 Tel. No.: +65 6410 2200
	:	*To the Selling Shareholder as to Malaysian law* Azmi & Associates 14th Floor, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia Tel. No.: +603 2118 5000
PRINCIPAL BANKERS *(in alphabetical order)*	:	Affin Bank Berhad 17th Floor, Menara Affin 80 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2055 9000
	:	AmBank (M) Berhad 22nd Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2036 2633
	:	Bank Islam Malaysia Berhad Commercial Banking Department Level 32, Menara Bank Islam 22 Jalan Perak 50450 Kuala Lumpur Malaysia Tel. No.: +603 2088 8000
	:	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad Level 9, 10, 11 & 12, Menara IMC 8 Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: +603 2034 8000
	:	CIMB Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Hong Leong Bank Berhad Level 5, Wisma Hong Leong 18 Jalan Tun Perak 50450 Kuala Lumpur Malaysia Tel. No.: +603 2164 2828
	:	Malayan Banking Berhad 37th Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2070 8833

1. CORPORATE DIRECTORY *(Cont'd)*

ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: +603 7841 8000
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 9000
TRANSACTION MANAGER	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT PRINCIPAL ADVISERS *(in alphabetical order)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT GLOBAL COORDINATORS *(in alphabetical order)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Credit Suisse (Singapore) Limited 1 Raffles Link #03/#04-01 South Lobby Singapore 039393 Tel. No.: +65 6212 2000
	:	Goldman Sachs (Singapore) Pte. 1 Raffles Link, #07-01 Singapore 039393 Tel. No.: +65 6889 1000
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888

1. CORPORATE DIRECTORY *(Cont'd)*

JOINT BOOKRUNNERS *(in alphabetical order)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Credit Suisse (Singapore) Limited 1 Raffles Link #03/#04-01 South Lobby Singapore 039393 Tel. No.: +65 6212 2000
	:	Goldman Sachs (Singapore) Pte. 1 Raffles Link, #07-01 Singapore 039393 Tel. No.: +65 6889 1000
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
	:	Standard Chartered Securities (Singapore) Pte. Limited 8 Marina Boulevard Marina Bay Financial Centre Tower 1 #19-01 Singapore 018981 Tel. No.: +65 6596 8888
JOINT MANAGING UNDERWRITERS FOR THE RETAIL OFFERING *(in alphabetical order)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT UNDERWRITERS FOR THE RETAIL OFFERING *(in alphabetical order)*	:	AFFIN Investment Bank Berhad 27th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2142 3700
	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2036 2633

1. CORPORATE DIRECTORY *(Cont'd)*

JOINT UNDERWRITERS FOR THE RETAIL OFFERING *(in alphabetical order)* *(Cont'd)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
	:	MIDF Amanah Investment Bank Berhad Level 8, 9, 10, 11 & 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2173 8888
	:	RHB Investment Bank Berhad Level 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. No.: +603 9287 3888
INDEPENDENT MARKET RESEARCHER	:	Douglas-Westwood Pte. Ltd Whitebeams Pett Bottom Canterbury CT4 6EH United Kingdom Tel. No.: +44 (0) 4799 505
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC of the SC

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2. INTRODUCTION

This Prospectus is dated 3 October 2013.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the Registrar of Companies Malaysia, who takes no responsibility for their contents.

We have received the approval of the SC on 9 July 2013 for our IPO and the Listing together with the approval-in-principle of the SC for the registration of the Prospectus. The approval of the SC and the registration of this Prospectus shall not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on our part in this Prospectus. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss that you may suffer as a result of your reliance upon the whole or any part of the contents of this Prospectus. On 1 July 2013, the SAC of the SC classified our Shares as Shariah-compliant based on the audited financial information of our Company for the financial year ended 31 December 2012. This classification remains valid from the date of this Prospectus until the next Shariah compliance review is undertaken by the SAC of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should rely on your own evaluation to assess the merits and risks of our IPO and an investment in our Company.

We have received the approval of Bursa Securities on 29 July 2013 for the listing of and quotation for all of our Shares, including the IPO Shares on the Main Market of Bursa Securities. Our Shares will be admitted to the Official List of the Main Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been despatched to all successful applicants. Admission to the Official List of the Main Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Consequently, our Shares offered in our IPO will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to the successful applicants.

The completion of the Institutional Offering and the Retail Offering are inter-conditional and are subject to the public spread requirements under the Bursa Securities LR. Pursuant to the Bursa Securities LR, we are required to comply with the minimum public spread requirements of 25% under the Bursa Securities LR or as approved by Bursa Securities. On 29 August 2013, Bursa Securities approved our lower public shareholding spread of 22.4% of the total number of Shares for which listing is sought, and to be held by at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing. We expect to achieve this at the point of our Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. Should such an event occur, we and the Selling Shareholder will return in full, without interest, monies paid in respect of all applications for the IPO Shares and if such monies are not returned in full within 14 days after we and the Selling Shareholder become liable to do so, then in accordance with the provision of Section 243(2) of the CMSA, in addition to the liability of our Company and the Selling Shareholder, the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made. Nevertheless, we shall use our best endeavour to increase the percentage of public shareholding spread to at least 25.0%.

IF YOU ARE IN ANY DOUBT ABOUT THIS DOCUMENT OR IN CONSIDERING YOUR INVESTMENT, OR IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

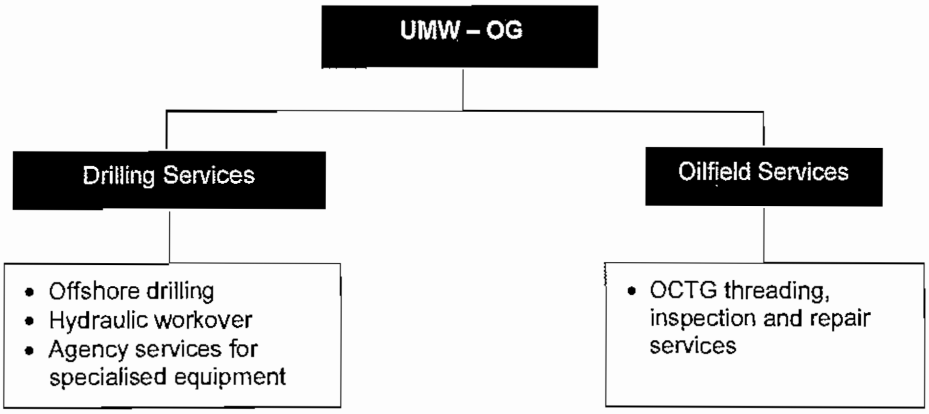
3. SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus before you decide to whether or not to invest in us.

3.1 OVERVIEW

We are a Malaysia-based multinational provider of drilling and oilfield services for the upstream sector of the oil and gas industry. In our drilling services business, we operate in both Malaysia and in other parts of South East Asia, providing drilling services for exploration, development and production wells with our fleet of offshore drilling rigs and providing workover services through our HWUs. In our drilling services business, we also act as an agent in Malaysia for international companies providing specialised drilling equipment and services. In our oilfield services business, we offer threading, inspection and repair services for OCTG in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells.

The following diagram provides an overview of our main businesses:



Our drilling services business offers its services through our fleet of offshore drilling rigs, which consist of one semi-submersible and three premium jack-up drilling rigs, and our fleet of four HWUs.

We jointly own and operate NAGA 1, our semi-submersible drilling rig, and we wholly own and operate NAGA 2, NAGA 3 and NAGA 4, our three premium jack-up drilling rigs. In May 2013, we entered into an agreement that includes the acquisition of another premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014. We are the first Malaysian owner and operator of jack-up drilling rigs in Malaysia. NAGA 1, NAGA 3 and NAGA 4 are currently providing drilling services to PETRONAS Carigali in offshore Malaysia, and NAGA 2 is currently providing these services to PV Drilling for Hoang Long Joint Operating Company, as the end-client, in offshore Vietnam.

In addition, we are the sole Malaysian owner and operator of HWUs and a PETRONAS-licenced provider of HWU services, with four HWUs in our fleet: UP GAIT I, UP GAIT II, UP GAIT III and UP GAIT V. We also act as an exclusive agent in Malaysia for Dril-Quip, a manufacturer of specialised subsea, surface and offshore production equipment based in the United States, and as an agent for Cougar Drilling Solutions, a provider of horizontal drilling services based in Dubai, United Arab Emirates.

In our oilfield services business, we have operations in Malaysia, Thailand, China and Turkmenistan, providing OCTG threading, inspection and repair services. Our operations include specialised services for premium threading, where we offer OCTG threading pursuant to customer- and licence-specific requirements and thread OCTG for premium connections with much higher accuracy and performance for use in complex and demanding operating conditions. In Malaysia, we provide these services at two plants located in Labuan, which have a total of 22 CNC lathe machines. In Thailand, we provide premium threading, inspection and related workshop services at our plants in Songkhla and Sattahip. In China, we offer similar services as well as premium accessories threading at our plant in Tianjin. In Turkmenistan, our workshop in Turkmenbashy provides OCTG threading, inspection and repair services mainly in support of the operations of PETRONAS' subsidiary in Turkmenistan's offshore fields in the Caspian Sea.

Our revenue was RM724.3 million for the FYE 31 December 2012 and RM325.3 million for the FPE 30 June 2013. We recorded a PAT of RM71.9 million for the FYE 31 December 2012 and RM88.9 million for the FPE 30 June 2013. As at 30 June 2013, our total assets were RM2,715.0 million.

UMWH, our parent company, is a leading industrial conglomerate in Malaysia, with diverse and global businesses in the automotive, equipment, manufacturing and engineering, and oil and gas industries. UMWH has a market presence in countries including Malaysia, Singapore, Indonesia, Thailand, Myanmar, Vietnam, Papua New Guinea, Australia, Taiwan, China, India, Oman and Turkmenistan. It was incorporated under the Act in 1982 and is publicly listed on the Main Market of Bursa Securities. PNB is one of Malaysia's largest fund-management companies and funds under PNB's management, including ASB, collectively form UMWH's largest shareholder.

For detailed information on our Group, see Section 7 of this Prospectus.

3.2 COMPETITIVE STRENGTHS, BUSINESS STRATEGIES AND FUTURE PLANS

3.2.1 Competitive strengths

We believe that our position as an established offshore drilling and oilfield services provider in the ASEAN oil and gas industry is due to our following strengths:

(i) We are well-positioned to benefit from strong market prospects as one of Malaysia's leading oil and gas service providers.

(ii) Our international experience and platforms facilitate further growth overseas.

(iii) We have a well-established working relationship with PETRONAS.

(iv) We have high quality assets operated by an experienced and skilled workforce.

(v) Our strong contracted backlog, with high quality customers, provides cashflow stability.

(vi) The complementary activities in workover and oilfield services provide additional growth opportunities.

(vii) We have an experienced management team in place.

3.2.2 Business strategies and future plans

Our aim is to strengthen our competitive position and to become a global shallow and deepwater drilling and oilfield services provider-of-choice for the oil and gas industry. We intend to achieve our aim through the following strategies:

(i) Solidify market leadership in Malaysia and further expand into the broader Asia Pacific region to capitalise on favourable industry conditions.

(ii) Manage day rates and utilisation to drive revenue growth and profitability in drilling services.

(iii) Continue to develop and further expand our asset base.

(iv) Further develop our oilfield services business.

(v) Solidify our relationships with PETRONAS and other international oil and gas companies.

(vi) Focus on HSE standards.

For detailed information on our competitive strengths, business strategies and future plans, see Sections 7.2 and 7.3 of this Prospectus, respectively.

3.3 FINANCIAL INFORMATION

For detailed financial information relating to our Group, see Sections 12 and 13 of this Prospectus, respectively.

3.3.1 Selected historical combined financial information

The following table presents our selected audited combined financial information for the FYE 31 December 2010, 2011 and 2012 and the FPE 30 June 2013 and our unaudited combined financial information for the FPE 30 June 2012. Our audited combined financial statements have been prepared in accordance with FRS for the FYE 31 December 2010, and MFRS and IFRS for the FYE 31 December 2011, FYE 31 December 2012 and the FPE 30 June 2013. The transition from FRS to MFRS does not have financial impact on the combined financial statements. For further information on the first time adoption of MFRS, see the Accountants' Report set out in Section 13 of this Prospectus.

The following selected historical audited financial information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" set out in Section 12.2 of this Prospectus and the Accountants' Report and related notes set out in Section 13 of this Prospectus.

The selected historical audited combined financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

3. SUMMARY *(Cont'd)*

	FYE 31 December		
	Audited		
	2010	**2011**	**2012**
	RM'000	**RM'000**	**RM'000**
Statement of comprehensive income data:			
Revenue	348,811	550,271	724,336
Other operating income	6,885	1,433	4,731
Changes in inventories	18	(19)	62
Finished goods purchased	(81,385)	(2,127)	(3,958)
Raw materials and consumables used	(25,761)	(37,707)	(51,798)
Employee benefits	(56,789)	(71,395)	(97,705)
Depreciation, impairment and amortisation	(51,182)	(50,394)	(63,584)
Other operating expenses	(159,944)	(257,987)	(390,552)
(Loss)/Profit from operations	(19,347)	132,075	121,532
Finance costs	(23,912)	(31,455)	(40,152)
Investment income	1,803	1,140	1,728
Share of results of associate	169	369	458
(Loss)/Profit before taxation	(41,287)	102,129	83,566
Income tax expense	(6,363)	(22,969)	(11,708)
(Loss)/Profit for the year	**(47,650)**	**79,160**	**71,858**
Other comprehensive (loss)/income:			
Foreign currency translation, representing other comprehensive (loss)/income for the year, net of tax	(10,891)	6,663	(2,415)
Total comprehensive (loss)/income for the year	**(58,541)**	**85,823**	**69,443**
(Loss)/Profit for the year attributable to:			
Equity holders of our Company	(48,501)	78,314	72,048
Non-controlling interests	851	846	(190)
	(47,650)	**79,160**	**71,858**
Total comprehensive (loss)/income attributable to:			
Equity holders of our Company	(59,099)	84,946	69,741
Non-controlling interests	558	877	(298)
	(58,541)	**85,823**	**69,443**

	FYE 31 December		
	2010	**2011**	**2012**
	RM'000	**RM'000**	**RM'000**
Other selected financial data:			
Total equity	51,384	136,200	216,851
Total assets	1,445,051	1,628,737	1,950,097
Depreciation, impairment and amortisation	(51,182)	(50,394)	(63,584)
EBITDA[(1)]	31,835	182,469	185,116
Number of Shares assumed in issue ('000)[(2)]	1,550,200	1,550,200	1,550,200
Key financial ratios:			
(LPS)/EPS[(3)] (sen)	(3.13)	5.05	4.65
(LBT)/PBT margin (%)	(11.8)	18.6	11.5
(LAT)/PAT margin (%)	(13.7)	14.4	9.9
EBITDA margin (%)	9.1	33.2	25.6

	FPE 30 June	
	Unaudited	**Audited**
	2012	**2013**
	RM'000	**RM'000**
Statement of comprehensive income data:		
Revenue	383,353	325,280
Other operating income	3,838	37,079
Changes in inventories	1	18
Finished goods purchased	(2,005)	(990)
Raw materials and consumables used	(29,626)	(35,412)
Employee benefits	(48,518)	(57,041)
Depreciation, impairment and amortisation	(33,547)	(37,924)
Other operating expenses	(198,986)	(118,271)
Profit from operations	74,510	112,739
Finance costs	(18,419)	(17,145)
Investment income	852	491
Share of results of associate	160	318
Profit before taxation	57,103	96,403
Income tax expense	(9,131)	(7,551)
Profit for the period	**47,972**	**88,852**
Other comprehensive income		
Foreign currency translation, representing other comprehensive income for the period, net of tax	1,359	6,689
Total comprehensive income for the period	**49,331**	**95,541**
Profit for the period attributable to:		
Equity holders of our Company	46,379	87,956
Non-controlling interests	1,593	896
	47,972	**88,852**

3. SUMMARY *(Cont'd)*

	FPE 30 June	
	Unaudited	Audited
	2012	2013
	RM'000	RM'000
Total comprehensive income attributable to:		
Equity holders of our Company	47,700	94,515
Non-controlling interests	1,631	1,026
	49,331	**95,541**

	FPE 30 June	
	2012	2013
	RM'000	RM'000
Other selected financial data:		
Total equity	N/A	312,528
Total assets	N/A	2,714,951
Depreciation, impairment and amortisation	(33,547)	(37,924)
EBITDA(1)	108,057	150,663
Number of Shares assumed in issue ('000)(2)	1,550,200	1,550,200
Key financial ratios:		
EPS(3) (sen)	2.99	5.67
PBT margin (%)	14.9	29.6
PAT margin (%)	12.5	27.3
EBITDA margin (%)	28.2	46.3

Notes:

(1) EBITDA represents earnings before taxation, depreciation, impairment and amortisation, finance costs, investment income and share of results of associate. The table below sets forth a reconciliation of our (loss)/profit for the financial year/period to EBITDA.

	FYE 31 December		
	2010	2011	2012
	RM'000	RM'000	RM'000
(LAT)/PAT	(47,650)	79,160	71,858
Income tax expense	6,363	22,969	11,708
(LBT)/PBT	(41,287)	102,129	83,566
Depreciation, impairment and amortisation	51,182	50,394	63,584
Finance costs	23,912	31,455	40,152
Investment income	(1,803)	(1,140)	(1,728)
Share of results of associate	(169)	(369)	(458)
EBITDA	**31,835**	**182,469**	**185,116**

	FPE 30 June	
	2012	2013
	RM'000	RM'000
PAT	47,972	88,852
Income tax expense	9,131	7,551
PBT	57,103	96,403
Depreciation, impairment and amortisation	33,547	37,924
Finance costs	18,419	17,145
Investment income	(852)	(491)
Share of results of associate	(160)	(318)
EBITDA	**108,057**	**150,663**

"EBITDA", as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with MFRS, IFRS and FRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under MFRS, IFRS and FRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with MFRS or IFRS or FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

(2) Based on the issued and paid-up share capital after the Internal Reorganisation and before the IPO.

(3) Computed as (loss)/profit for the year/period attributable to equity holders of our Company divided by the enlarged number of Shares in issue after the Internal Reorganisation and before the IPO.

See Accountants' Report in Section 13 of this Prospectus for the notes to the audited combined financial statements of our Group for the FYE 31 December 2010, 2011 and 2012 and the FPE 30 June 2013 and unaudited combined financial statements of our Group for the FPE 30 June 2012.

3.3.2 Pro forma consolidated statements of financial position

The pro forma consolidated statements of financial position as at 30 June 2013 have been prepared for illustrative purposes only, to show the effects on our historical consolidated statements of financial position as at 30 June 2013 based on the assumption that the following transactions have been effected on 30 June 2013:

(i) our Group obtaining advances of RM74.1 million from the UMWH Group;

(ii) USV disposing Sichuan Haihua Petroleum Steelpipe Co, Ltd and UMW Marine and Offshore Pte Ltd to UMW Petropipe for a total consideration of RM19.1 million;

(iii) UMV disposing UMW Synergistic Generation Sdn Bhd and its two wholly-owned subsidiaries, UMW SG Engineering & Services Sdn Bhd and UMW SG Power Systems Sdn Bhd to UMWC for a total consideration of RM10.0 million;

(iv) liquidation of UMW Deepnautic Sdn Bhd, UPC and UMW Petrodril Siam Co, Ltd;

(v) the Internal Reorganisation;

(vi) the IPO; and

(vii) the Listing.

3. SUMMARY *(Cont'd)*

The pro forma consolidated statements of financial position should be read in conjunction with the Reporting Accountants' Letter on the Pro forma Consolidated Statements of Financial Position as at 30 June 2013 and the notes thereon as set out in Section 12.5 of this Prospectus.

	Audited		Pro forma I		Pro forma II
	As at 30 June 2013	Adjustment	After the Internal Reorganisation	Adjustment	After Pro forma I and the IPO
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	1,693	2,191,906	2,193,599	-	2,193,599
Investment in a subsidiary	*Refer to note (1)*	-	-	-	-
Land use rights	-	2,160	2,160	-	2,160
Intangible assets	-	11,291	11,291	-	11,291
Investment in associate	-	2,207	2,207	-	2,207
Deferred tax assets	-	4,465	4,465	-	4,465
	1,693	**2,212,029**	**2,213,722**	**-**	**2,213,722**
Current assets					
Inventories	-	58,279	58,279	-	58,279
Receivables	2,286	243,446	245,732	-	245,732
Tax recoverable	-	4,042	4,042	-	4,042
Due from related companies of holding company	228,216	(215,344)	12,872	-	12,872
Deposits, cash and bank balances	5,012	227,319	232,331	1,067,170	1,229,501
	235,514	**317,742**	**553,256**	**1,067,170**	**1,620,426**
Total assets	**237,207**	**2,529,771**	**2,766,978**	**1,067,170**	**3,834,148**
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	*Refer to note (2)*	775,100	775,100	305,900	1,081,000
Share premium	-	-	-	1,371,039	1,371,039
Other reserves	-	5,917	5,917	-	5,917
(Accumulated losses)/ Retained profits	(48,197)	264,563	216,366	(12,376)	203,990
	(48,197)	**1,045,580**	**997,383**	**1,664,563**	**2,661,946**
Non-controlling interests	-	5,302	5,302	-	5,302
(Shareholders' deficit)/ Total equity	**(48,197)**	**1,050,882**	**1,002,685**	**1,664,563**	**2,667,248**

3. SUMMARY *(Cont'd)*

	Audited		Pro forma I		Pro forma II
	As at 30 June 2013	Adjustment	After the Internal Reorganisation	Adjustment	After Pro forma I and the IPO
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Deferred tax liabilities	-	4,502	4,502	-	4,502
Long term borrowings	85	557,874	557,959	-	557,959
	85	**562,376**	**562,461**	**-**	**562,461**
Current liabilities					
Taxation	-	667	667	-	667
Short term borrowings	233,447	192,250	425,697	-	425,697
Payables	3,548	171,589	175,137	-	175,137
Due to holding company and its related companies	48,324	551,626	599,950	(597,393)	2,557
Derivative liabilities	-	381	381	-	381
	285,319	**916,513**	**1,201,832**	**(597,393)**	**604,439**
Total liabilities	**285,404**	**1,478,889**	**1,764,293**	**(597,393)**	**1,166,900**
Total equity and liabilities	**237,207**	**2,529,771**	**2,766,978**	**1,067,170**	**3,834,148**
Number of ordinary shares in issue ('000) RM0.50 nominal value	*Refer to note (2)*		1,550,200		2,162,000
Net (liabilities)/ assets per Share attributable to equity holders of the Company (RM)	(12,049,281)		0.64		1.23

Notes:

(1) Our Company has an investment in a subsidiary with a carrying amount of RM3.

(2) Our Company has an issued and paid-up share capital of RM2, representing 4 ordinary shares of RM0.50 each.

3.4 DIVIDEND POLICY

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions we receive from our subsidiaries and associate.

The payment of dividends by our subsidiaries and associate will depend upon their distributable reserves, operating results, financial condition, capital expenditure plans, debt servicing and other obligations or business plans and applicable laws or agreements restricting their ability to pay dividends or make other distributions. In addition, changes in applicable accounting standards may also affect the ability of our subsidiaries, and consequently, our ability, to declare and pay dividends.

Currently, we do not have any fixed dividend policy. We intend to adopt a policy of active capital management and any proposed dividends that our Board may recommend or declare in respect of any particular financial year or period will take into account various factors including:

(i) the level of our cash, gearing, return on equity and retained earnings;

(ii) our financial performance;

(iii) our projected levels of capex and other investment plans; and

(iv) our working capital requirements.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined above and the absence of any circumstances which may affect or restrict our ability to pay dividends as well as any other factors deemed relevant by our Board.

See Section 5.3.4 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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3.5 DETAILS OF OUR IPO

IPO	:	Institutional Offering and Retail Offering
Institutional Offering	:	Offering of up to 648,600,000 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively, to the following: (i) Malaysian institutional and selected investors including Bumiputera investors approved by the MITI; and (ii) foreign institutional and selected investors outside the United States in reliance on Regulation S
Retail Offering	:	Offering of 194,580,000 IPO Shares at the Retail Price, subject to the clawback and reallocation provisions, to the following: (i) eligible directors and employees of our Group; (ii) eligible directors and employees of the UMWH Group; (iii) Entitled Shareholders of UMWH; and (iv) Malaysian Public

The Final Retail Price to be paid by successful investors pursuant to the Retail Offering will be determined after the Institutional Price has been fixed on the Price Determination Date, and will equal the lower of the Retail Price of RM2.80 per Share and the Institutional Price, subject to rounding to the nearest sen.

For detailed information relating to our IPO, see Section 4 of this Prospectus.

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3.6 UTILISATION OF PROCEEDS

We expect to use the total gross proceeds from the Public Issue of RM1,713.0 million in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation upon Listing	RM in million	%
Capital expenditure			
- Acquisition of drilling rigs and HWUs	Within 18 months	986.6	57.6
- Upgrading and maintenance of drilling rigs and HWUs	Within 18 months	20.1	1.2
- Acquisition and upgrading of machineries for oilfield services	Within 18 months	10.4	0.6
Mobilisation and demobilisation costs for our drilling rigs	Within 18 months	50.0	2.9
Repayment of amount owing to UMWH	Within 6 months	597.4	34.9
Estimated fees and expenses for the IPO and the Listing	Within 6 months	48.5	2.8
Total gross proceeds		**1,713.0**	**100.0**

For detailed information relating to the utilisation of proceeds, see Section 4.8 of this Prospectus.

3.7 RISK FACTORS

Our operations are subject to the legal, regulatory and business environments in the countries in which we operate. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us or our Shares.

3.7.1 Risks relating to our industry

(i) Demand for our drilling services and oilfield services, the prices that we charge for our services and our profit margins depend on the level of activity of, and the corresponding capital spending by, oil and gas companies, which are significantly affected by volatile oil and natural gas prices and cyclicality in the offshore drilling and oilfield services industries.

(ii) We may fail to respond to technological changes in the drilling and oilfield services markets or changes in the needs, preferences and technical requirements of our customers.

(iii) We operate in a global, competitive environment, and if we fail to compete effectively, we may not be able to expand our operations or maintain our existing market presence.

(iv) Our drilling operations are subject to the inherent risks and occupational hazards of the oil and gas industry.

(v) The drilling services industry has historically experienced a shortage of talented and experienced personnel and management, and we face competition for qualified personnel and management for our business.

(vi) Our operations may be impacted by adverse weather conditions and natural hazards.

(vii) Regulation of greenhouse gas emissions and climate change could have a negative impact on our business.

(viii) We may be affected by a fundamental change in PETRONAS' policies towards the oil and gas industry.

3.7.2 Risks relating to our business

(i) We are dependent on a limited number of major customers.

(ii) We may be affected by compliance with government laws and regulations, including those relating to HSE, governing the industries in which we operate.

(iii) We may not be able to procure inputs, including equipment, assembly parts and chemicals, from suppliers in a timely manner, on satisfactory terms or at all.

(iv) Some of our drilling services contracts may be terminated prematurely under various circumstances.

(v) We cannot provide any assurance that our drilling services contracted backlog will be ultimately realised.

(vi) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations.

(vii) As we continue to expand internationally, we are increasingly susceptible to legal, regulatory, political, economic and competitive conditions outside of Malaysia, as well as operational risks different from those that we face in Malaysia.

(viii) We are dependent on PETRONAS-issued licences used by our drilling services and oilfield services businesses and on licences used by our oilfield services business in connection with OCTG threading, inspection and repair services focused on premium connections.

(ix) We may not be able to grow successfully through future acquisitions or to effectively integrate the acquired businesses.

(x) Repair and maintenance of our key assets, equipment and facilities may require substantial expenditure, and breakdown, non-performance or loss of the key assets, equipment and facilities on which we are dependent may cause us to incur losses.

(xi) We may not be able to effectively manage our present or future assets and joint ventures.

(xii) We are exposed to the credit risk of our customers and counterparties with whom we do business.

(xiii) Our controlling shareholder may have interests that may not be aligned or may conflict with those of our other shareholders.

(xiv) Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers.

(xv) We are exposed to foreign exchange risk arising from changes in the exchange rates between the functional currencies of companies in our Group and other currencies.

(xvi) The use of derivative instruments, such as currency forward contracts, may not fully hedge the risks of price fluctuations.

3.7.3 Risks relating to our Shares

(i) The offering of our Shares may not result in an active liquid market for our Shares.

(ii) Our Share price may be volatile.

(iii) There may be a delay in, or termination of, the Listing.

(iv) We are a holding company and, as a result, are dependent on dividends from our subsidiaries to meet our obligations and to provide funds for payment of dividends on our Shares.

(v) The sale, or the possible sale, of a substantial number of our Shares in the public market following our IPO could adversely affect the price of our Shares.

(vi) The Retail Price and the Institutional Price are higher than our NA per Share, such that purchasers of our Shares in our IPO will experience immediate and substantial dilution, and purchasers of our Shares may experience further dilution if we issue additional Shares in the future.

(vii) Forward-looking statements in this Prospectus may not be accurate.

For a detailed discussion on the risks associated with investing in our Company, see Section 5 of this Prospectus.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATIONS

Applications for the IPO Shares under the Retail Offering will open at 10:00 a.m. on 3 October 2013 and will remain open until 5:00 p.m. on 14 October 2013 or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

Event	Date
Opening of the Institutional Offering*	3 October 2013
Issuance of Prospectus/Opening of the Retail Offering	10:00 a.m., 3 October 2013
Closing of the Retail Offering	5:00 p.m., 14 October 2013
Closing of the Institutional Offering	17 October 2013
Price Determination Date	17 October 2013
Balloting of applications for the IPO Shares under the Retail Offering	18 October 2013
Allotment/Transfer of the IPO Shares to successful applicants	30 October 2013
Listing	1 November 2013

Note:

* *Other than the Institutional Offering to the Cornerstone Investors. The master cornerstone placing agreement for the acquisition of the IPO Shares by the Cornerstone Investors was entered into on 18 September 2013.*

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the IPO Shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting of applications for the IPO Shares under the Retail Offering, allotment/transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

4.3 PARTICULARS OF OUR IPO

Our IPO of up to 843,180,000 IPO Shares, representing up to 39% of the enlarged issued and paid-up share capital of our Company, comprises the following:

(i) an Offer for Sale by the Selling Shareholder of up to 231,380,000 Offer Shares, representing 10.7% of the enlarged issued and paid-up share capital of our Company; and

(ii) a Public Issue of 611,800,000 Issue Shares, representing 28.3% of the enlarged issued and paid-up share capital of our Company,

subject to the Over-allotment Option as set out in Section 4.3.4 of the Prospectus. The IPO Shares are offered under the Institutional Offering and the Retail Offering in the manner set out below. For the avoidance of doubt, the IPO Shares offered under the Institutional Offering and the Retail Offering through the Offer for Sale and Public Issue do not include the Shares under the Over-allotment Option.

4.3.1 Institutional Offering

The Institutional Offering involves the offering of up to 648,600,000 IPO Shares (comprising 460,460,000 Issue Shares and up to 188,140,000 Offer Shares) at the Institutional Price, representing up to 30% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) 248,630,000 Issue Shares to Bumiputera investors approved by the MITI; and

(ii) 211,830,000 Issue Shares and up to 188,140,000 Offer Shares to the following persons:

(a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and

(b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

On 18 September 2013, our Company together with the Selling Shareholder, CIMB, Credit Suisse and Maybank IB entered into a master cornerstone placing agreement with the Cornerstone Investors, whereby the Cornerstone Investors have agreed to acquire from the Company and the Selling Shareholder, subject to the terms of the individual cornerstone placing agreements, in aggregate, 399,000,000 IPO Shares, representing approximately 18.45% of the enlarged issued and paid-up share capital of our Company at the price per Share of RM2.80 or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire more than 5% of the enlarged issued and paid-up share capital of our Company under the cornerstone placing agreements. The cornerstone placing agreements also contain terms of lock-up arrangements of which the salient terms are disclosed in Section 4.10.3 of this Prospectus.

The cornerstone placing agreements are conditional upon, *inter alia*, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

4.3.2 Retail Offering

The Retail Offering involves the offering of 194,580,000 IPO Shares (comprising 151,340,000 Issue Shares and 43,240,000 Offer Shares) at the Retail Price, representing 9% of the enlarged issued and paid-up share capital of our Company in the following manner:

(i) Allocation to the eligible directors and employees of our Group and the UMWH Group

43,240,000 Offer Shares representing 2% of the enlarged issued and paid-up share capital of our Company, have been reserved for application by the eligible directors and employees of our Group and the UMWH Group, to be allocated as follows:

(a) 12,149,000 Offer Shares reserved for application by the eligible directors and employees of our Group as at 31 July 2013; and

(b) 31,091,000 Offer Shares reserved for application by the eligible directors and employees of the UMWH Group (excluding the eligible directors and employees of our Group) as at 31 July 2013.

A summary of the allocation of 43,240,000 Offer Shares as described above is set out below:

Eligible persons	No. of eligible persons	Aggregate no. of Offer Shares allocated
Eligible directors of our Group(1)	9	3,600,000
Eligible employees of our Group(2)	666	8,549,000
Eligible directors of the UMWH Group (excluding the eligible directors of our Group)(3)	4	1,200,000
Eligible employees of the UMWH Group (excluding the eligible employees of our Group)(4)	9,818	29,891,000
Total	**10,497**	**43,240,000**

Notes:

(1) All eligible directors of our Group are allocated between 300,000 and 1,000,000 Offer Shares each. For details on allocation to the eligible directors of our Group, see Section 9.1.2 of this Prospectus.

(2) The criteria for allocation to the eligible employees of our Group are based on their length of service and job grade as at 31 July 2013.

(3) All eligible directors of the UMWH Group (excluding the eligible directors of our Group) are allocated between 300,000 and 500,000 Offer Shares each. All of the directors of UMWH are entitled to participate in the allocation. However, Rohaya binti Mohammad Yusof, being a nominee director of EPF on the board of directors of UMWH, will not be participating in the allocation.

(4) The criteria for allocation to the eligible employees of the UMWH Group (excluding the eligible employees of our Group) are based on their length of service and job grade as at 31 July 2013.

(ii) Allocation to the Entitled Shareholders of UMWH

108,100,000 Issue Shares are reserved for applications by the Entitled Shareholders of UMWH as follows:

(a) each Entitled Shareholder of UMWH:

(i) who holds 999 UMWH shares and below, and applies for 100 Issue Shares and above, will be guaranteed an allocation of 100 Issue Shares. Applications for Issue Shares above the 100 Issue Shares already allocated will be dealt with under Section 4.3.2(ii)(c) below;

(ii) who holds 1,000 UMWH shares and above, will be guaranteed an allocation of the applied number of Issue Shares for application of 1,000 Issue Shares and below (subject to a minimum application for 100 Issue Shares). Any Entitled Shareholder of UMWH who applies for more than 1,000 Issue Shares will be guaranteed an allocation of 1,000 Issue Shares. Applications for Issue Shares above the 1,000 Issue Shares already allocated will be dealt with under Section 4.3.2(ii)(b) and (c) below;

(b) the remaining Issue Shares under application after the allocation under Section 4.3.2(ii)(a) above, will be allocated to the Entitled Shareholders of UMWH who hold 1,000 UMWH shares and above, and applies for more than 1,000 Issue Shares. The allocation will be made on a pro-rata basis according to their respective shareholdings as at the Entitlement Date (to be rounded down to the nearest board lot). Fractional allocations will be disregarded; and

(c) any remaining Issue Shares under application after the allocation under Section 4.3.2(ii)(a) and (b) above, will be allocated to the Entitled Shareholders of UMWH on a pro-rata basis according to the number of remaining Issue Shares under application (to be rounded down to the nearest board lot). Fractional allocations will be disregarded.

The Restricted Offering is non-renounceable and non-tradable. Entitled Shareholders of UMWH are not allowed to submit multiple applications for the subscription of the Issue Shares under the Restricted Offering. However, the Entitled Shareholders of UMWH are not precluded from making additional applications for the subscription of the Issue Shares using the WHITE Application Forms under the Malaysian Public category.

UMWH shareholders who are subject to the laws of any jurisdiction other than Malaysia are advised that they shall be solely responsible for seeking their own advice as to the laws of any jurisdiction which they may be subject to. The participation in the IPO by any of the UMWH shareholders shall be based on their warranty to UMWH and our Company that they may lawfully so participate without UMWH, our Company, Maybank IB and/or CIMB being in breach of the laws of any jurisdiction.

(iii) Allocation via balloting to the Malaysian Public

43,240,000 Issue Shares are reserved for application by the Malaysian Public, of which 21,620,000 Issue Shares have been set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

In summary, the IPO Shares will be allocated subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively, in the following manner:

	Offer for Sale		Public Issue		Total	
Categories	**No. of Shares**	**% of our enlarged share capital**	**No. of Shares**	**% of our enlarged share capital**	**No. of Shares**	**% of our enlarged share capital**
Retail Offering:						
Eligible directors and employees of the UMW-OG Group and the UMWH Group	43,240,000	2.00	-	-	43,240,000	2.00
Entitled Shareholders of UMWH	-	-	108,100,000	5.00	108,100,000	5.00
Malaysian Public (via balloting)						
- Bumiputera	-	-	21,620,000	1.00	21,620,000	1.00
- Non-Bumiputera	-	-	21,620,000	1.00	21,620,000	1.00
Sub-total	**43,240,000**	**2.00**	**151,340,000**	**7.00**	**194,580,000**	**9.00**
Institutional Offering*:						
Bumiputera investors approved by the MITI	-	-	248,630,000	11.50	248,630,000	11.50
Other Malaysian and foreign institutions and selected investors	188,140,000	8.70	211,830,000	9.80	399,970,000	18.50
Sub-total	**188,140,000**	**8.70**	**460,460,000**	**21.30**	**648,600,000**	**30.00**
Total	**231,380,000**	**10.70**	**611,800,000**	**28.30**	**843,180,000**	**39.00**

Note:

* *The allocation of the IPO Shares of the Cornerstone Investors will be from the Institutional Offering.*

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Bursa Securities LR as set out in Section 2 of this Prospectus.

4.3.3 Clawback and reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

(i) if the Offer Shares allocated to the eligible directors and employees of our Group and the UMWH Group (other than our Group) are not fully taken up, the Offer Shares which are not taken up will be allocated to the Institutional Offering;

(ii) if the Issue Shares allocated to the Entitled Shareholders of UMWH are not fully taken up, the Issue Shares which are not taken up will be allocated to the Institutional Offering;

(iii) if the Issue Shares allocated to the Malaysian Public are not fully taken up, the Issue Shares which are not taken up will be allocated to the Institutional Offering;

(iv) if the Issue Shares allocated to Bumiputera investors approved by the MITI are not fully taken up, the Issue Shares which are not taken up may be allocated to other Malaysian and foreign institutional and selected investors under the Institutional Offering; and

(v) subject to Section 4.3.3(iv) above, if there is an over-subscription in the Retail Offering, and an under-subscription in the Institutional Offering, the IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering.

There will be no clawback and reallocation if there is an over-subscription in both the Institutional Offering and the Retail Offering.

4.3.4 Over-allotment Option

The Selling Shareholder may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Managers) and may appoint the Stabilising Manager to undertake any price stabilisation action. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at their absolute discretion, over-allot our Shares (on behalf of the Placement Managers) and subsequently, effect transactions which may stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Selling Shareholder at any time, within 30 days from the date of our Listing to purchase from the Selling Shareholder up to an aggregate of 126,477,000 Shares at the Institutional Price for each Share, representing up to 15% of the total number of IPO Shares offered, solely for purposes of covering over-allotments of our Shares (if any) following the IPO.

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the Placement Managers) enter into the Share Lending Agreement with the Selling Shareholder to borrow up to 126,477,000 Shares to cover the over-allotments. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Selling Shareholder either in the form of Shares purchased in the open market by the Stabilising Manager in the conduct of stabilisation activities or in the form of proceeds arising from the exercise of the Over-allotment Option by the Stabilising Manager, or a combination of both. The exercise of the Over-allotment Option will not increase the total number of our Shares issued.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder. The number of our Shares that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 126,477,000 Shares, representing up to 15% of the total number of IPO Shares offered. However, there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earliest of (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 126,477,000 Shares, representing up to 15% of the total number of IPO Shares offered to undertake the stabilising action.

Neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

4.3.5 Share capital

Upon the completion of our IPO, our share capital would be as follows:

	No. of Shares	RM
Authorised		
5,000,000,000 Shares	5,000,000,000	2,500,000,000
Issued and fully paid-up after the Internal Reorganisation and as at the LPD	1,550,200,000	775,100,000
To be issued and fully paid-up pursuant to the Public Issue	611,800,000	305,900,000
Enlarged issued and fully paid-up share capital upon Listing	**2,162,000,000**	**1,081,000,000**

4.3.6 Classes of shares and ranking

As at the LPD, we only have one class of shares, being ordinary shares of RM0.50 each. The Issue Shares will, upon allotment and issue, rank equally in all respects with our other existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distribution that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our other existing issued and paid-up Shares including voting rights, and will be entitled to all rights, dividends and distribution that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Upon allotment and issue and subject to any special rights attaching to any Shares we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Articles after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. On a show of hands, every one of our shareholders present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.3.7 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised by our Company and the Selling Shareholder from the IPO. However, in order to comply with the public shareholding spread requirement under the Bursa Securities LR, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement of 25% under the Bursa Securities LR or as approved by Bursa Securities. On 29 August 2013, Bursa Securities approved our lower public shareholding spread of 22.4% of the total number of Shares for which listing is sought, and to be held by at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing.

In the event that the public shareholding spread requirement is not met pursuant to the IPO and/or if we and the Selling Shareholder decide in our absolute discretion not to proceed with the Listing, monies paid in respect of any application for the IPO Shares will be returned in full without interest and if such monies are not returned in full within 14 days after our Company or the Selling Shareholder become liable to do so, then our Company and the Selling Shareholder and the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

There can be no assurance that the IPO Shares will be fully subscribed. The total subscription received for the IPO may be less than the number of IPO Shares under the Offer for Sale and Public Issue. In such an event where the unsubscribed IPO Shares are not underwritten but the subscription level is enough to meet the public shareholding spread, we will proceed with the completion of the IPO and the Listing. We, together with the Selling Shareholder, will then meet the demand for the IPO Shares for each of the Retail Offering and the Institutional Offering through the issuance of Issue Shares (save for the allotment to eligible directors and employees of our Group and the UMWH Group under the Retail Offering), and when such available Issue Shares are fully subscribed, through the Offer Shares.

4.4 SELLING SHAREHOLDER

As at the LPD, the Selling Shareholder is our holding company, UMWH, which holds 100% equity interest in our Company. Following the IPO (assuming the full exercise of the Over-allotment Option), the Selling Shareholder's shareholding in our Company will reduce to 1,192,343,000 Shares, representing 55.15% of our enlarged issued and paid-up share capital.

There is no other material relationship that the Selling Shareholder has had within the past three years with our Company or our predecessors or our Group.

4.5 BASIS OF ARRIVING AT THE PRICE OF THE IPO SHARES AND REFUND MECHANISM

4.5.1 Retail Price

The Retail Price of RM2.80 per Share was determined and agreed upon between our Directors, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators and the Joint Managing Underwriters, after taking into consideration the following factors:

(i) Size and utilisation of our offshore drilling fleet and the day rates we charge.

Our drilling services revenue is mainly dependent on the size and utilisation of our offshore drilling fleet and the day rates we charge. As discussed in Section 12.2.2.3 of this Prospectus, historically we have not fully utilised our offshore drilling rigs as our rigs come into service at different periods in the years discussed. Investors should also take note that our financial results for the FPE 30 June 2013 are not expected to be representative of our financial results for the second half of 2013 as not all our drilling rigs were operational throughout the first half of 2013 and due to other factors as discussed in Section 12.2.7 of this Prospectus. Nonetheless, as at the LPD, all our offshore drilling rigs are fully contracted. For further details for our offshore drilling rigs as at the LPD, see Section 7.6.1.3 of this Prospectus.

(ii) Utilisation of proceeds for the acquisition of drilling rigs and HWUs.

We expect to utilise RM986.6 million of the total gross proceeds from the Public Issue to fund our acquisition of drilling rigs and HWUs including repayment of any related banking facilities utilised in relation to these acquisitions. These gross proceeds raised is expected to be utilised for full payment or progress payment for the acquisition of up to three additional drilling rigs (including the premium jack-up drilling rig acquired in May 2013 which we expect to take delivery in May 2014). As we continue to secure contracts for the operations of our current and additional drilling rigs to be acquired, we expect the revenue of our drilling services segment to increase and subsequently our future financial results may improve.

(iii) Our pro forma NA per Share as at 30 June 2013 (as adjusted for the Internal Reorganisation) of approximately RM0.64 and the pro forma NA per Share as at 30 June 2013 (after giving effect to the IPO) of approximately RM1.23.

Based on our pro forma NA per Share of RM1.23 and the Retail Price, our price-to-book ratio is approximately 2.28 times. This is within the range of the price to book ratios of other companies in the oil and gas sector in Malaysia. Nonetheless, we wish to highlight that as at the LPD, the business operations of these other oil and gas companies may differ from the business operations of our Group.

(iv) The future outlook of the oil and gas industry in which we operate.

(v) The prevailing market conditions which include, among others, current market trends and investor sentiments.

Determination of the Final Retail Price

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date and will be the lower of:

(i) the Retail Price of RM2.80 per Share; and

(ii) the Institutional Price,

subject to rounding to the nearest sen.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants, without any interest thereon. Further details on the refund mechanism are set out in Section 4.5.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM2.80 per Share nor lower than the par value of our Shares.

The Final Retail Price and the Institutional Price are expected to be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network ("**Bursa LINK**"). In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for the IPO Shares.

Applicants should also note that the vagaries of market forces and other uncertainties may affect the market price of our Shares after the Listing.

4.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares they would be prepared to acquire and the price they would be prepared to pay for the IPO Shares in respect of the Institutional Offering. This bookbuilding process commenced on 3 October 2013 and will end on 17 October 2013, or such date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Joint Global Coordinators on the Price Determination Date.

4.5.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form or by crediting into the accounts of the successful applicants with the Participating Financial Institution for Electronic Share Applications or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for Internet Share Applications, within ten Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Sections 16.10 and 16.11 of this Prospectus, respectively.

4.5.4 Expected market capitalisation

Based on the Retail Price of RM2.80 per Share, the total market capitalisation of our Company upon the Listing shall be approximately RM6.1 billion.

Prior to the IPO, there has been no trading market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.

4.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(i) to increase our visibility as one of the leading oil and gas companies in Malaysia;

(ii) to further enhance our profile through the Listing and subsequently widen our services' reach to market and grow our market position;

(iii) to enable us to directly access the equity and debt capital markets for fund raising and provide us with the financial flexibility to pursue growth opportunities;

(iv) to establish the liquidity of our Shares;

(v) to provide an opportunity for the investing public in Malaysia, including the existing shareholders of UMWH and the eligible directors and employees of our Group, to become our shareholders and participate in the future performance of our Group by way of direct equity participation; and

(vi) to expand our investor base through the participation of the global investing community.

4.7 DILUTION

Dilution is the amount by which the price paid by retail and institutional and selected investors for our Shares exceeds our consolidated NA per Share after the IPO. Our pro forma consolidated NA per Share as at 30 June 2013 was RM0.64, based on our issued and paid-up share capital of 1,550,200,000 Shares following the Internal Reorganisation. The pro forma consolidated NA per Share represents the equity attributable to the shareholders of our Company over the number of Shares outstanding immediately prior to the IPO.

After giving effect to the issuance of 611,800,000 new Shares under the Public Issue, and after adjusting for the estimated fees and expenses for the IPO and the Listing, our pro forma consolidated NA per Share as at 30 June 2013 (based on our enlarged issued and paid-up share capital of 2,162,000,000 Shares) would be RM1.23. This represents an immediate increase in NA per Share of RM0.59 to our existing shareholders and an immediate dilution in NA per Share of RM1.57, representing 56.1% of the Retail Price and the Institutional Price (assuming that the Institutional Price and the Final Retail Price will equal the Retail Price), to the retail and institutional and selected investors. For details on our NA per Share attributable to the shareholders of our Company, see Section 12.4 of this Prospectus.

The following table illustrates such dilution on a per Share basis assuming the Final Retail Price and the Institutional Price equal the Retail Price:

	RM
Assumed Final Retail Price/Institutional Price	2.80
Pro forma consolidated NA per Share as at 30 June 2013, after adjusting for the Internal Reorganisation but before adjusting for the IPO	0.64
Pro forma consolidated NA per Share as at 30 June 2013, after giving effect to the IPO	1.23
Increase in NA per Share	0.59
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors	1.57
Dilution in pro forma consolidated NA per Share to retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price	56.1%

Save as disclosed in Section 6.1.2 of this Prospectus, none of our substantial shareholders, our Directors, our key management or persons connected to them have acquired Shares in our Company in the past three years up to the LPD.

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4.8 UTILISATION OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds to be raised from the Offer for Sale of up to RM647.9 million[(1)] will accrue entirely to the Selling Shareholder of the Offer Shares.

We expect to use the total gross proceeds from the Public Issue of RM1,713.0 million[(1)] in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation upon Listing	RM in million	%
Capital expenditure[(2)]			
- Acquisition of drilling rigs and HWUs[(3)]	Within 18 months	986.6	57.6
- Upgrading and maintenance of drilling rigs and HWUs	Within 18 months	20.1	1.2
- Acquisition and upgrading of machineries for oilfield services	Within 18 months	10.4	0.6
Mobilisation and demobilisation costs for our drilling rigs[(4)]	Within 18 months	50.0	2.9
Repayment of amount owing to UMWH[(5)]	Within 6 months	597.4	34.9
Estimated fees and expenses for the IPO and the Listing[(6)]	Within 6 months	48.5	2.8
Total gross proceeds		**1,713.0**	**100.0**

Notes:

(1) We have assumed that the Institutional Price and the Final Retail Price will equal the Retail Price of RM2.80 per Share in arriving at this figure.

(2) RM1,017.1 million of the proceeds to be raised from the Public Issue is intended to be utilised to finance the capital expenditure for the development and expansion of our operating asset base including acquiring drilling rigs and HWUs, upgrading our existing fleet of drilling rigs and HWUs, as well as capital expenditure for purposes of developing our oilfield services to expand our market coverage. For further details on our business strategies and future plans, see Section 7.3 of this Prospectus.

(3) RM986.6 million of the proceeds to be raised from the Public Issue is intended to be utilised for full payment or progress payment in relation to the acquisition of drilling rigs and HWUs including repayment of any related banking facilities raised in relation to these acquisitions of drilling rigs. As at the LPD, approximately USD67.4 million has been drawn down for the acquisition of a premium jack-up drilling rig which was announced by UMWH on 23 May 2013.

(4) Approximately RM50.0 million of the proceeds to be raised from the Public Issue is intended to be utilised to cover the mobilisation and demobilisation costs incurred for our drilling rigs. Mobilisation costs are costs related to mobilising our drilling rigs at the commencement of drilling services contract to their designated locations under the said contracts. Demobilisation costs relates to all the demobilisation activities and transportation costs incurred to move our drilling rigs and their respective crews and equipment from the final drilling location to locations specified under the drilling services contracts, or other mutually agreed location upon the completion of the drilling services contracts. The mobilisation and demobilisation fees are only paid by the client after the arrival of the drilling rigs at the working location. In the event that the proceeds are not utilised for the abovementioned mobilisation and demobilisation costs, the proceeds will be allocated for meeting capital expenditure requirements.

(5) The amount owing to UMWH arises from the Internal Reorganisation as disclosed in Section 6.1.2 of this Prospectus.

(6) The expenses for our Public Issue to be borne by us are estimated to be RM48.5 million and will comprise professional fees amounting to RM10.0 million, brokerage, placement and underwriting fees amounting to RM28.7 million as well as other listing related expenses amounting to RM9.8 million. We expect to utilise the proceeds from the Public Issue to defray estimated fees and expenses for the IPO. If the actual listing expenses are higher than budgeted, the deficit will be funded out of the proceeds allocated for meeting capital expenditure requirements. In the event that the actual listing expenses are lower than budgeted, the surplus will be allocated for meeting capital expenditure requirements. The expenses in respect of the Offer for Sale shall be borne by the Selling Shareholder.

Our utilisation of proceeds is expected to have the following financial impact on our Group:

(i) Enhancement of our asset base

We intend to utilise part of the proceeds from our Public Issue to enhance our asset base through acquisition of drilling rigs for market expansion purposes and upgrading of our existing drilling rigs and HWUs to enhance our services. We expect the new acquisitions and upgrading of our existing drilling rigs to improve our operations and financial performance over the coming years.

(ii) Interest savings

As part of the proceeds from the Public Issue will primarily be utilised to repay our bank borrowings, finance our capital expenditure requirements and the repayment of amount owing to UMWH, we expect to have savings in interest which we would otherwise have to incur on borrowings. Our interest rates ranged from 1.0% to 7.6%, per annum depending on whether our borrowings are denominated in RM or USD. Based on the weighted average interest rate of 3.1%, the total interest savings will be approximately RM50.0 million per annum.

(iii) Enhancement of capital structure

Our gearing level will reduce through the IPO as our shareholders' funds will increase and our debt level will decrease through the utilisation of IPO proceeds. This is expected to provide us with greater debt headroom for future expansion.

Pending full utilisation of the gross proceeds received, we intend to place the proceeds raised from our IPO (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licensed financial institution(s) or in short-term money-market instruments.

The financial impact of the utilisation of proceeds from the Public Issue on our pro forma consolidated statement of financial position as at 30 June 2013 is set out in Section 12.5 of this Prospectus.

4.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.9.1 Brokerage

We will pay brokerage in respect of the IPO Shares under the Retail Offering, at the rate of 1% of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Coordinators and the Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will neither be payable by us nor the Selling Shareholder.

4.9.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Joint Managing Underwriters and the Joint Underwriters have agreed to underwrite the IPO Shares under the Retail Offering for a managing underwriting commission calculated at a rate of 0.5% and an underwriting commission calculated at the rate of 1.0% of the Retail Price multiplied by the number of IPO Shares underwritten pursuant to the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.9.3 Placement fee

We, in respect of the Issue Shares and the Selling Shareholder, in respect of the Offer Shares and the 126,477,000 Shares under the Over-allotment Option, will pay the Joint Global Coordinators and the Joint Bookrunners an aggregate placement fee of 1.5% and may pay a discretionary fee of up to 1.0% of the Institutional Price multiplied by the number of IPO Shares sold to Malaysian and foreign institutional and selected investors (other than Bumiputera investors approved by the MITI) pursuant to the Institutional Offering in accordance with the terms of the Placement Agreement.

We will also pay Maybank IB and CIMB an aggregate placement fee of 1.5% and may pay a discretionary fee of up to 1.0% of the Institutional Price multiplied by the number of IPO Shares sold to Bumiputera investors approved by the MITI pursuant to the Institutional Offering in accordance with the terms of the Placement Agreement. We may also pay Maybank IB and CIMB a discretionary fee of up to 1.0% of the Final Retail Price multiplied by the number of IPO Shares under the Retail Offering.

4.10 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.10.1 Retail Underwriting

We and the Selling Shareholder have entered into the Retail Underwriting Agreement with the Joint Managing Underwriters and the Joint Underwriters to jointly underwrite 194,580,000 IPO Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.9.2 of this Prospectus, whilst the salient terms of the Retail Underwriting Agreement are set out below:

The underwriting obligations of our Joint Underwriters are subject to certain conditions precedent which must be satisfied on or prior to two Market Days after the closing date of the Retail Offering which in any case shall not be later than 8 November 2013 or such later date as consented to in writing.

The Joint Managing Underwriters have the right to terminate, cancel and withdraw the underwriting commitment on the occurrence of any of the following:

(i) there is any breach by us or the Selling Shareholder of any of our or their obligations or any of the warranties or undertakings set out in the Retail Underwriting Agreement in any respect;

(ii) we or the Selling Shareholder withhold any material information from the Joint Managing Underwriters and the Joint Underwriters, which, in the opinion of the Joint Managing Underwriters and the Joint Underwriters, would have or is reasonably likely to have a Material Adverse Effect (as defined in the Retail Underwriting Agreement);

(iii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Managing Underwriters and the Joint Underwriters by reason of Force Majeure (as defined below) which would have or can reasonably be expected to have, a Material Adverse Effect on the business, operations, financial condition or prospects of our Group or the success of the IPO or which would have or is reasonably likely to have the effect of making any material obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms. "**Force Majeure**" means causes which are unpredictable and beyond the reasonable control of the party claiming Force Majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:

   (a) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;

   (b) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power; or

   (c) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God;

(iv) there shall have occurred any government requisition or other events whatsoever which would have or is reasonably likely to have a Material Adverse Effect on the business, operations, financial condition or prospects of our Group or the success of the IPO;

(v) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Joint Managing Underwriters would have or is reasonably likely to have a Material Adverse Effect or a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

   (a) on or after the date of the Retail Underwriting Agreement; and

   (b) prior to the closing date for the Retail Offering, lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

(vi) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading in securities is imposed for three consecutive Market Days or more;

(vii) there shall have announced or carried into force any new law or change in law in any jurisdiction which in the opinion of the Joint Managing Underwriters and the Joint Underwriters may prejudice the success of the IPO or the Listing or which would have or is reasonably likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer the Shares or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;

(viii) the Institutional Offering and/or the Retail Offering is stopped or delayed by us, the Selling Shareholder or any regulatory authorities for any reason whatsoever (unless such delay has been approved by the Joint Managing Underwriters and the Joint Underwriters);

(ix) the closing date for the Retail Offering does not occur within ten days from the date of this Prospectus or such other extended date as may be agreed in writing by the Joint Managing Underwriters;

(x) the Listing does not take place by 8 November 2013 or such other extended date as may be agreed in writing by the Joint Managing Underwriters;

(xi) any commencement of legal proceedings or action against any member of our Group or the Selling Shareholder or any of their directors, which in the opinion of the Joint Managing Underwriters and the Joint Underwriters after consultation with us and the Selling Shareholder, would have or is reasonably likely to have a Material Adverse Effect or make it impracticable to enforce contracts to allot and/or transfer the Shares;

(xii) the Placement Agreement shall have been terminated or rescinded in accordance with its terms; or

(xiii) any of the resolutions or approvals as set out in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a Material Adverse Effect.

Notwithstanding anything contained in the Retail Underwriting Agreement, the Company or the Selling Shareholder may by notice to the Joint Managing Underwriters and the Joint Underwriters given at any time before the date of Listing, terminate the Retail Underwriting Agreement if any Joint Managing Underwriters fails to comply with any of its obligations under the Retail Underwriting Agreement. Upon such notice of termination being given, the Retail Underwriting Agreement shall terminate (save to the extent as set out in the Retail Underwriting Agreement) and the defaulting Joint Managing Underwriter shall not be entitled to its portion of the managing underwriting commission and the underwriting commission but the non-defaulting Joint Managing Underwriter and Joint Underwriters shall be entitled to their portion of the managing underwriting commission and the underwriting commission, as the case may be.

4.10.2 Placement

We and the Selling Shareholder expect to enter into the Placement Agreement with the Joint Global Coordinators and the Joint Bookrunners in relation to the placement of 648,600,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively. We and the Selling Shareholder will be requested, on a several basis, to give various representations, warranties and undertakings, and to indemnify the Joint Global Coordinators and the Joint Bookrunners against certain liabilities in connection with the IPO.

4.10.3 Lock-up arrangements

(i) In conjunction with the Placement Agreement, we expect to agree, subject to certain exceptions, that we shall not, without the prior written consent of the Joint Bookrunners, for a period of 180 days from the date of Listing, directly or indirectly:

(a) sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, conditionally or unconditionally any Shares or any other securities of the Company that are substantially similar to the Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for the Shares, or any warrants or other rights to purchase, the foregoing whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge, derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of the Company that are substantially similar to the Shares, or any securities convertible into or exchangeable or exercisable for the Shares, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

(c) publicly announce an intention to effect any transaction specified in (a) or (b) above.

(ii) In conjunction with the Placement Agreement, the Selling Shareholder expects to agree that, subject to certain exceptions, it will not, without the prior written consent of the Joint Bookrunners, for a period of six months from the date of Listing:

(a) sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, conditionally or unconditionally any Shares or any other securities of the Company that are substantially similar to the Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable, or any warrants or other rights to purchase, the foregoing whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge, derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of the Company that are substantially similar to the Shares, or any securities convertible into or exchangeable or exercisable, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

(c) publicly announce an intention to effect any transaction specified in (a) or (b) above.

The restrictions above do not apply (i) to Shares to be sold pursuant to the IPO, (ii) in respect of the additional Shares that are sold pursuant to the Over-allotment Option granted by the Selling Shareholder to the Stabilising Manager, on behalf of the Placement Managers, or (iii) to the transfer of Shares by the Selling Shareholder as contemplated under the Share Lending Agreement, provided that these lock-up restrictions will apply to our Shares returned to the Selling Shareholder pursuant to the Share Lending Agreement.

(iii) Each of the Cornerstone Investors have severally agreed that, subject to certain exceptions and unless otherwise provided to the contrary in the relevant individual cornerstone placing agreement, they and/or the funds/accounts that they manage shall not, and shall procure that their affiliates, nominees or trustees holding Shares on trust for them or on their behalf shall not, without the prior collective written consent of our Company, the Selling Shareholder and the Joint Global Coordinators, for a period of 180 days from the date of Admission:

(a) offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, subscribe for, hypothecate or create any encumbrance, or otherwise transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares (or any securities convertible into or exercisable or exchangeable for Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities;

(d) agree to do or announce any intention to do any of the above or an offering or sale of, any of the Shares or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof) or file any registration statement under the U.S. Securities Act with respect to any of the foregoing; or

(e) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Shares.

4.11 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, the IPO Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of the IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List of the Main Market of Bursa Securities;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in the Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

5. RISK FACTORS

Our operations are subject to the legal, regulatory and business environments in the countries in which we operate. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us or our Shares.

5.1 RISKS RELATING TO OUR INDUSTRY

5.1.1 Demand for our drilling services and oilfield services, the prices that we charge for our services and our profit margins depend on the level of activity of, and the corresponding capital spending by, oil and gas companies, which are significantly affected by volatile oil and natural gas prices and cyclicality in the offshore drilling and oilfield services industries.

As our customers operate mainly in the oil and gas industry, demand for our drilling services and oilfield services is closely linked to the levels of offshore exploration, development and production activity of, and the corresponding capital spending by, oil and gas companies, which in turn are primarily affected by the trends in and outlook of oil and natural gas prices.

Both oil and natural gas prices have historically been volatile and may be volatile in the future. Oil and natural gas prices have a direct bearing on the levels of activity in the oil and gas industry, including the levels of offshore exploration, development and production activity. Prices for oil and natural gas fluctuate in response to a variety of factors, including, without limitation:

(i) the level of demand for oil and natural gas, which is strongly correlated with global economic growth;

(ii) the cost of exploring for, developing, producing and delivering oil and natural gas;

(iii) advances in exploration, development and production technology;

(iv) the level of oil production by non-OPEC countries, the ability of countries within OPEC to set and maintain oil production levels and oil prices and the availability of excess production capacity by countries within OPEC;

(v) government policies, including policies relating to the exploration, production and development of their oil and natural gas reserves (particularly offshore reserves) and policies relating to energy security or environmental regulations;

(vi) adverse global weather conditions and natural disasters;

(vii) global political, military and economic conditions;

(viii) shifts in end-customer preferences toward fuel efficiency; and

(ix) potential development of alternative fuels.

Any prolonged reduction in oil and natural gas prices may depress the levels of exploration, development and production activity. This in turn may ultimately depress the demand for drilling services and oilfield services, the prices charged for such services and the utilisation rates of drilling rigs and other assets related to exploration, development and production activity. In addition, any perception of lower oil and natural gas prices in the longer term may also similarly reduce or defer major expenditures by oil and gas companies given the long-term nature of many large-scale development projects.

In addition, the offshore drilling industry has historically been cyclical, with periods of high demand and high day rates for offshore drilling rigs leading to increased capital expenditure on new and existing offshore drilling rigs. Increased capital expenditure and higher demand generally increase the price of these rigs and, in the case of newly built offshore drilling rigs, the amount of time to construct and deliver these rigs. More offshore drilling rigs being brought into service may eventually lead to periods of oversupply, which are often followed by low utilisation rates and day rates for such rigs. This cyclicality in the offshore drilling industry can result in similar cyclicality in oilfield services related to offshore drilling.

Uncertainty concerning potential movements in oil and natural gas prices or cyclicality in the offshore drilling and oilfield services industries could have a material adverse effect on our business, results of operations and cash flows.

5.1.2 We may fail to respond to technological changes in the drilling and oilfield services markets or changes in the needs, preferences and technical requirements of our customers.

Our competitiveness in the drilling and oilfield services markets depends largely on our ability to keep up with developments in technology in related areas. This technology is subject to rapid and significant change. If we are unable to anticipate technological trends or rapidly develop and incorporate new technology that our customers require, we may not be able to meet the high technical requirements of our customers or otherwise offer sufficiently advanced services to our customers' satisfaction.

In addition, our operations, including our range of services, offerings and pricing, are largely subject to changes in the needs, preferences and technical requirements of our customers. For example, although the current focus on EOR projects in Malaysia is compatible with our current service offerings, future demand for drilling of offshore fields in deepwater regions of South East Asia, as increasing numbers of these fields in shallow water regions mature, could require us to adjust our offerings. If we do not have the expertise, technology or capital resources to respond adequately to changes required by our customers or fail to respond to those changes in a timely manner or at all, we may lose these customers or fail to establish relationships with new customers, which could have a material adverse effect on our business, results of operations and cash flows.

5.1.3 We operate in a global, competitive environment, and if we fail to compete effectively, we may not be able to expand our operations or maintain our existing market presence.

We face competition from local and global players providing similar services, and we expect to see increased competition from these players. Some of our competitors may have a competitive advantage over us in selected areas by having, for example, better asset portfolios (including larger fleets of semi-submersible rigs, premium jack-up rigs and HWUs or more technologically advanced versions of these assets), longer operating histories, stronger capital resources, larger customer bases, stronger relationships with particular customers or better name recognition. Our contracts are traditionally awarded on a competitive bid basis, and we and our competitors tend to compete on experience, technology, personnel, scale of operations and costs. Our ability to succeed in the markets in which we operate will depend on many factors, including our pricing, experience (including track record of timely project completion), service quality, financial strength, equipment suitability, reputation for HSE practices and suitability of technology. If we fail to compete effectively, we may not be able to secure new or maintain current contracts. Subsequently, we may not be able to expand our operations or maintain our existing market presence, which in turn could have a material adverse effect on our business, results of operations and cash flows.

5.1.4 Our drilling operations are subject to the inherent risks and occupational hazards of the oil and gas industry.

Our drilling operations are subject to the inherent risks and occupational hazards of the oil and gas industry, and our customers emphasise the safety records and quality management systems of their drilling service providers. Risks and hazards inherent to our drilling operations include blowouts, reservoir damage, loss of production, lost or stuck drill strings, equipment defects, uncontrolled fires or explosions, and pollution and other damage to the environment as a result of spillage of hydrocarbons, fuel, lubricants or other chemicals and substances used in drilling services operations. The provision of drilling services requires the use of heavy equipment and exposure to dangerous conditions that can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage and involuntary suspension of our operations. Any of these developments may subject us to property, environmental and other damage claims by employees, customers and third parties, and we may have to channel substantial resources towards defending or resolving these claims. Our customers may be unable or unwilling to indemnify us against these developments. Our contractual indemnification rights also may not adequately cover losses arising from these developments, may not be customary or available at all, and courts may decide that certain indemnities in our current or future contracts are not enforceable. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and cash flows.

In addition, governmental action relating to these inherent risks and occupational hazards at other oil and gas companies could adversely impact the oil and gas industry and our operations. Governmental investigations and proceedings into drilling accidents may result in significant changes to existing laws and regulations and substantially stricter government regulation of offshore drilling rigs for particular companies and the industry as a whole. For example, following the explosion and related fire at the Deepwater Horizon offshore drilling rig in the United States in 2010, the United States government issued a six-month moratorium on all deepwater drilling in the outer continental shelf regions of the U.S. Gulf of Mexico and the Pacific Ocean, which was only lifted in 2011 when the national commission investigating the incident released its final report, with recommendations for new regulations. While we have not operated, and currently do not operate, any drilling rigs or HWUs in the U.S. Gulf of Mexico, amendments to existing laws and regulations or the adoption of new laws and regulations curtailing or further regulating exploratory or development drilling and production of oil and gas in the areas where we operate may be restrictive and require compliance measures that could have a material adverse effect on our business, operating results and financial condition.

5.1.5 The drilling services industry has historically experienced a shortage of talented and experienced personnel and management, and we face competition for qualified personnel and management for our business.

Operation of our drilling services requires a large number of talented and experienced personnel and management with specialised skills and abilities. In the current drilling services market, talented and experienced personnel (in particular, engineers and drillers) and management are scarce, and employers must compete to secure their services. A general shortage of qualified personnel and management and the generally higher compensation offered by international firms in our markets may require us to raise salaries and benefits. Our inability to attract and retain a sufficient number of qualified personnel and management could have a material adverse effect on our business, results of operations and cash flows.

5.1.6 Our operations may be impacted by adverse weather conditions and natural hazards.

Our operations may be impacted by adverse weather conditions, such as tropical storms, that may compromise our ability to carry out offshore drilling or workover operations, either in whole or in part. In addition, natural hazards, such as tropical storms, tsunamis and earthquakes, in the areas where we operate may damage our equipment, offshore structures, ports or other facilities used in our operations, and prolonged downtime in any of our equipment could result in disruption to our operations. Any of the foregoing could have a material adverse effect on our revenue, profits, financial position, business, results of operations and cash flows.

5.1.7 Regulation of greenhouse gas emissions and climate change could have a negative impact on our business.

Some scientific studies have suggested that emissions of certain gases (primarily carbon dioxide and methane), commonly referred to as "greenhouse gases" , may be contributing to the warming of the earth's atmosphere and other climatic changes. In response to such studies, the issue of climate change and the effect of greenhouse gas emissions, in particular emissions from fossil fuels, is attracting increasing attention worldwide. As a result, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. For example, pursuant to the Kyoto Protocol, adopting countries, such as Malaysia, are required to implement national programmes to reduce emissions of greenhouse gases.

Because our business depends on the level of activity in the oil and gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a negative impact on our business if such laws, regulations, treaties or international agreements lead to lower worldwide demand for oil and natural gas or otherwise result in reduced economic activity generally. In addition, such laws, regulations, treaties or international agreements could result in increased compliance costs or additional operating restrictions, which may have a negative impact on our business. In addition to potential impacts on our business directly or indirectly resulting from climate-change legislation or regulations, our business could also be negatively affected by severe weather patterns related to climate change. An increase in severe weather patterns could result in damage to or loss of our drilling rigs or HWUs, impact our ability to conduct our operations and/or result in a disruption of our customers' operations.

5.1.8 We may be affected by a fundamental change in PETRONAS' policies towards the oil and gas industry.

PETRONAS' current policies in Malaysia towards the oil and gas industry include the imposition of licencing requirements. Under these policies, only companies with valid licences may supply goods, products and services to the upstream sector of the oil and gas industry in Malaysia and the PETRONAS group of companies in the downstream sector. In addition, these PETRONAS policies also restrict the ability of suppliers of goods, products and services to operate in Malaysia. These restrictions can require, for example, foreign suppliers to use Malaysian content in their operations and to operate with a Malaysian partner or company either by forming a joint venture with the Malaysian partner or company or by designating the Malaysian partner or company as an exclusive agent representing the said foreign entity.

Our Malaysian business is primarily dependent on licences issued by PETRONAS for our domestic operations, both for drilling operations as well as for oilfield services. Any fundamental change in PETRONAS' policies, such as a relaxation or liberalisation of licencing requirements for the provision of goods, products and services related to the oil and gas industry or permitting foreign suppliers to operate in Malaysia without restrictions (including without local content or a local partner or company), would have a material adverse effect on our business, results of operations and cash flows.

5.2 RISKS RELATING TO OUR BUSINESS

5.2.1 We are dependent on a limited number of major customers.

We have historically derived a substantial amount of our revenue from a limited number of major customers, such as certain subsidiaries of PETRONAS and HESS. While we expect to continue to be awarded contracts from these major customers in the future, there may be changes in their operations, policies or business outlooks that could have a material adverse effect on our prospects. Approximately 67%, 93% and 89% of our total revenues were derived from our top two customers for the FYE 31 December 2010, 2011 and 2012, respectively, and approximately 82% of our total revenues was derived from our top two customers for both the FPE 30 June 2012 and 2013. Our concentration of revenue sources exposes us to a variety of risks, such as the loss of substantial sources of revenue resulting from discontinuation of contracts by major customers due to our failure to fulfil contractual obligations, which could have a material adverse effect on our business, results of operations and cash flows.

5.2.2 We may be affected by compliance with government laws and regulations, including those relating to HSE, governing the industries in which we operate.

Local, national and overseas government laws and regulations, including those related to HSE, govern the industries in which we operate. These laws and regulations govern, among others, HSE compliance, specifications related to project operations, specifications related to offshore drilling rigs and HWUs and requirements related to equipment operation. In addition, our operations rely on licences, permits and registrations to conduct business in the jurisdictions in which we operate, including, among others, our ability to secure drilling projects locally and globally. Even when we have obtained the required licences, permits and registrations, we are subject to continued review under applicable laws and regulations, the implementation of which is subject to change. Further, we have incurred, and expect to continue to incur, operating costs to comply with applicable laws and regulations, and we have made, and expect to continue to make, capital expenditures on an ongoing basis to comply with relevant laws and regulations.

There can be no assurance that we will be able to remain in compliance with applicable laws and regulations, that we will be able to obtain, maintain or renew required licences, permits and registrations or that we will not become involved in future litigation or other proceedings (or be held responsible in any future litigation or other proceedings) relating to HSE matters, the costs of which could be material. In addition, there can be no assurance that the adoption of new HSE laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of these laws and regulations or other similar developments will not result in our being subject to fines and penalties or having to incur additional capital expenditures or operating expenses to upgrade, supplement or relocate our equipment and facilities.

Our failure to comply with all applicable government laws and regulations, or a change in the government laws and regulations governing the industries in which we operate, may disrupt our operations and could have a material adverse effect on our business, results of operations and cash flows.

5.2.3 We may not be able to procure inputs, including equipment, assembly parts and chemicals, from suppliers in a timely manner, on satisfactory terms or at all.

Our operations are dependent on a sufficient supply of inputs, including equipment, assembly parts and chemicals, used in our provision of services. Some of these inputs, in particular certain technical equipment used in our offshore drilling rigs and HWUs, such as top drives, blowout preventers and related parts, are only available from limited suppliers. In addition, inventory management on our drilling rigs is an important aspect of our drilling operations due to the high cost of transporting spare parts and supplies by air, ship or other means on short notice to drilling rigs operating offshore. We cannot assure you that there will not be any substantial fluctuations in the supply and price of these inputs, that we will be able to secure sufficient amounts of these inputs from limited suppliers or that we will be able to adequately manage our inventories for certain inputs. In addition, if any of our suppliers fail to supply these inputs in a timely manner, on satisfactory terms or at all, and we are not able to obtain acceptable substitutes, our operations may be disrupted and our relationships with customers may be harmed. Any of these factors could have a material adverse effect on our business, results of operations and cash flows.

5.2.4 Some of our drilling services contracts may be terminated prematurely under various circumstances.

Some of our customers have the right to terminate their drilling services contracts with us upon payment of early termination or other fees, but these payments may not fully compensate us for the loss of these contracts. Some of our customers may also terminate these contracts without payment of early termination or other fees under various circumstances, typically including, but not limited to, delayed commencement of operations or mobilisation of our drilling rig, sustained periods of non-performance or deficient performance by our drilling rig or equipment, prolonged periods of downtime due to force majeure events and other operational issues. Many of these circumstances are beyond our control. In this regard, in 2009, PCPP Operating Company Sdn Bhd terminated its contract with us for provision of NAGA 2 before we took delivery of that drilling rig. We cannot assure you that our customers will not terminate some of our contracts prematurely, or that we will be able to secure new contracts in a timely manner, on satisfactory terms or at all, any of which may result in periods where our assets are underutilised and unable to generate revenue. Any of the foregoing could have a material adverse effect on our business, results of operations and cash flows.

5.2.5 We cannot provide any assurance that our drilling services contracted backlog will be ultimately realised.

As at 30 June 2013, the contracts that make up our drilling services contracted backlog totalled approximately RM1,471.3 million. Our drilling services contracted backlog, or future contracted revenues, reflects firm commitments represented by signed drilling services contracts. It has been calculated by multiplying the contracted operating day rate by the number of days in the remaining contract period, assuming full utilisation throughout the relevant period. The amount of actual revenues that we earn and the actual periods during which our revenues will be earned may be different from our contracted backlog disclosed in this Prospectus due to various factors. Factors that may cause our actual revenues to be lower than contracted backlog include downtime caused by scheduled and unscheduled repairs and maintenance, upgrades and weather and other operating factors. In some of our contracts, our customers have the right to terminate their drilling services contracts with us upon payment of early termination or other fees, but these payments may not fully compensate us for the loss of these contracts. Our inability or the inability of our customers to perform under our or their contractual obligations may have a material adverse effect on our financial position, business, results of operations and cash flows.

5.2.6 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations.

We maintain insurance at levels that we believe are customary in the businesses in which we operate to protect against various losses and liabilities. We maintain insurance to cover, among others, damage to our equipment, infrastructure and facilities, business interruption risks and workers compensation. There can be no assurance that our insurance will be adequate to cover all losses or liabilities that might occur in our operations in the future. The operation of our facilities involves inherent risks and occupational hazards, and if we were to incur a significant loss or liability for which we were not fully insured, it could have a material adverse effect on our business, reputation, results of operations and cash flows.

Our insurance coverage is also subject to periodic renewal. If the availability of our insurance coverage is reduced significantly for any reason, we may become exposed to certain risks for which we are not and/or could not be insured. Further, if premium levels for the insurance coverage required for our operations increase significantly, we could incur substantially higher costs for such coverage or may decide to reduce the coverage amount, either of which could have a material adverse effect on our business, results of operations and cash flows.

5.2.7 As we continue to expand internationally, we are increasingly susceptible to legal, regulatory, political, economic and competitive conditions outside of Malaysia, as well as operational risks different from those that we face in Malaysia.

We operate internationally and expect to continue expanding our business activities outside of Malaysia. We are required to comply with foreign laws and regulations in the countries in which we operate including, but not limited to, trade laws, investment sanction laws, environmental laws, tax laws, industry laws and capital control regulations. We conduct country risk assessments and in-country risk management to ensure that we understand the legal and regulatory operating environment and the political, economic and competitive conditions of a particular country, both when commencing work in that country and on an ongoing basis. We cannot ensure, however, that local legal, regulatory, political, economic or competitive developments in the countries in which we operate will not have a material adverse effect on our business, financial condition or results of operations.

We have expanded our business through investments and projects outside of Malaysia, and we may continue to make similar investments or undertake similar projects in the future, including seeking opportunities in promising oil and gas exploration markets, such as Vietnam, Indonesia, Thailand and Myanmar. These transactions subject us to different risks than those we face in growing our operations in Malaysia, including foreign legal and regulatory risks associated with cross-border transactions and operational risks related to managing transactions outside of Malaysia, such as those arising from dealing with entrenched domestic competitors in overseas markets and our relative lack of familiarity with the rules and regulations in other jurisdictions. These risks may complicate our efforts to complete these transactions and impede our efforts to integrate the overseas businesses into our global operations. Addressing these risks may require us to devote substantial management resources, which could distract our management from overseeing our ongoing operations. Any failure by us to address these issues could delay or prevent us from completing any future overseas expansions or could make such transactions substantially more expensive to complete than we had anticipated, any of which could have a material adverse effect on our business, financial condition or results of operations.

5.2.8 We are dependent on PETRONAS-issued licences used by our drilling services and oilfield services businesses and on licences used by our oilfield services business in connection with OCTG threading, inspection and repair services focused on premium connections.

For activities undertaken by our drilling services and oilfield services businesses in Malaysia, we are dependent on licences issued by PETRONAS. These licences allow us to participate in bidding exercises and/or to be considered for projects in the Malaysian oil and gas sector. In addition, in our oilfield services business, we offer OCTG threading, inspection and repair services focused on premium connections used in high-end and complex wells. We have secured the necessary licences from key international and local licensors in the threading industry that permit us to provide threading, inspection and repair services in accordance with each licence's scope of services, tenure and other specifications.

Our licences are subject to periodic renewal, and we have been able to renew our licences in the past. However, there can be no assurance that these licences will be maintained or renewed upon expiry in the future. In addition, there can be no assurance that we will be able to obtain new licences to grow our business.

Failure to obtain, maintain or renew our PETRONAS-issued licences would prevent us from being able to provide our drilling and oilfield services to the Malaysian oil and gas sector. Failure to obtain, maintain or renew our OCTG threading, inspection and repair-related licences could result in the loss of customers requiring such licenced services and restrict our access to the more premium segments of the OCTG threading, inspection and repair market. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

5.2.9 We may not be able to grow successfully through future acquisitions or to effectively integrate the acquired businesses.

Our business strategy has included, and will continue to include, growth through the acquisition of other businesses and assets. We may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets on favourable terms. Currently, competition for acquisition opportunities is limited but it may escalate, increasing our acquisition cost or causing us to refrain from making acquisitions. We may be required to incur substantial indebtedness to finance future acquisitions, with additional debt service requirements imposing a burden on our operations and financial condition. In addition, we may not be successful in integrating our current or future acquisitions into our existing operations, which may result in unforeseen operational difficulties or weaker financial performance and may require a disproportionate amount of management attention.

5.2.10 Repair and maintenance of our key assets, equipment and facilities may require substantial expenditure, and breakdown, non-performance or loss of the key assets, equipment and facilities on which we are dependent may cause us to incur losses.

Our operations are dependent on the operating efficiency and reliability of our key assets, equipment and facilities in terms of operational worthiness and compliance with safety standards, and we are required to maintain our key assets (such as our offshore drilling rigs and HWUs), equipment and facilities through scheduled and unscheduled repair and maintenance. Our repair and maintenance programme is an important part of our business operations and involves substantial expenditure and results in loss of opportunity from downtime of our equipment and facilities. Repair and maintenance performed after any breakdown of our key assets, equipment and facilities can be costly and time-consuming and, in certain cases, can be more costly and time-consuming than we anticipated, any or both of which could result in significant tangible and intangible losses to us.

Unexpected breakdowns, non-performance or loss of key assets, equipment and facilities are by their nature unpredictable. In the event of downtime or loss of our key assets, equipment and facilities, we may incur additional costs and losses arising from the disruption of our workflow and scheduled activities. Rectification of breakdown or non-performance of this type, depending on its severity, may also require replacement or repair of key components, the procurement of which may entail long lead-times. Rectification on the affected key asset, equipment and facilities may require us to incur substantial expenditures, which may result in the affected key asset, equipment and facilities being out of service and unable to generate revenue for extended periods of time. In this regard, in 2012, our subsidiary UOS experienced breakdowns of two CNC lathe machines, due to the failure of certain machine components which resulted in the inability of the machines to achieve the required level of accuracy in production. These breakdowns resulted in downtime of six months in 2012 and we believe this resulted in the loss of revenue amounting to approximately RM3.3 million due to repairs that required more time than we anticipated. As we are also dependent on a small number of offshore drilling rigs and HWUs to provide our services, we may incur losses as a result of service disruption, damage to any of our drilling rigs or HWUs or loss of any of our drilling rigs or HWUs. For instance, in November 2013, NAGA 3 is expected to undergo unscheduled repair work on a few of its ballast tanks for approximately three weeks. While we do not expect these repairs and their associated costs to have any impact on our contractual obligations under NAGA 3's current contract with PETRONAS Carigali or our financial performance for the FYE 31 December 2013, we cannot assure you that unscheduled repairs in the future would not have a material adverse effect on our business, results of operations and cash flows.

The occurrence of any of the above developments may potentially disrupt the operation of our affected key asset, equipment or facilities and may result in our being unable to meet our contractual obligations with our customers or may otherwise have a material adverse effect on our business, results of operations and cash flows. In addition, if we were to dispose of or lose any of our key assets, equipment or facilities, in particular our offshore drilling rigs and HWUs, we may not be able to secure a replacement for such key asset, equipment or facilities in a short timeframe on satisfactory terms or at all. The loss of such key asset, equipment or facilities may have a material adverse effect on our business, results of operations and cash flows.

5.2.11 We may not be able to effectively manage our present or future assets and joint ventures.

We have previously expanded our business through acquisitions, investments and joint ventures. Acquisitions, investments or joint ventures may require us to make significant cash commitments and incur substantial debt. Further, problems may arise preventing the effective integration of expanded operations and the ability to maintain key pre-acquisition relationships.

We may not be able to effectively manage or execute our strategies with respect to our present or future assets and joint ventures. Our control over these assets and joint ventures is generally subject to the terms of applicable agreements and arrangements.

In addition, our partners in these assets and joint ventures may:

(i) have economic or business interests or goals that are inconsistent with ours;

(ii) take actions contrary to our instructions or requests or contrary to our policies or objectives; or

(iii) be unable or unwilling to fulfil their obligations under the applicable agreement or arrangement or to provide anticipated levels of support.

A disagreement, depending on its severity, with any of our partners could affect our ability to develop or operate the respective asset or joint venture, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

5.2.12 We are exposed to the credit risk of our customers and counterparties with whom we do business.

Adverse economic conditions affecting, or financial difficulties of, our customers and counterparties could impair the ability of our customers and counterparties to pay for our services or fulfil their contractual obligations or cause them to delay those payments or obligations. We depend on our customers and counterparties to remit payments on a timely basis. Any delay or default in payment could have a material adverse effect on our financial condition, results of operations and cash flows.

5.2.13 Our controlling shareholder may have interests that may not be aligned or may conflict with those of our other shareholders.

Upon the successful completion of our IPO and assuming the Over-allotment Option is not exercised, UMWH will own 61% of our enlarged issued and paid-up share capital and will remain our controlling shareholder. As our controlling shareholder, other than in respect of certain votes regarding matters in which it is an interested party and must abstain from voting under the Bursa Securities LR, UMWH would be able to influence the approval of any corporate proposal or transaction requiring a shareholders' resolution under the Act, including the approval of all final dividends as well as the election and the appointment of our directors. The interests of UMWH may differ from the interests of our other shareholders.

5.2.14 Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers.

Global capital and credit markets have experienced extreme volatility, disruption and decreased liquidity in recent years, making it more difficult for companies to access capital and credit markets. While there have been periods of stability in these markets, the environment has become more volatile and unpredictable. Recently, there has been particular focus on the potential for sovereign debt defaults and banking failures in Europe. Volatility in global financial markets has added to the uncertainty of the global economic outlook and a number of countries are experiencing slow economic activity. In addition, we remain subject to the possibility of reduced access to, and increased costs of, funding, a slowing down in the activity of our business partners or other adverse impacts on entities with whom we have business dealings.

Our business is capital intensive, requiring drilling rigs, HWUs and specialised equipment to provide our services, and may involve acquiring and/or upgrading our equipment and facilities, including our offshore drilling rigs and HWUs. We depend on stable, liquid and well-functioning capital and credit markets to fund our future projects and development, and failure to obtain sufficient financing on a timely and satisfactory basis could cause us to forego acquisitions or opportunities to tender for certain projects. If market conditions deteriorate due to economic, financial, political or other reasons or if currently low interest rates were to increase, our ability to obtain bank financing and access the capital markets in the future may be adversely affected. We cannot assure you that any required additional financing, either on a short-term or long-term basis, will be made available on terms satisfactory to us or at all. If we are unable to obtain adequate funding when needed or obtain funding on favourable terms, we may find it difficult to meet our capital needs, take advantage of business opportunities or respond to competitive pressures. Any or all of these developments could have a material adverse effect on our business, financial condition, results of operations and cash flows.

5.2.15 We are exposed to foreign exchange risk arising from changes in the exchange rates between the functional currencies of companies in our Group and other currencies.

We are exposed to foreign exchange risk. As at 31 December 2010, 2011 and 2012, approximately 9%, 7% and 11%, respectively, of our trade receivables and approximately 22%, 29% and 12%, respectively, of our trade payables were denominated in currencies other than the functional currency of the relevant company in our Group. As at 30 June 2013, approximately 24% of our trade receivables and approximately 34% of our trade payables were denominated in currencies other than the functional currency of the relevant company in our Group. Many of the companies in our Group use USD as their functional currency, but our combined financial information included in this Prospectus is in RM, and our future reporting of financial information will be in RM. The RM operates on a managed float basis, and an appreciation of the RM against other currencies may have a material adverse effect on our financial performance and financial position because we may incur foreign exchange losses and foreign currency translation losses. In addition, changes in currency exchange rates may result in significantly higher domestic interest rates, liquidity shortages and capital or exchange controls, which in turn could lead to a reduction of economic activity, economic recession, loan defaults, lower deposits and an increased cost of funds. Changes in the exchange rate between the RM and other currencies, in particular the USD, could have an adverse impact on our results of operations and financial condition, including as a result of translation differences when converting other currency amounts to RM for financial statement purposes.

5.2.16 The use of derivative instruments, such as currency forward contracts, may not fully hedge the risks of price fluctuations.

We may use derivative instruments, such as currency forward contracts or other similar transactions, in the ordinary course of our business to hedge the risks of adverse fluctuations in foreign exchange. We make limited use of currency forward contracts, as most of our payments are naturally hedged by our revenues in the same currencies. As at 31 December 2010, we had no outstanding forward contracts. The notional values of our outstanding forward contracts as at 31 December 2011 and 2012 and 30 June 2013 were RM16.2 million, RM42.8 million and RM10.1 million, respectively, and as at these dates, we had no other outstanding derivative instruments. However, because foreign exchange markets are volatile, we may not be able to fully hedge the future gains or losses with these instruments against the corresponding change in foreign exchange rates. Any severe or wide fluctuation in foreign exchange rates could have an adverse effect on our business, financial condition and results of operations if we are unable to manage such fluctuations effectively through these derivative instruments.

5.3 RISKS RELATING TO OUR SHARES

5.3.1 The offering of our Shares may not result in an active liquid market for our Shares.

There has been no prior market for our Shares, and there is no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. Nor can there be assurance that the trading price of our Shares will reflect our financial and operation conditions, our prospects and the prospects of the industries in which we operate. None of us, the Promoter, the Selling Shareholder and the Placement Managers have an obligation to make a market for our Shares.

On 29 July 2013, Bursa Securities approved our application for the listing of and quotation for our enlarged issued and paid-up share capital (including the IPO Shares) on the Main Market of Bursa Securities. It is expected that there will be an approximate 12 Market Day gap between the closing of the Retail Offering and the trading of our Shares. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities markets, our industry or us during this period that would adversely affect the market price of our Shares when they begin trading, and we cannot assure you that we will be able to maintain the Listing.

5.3.2 Our Share price may be volatile.

The market price of our Shares could be affected by numerous factors, including the following:

(i) general market, political and economic conditions;

(ii) trading liquidity of our Shares;

(iii) differences in our actual financial and operating results and those expected by investors and analysts;

(iv) changes in earnings estimates and recommendations by financial analysts;

(v) changes in market valuations of listed shares in general or shares of companies comparable to ours;

(vi) perceived prospects of our business and the oil and gas markets in Malaysia and worldwide;

(vii) changes in government policy, legislation or regulation; and

(viii) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could have a material adverse effect on the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Institutional Price or the Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that are often unrelated to the operating performance of these companies. There is no assurance that the price and trading of our Shares will not be subject to the same fluctuations.

5.3.3 There may be a delay in, or termination of, the Listing.

The occurrence of certain events, including the following, may cause a delay in, or termination of, the Listing:

(i) the Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement to discharge themselves of their obligations thereunder;

(ii) our inability to meet the minimum public spread requirement as approved by Bursa Securities on 29 August 2013, that is, having at least 22.4% of the total number of shares for which Listing is sought, in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of the Listing; or

(iii) the revocation of approvals from the relevant authorities for the Listing and/or admission to the Official List for whatever reason.

In such an event, investors will not receive any IPO Shares, and we and the Selling Shareholder will return in full, without interest, all monies paid in respect of all applications for the IPO Shares. If such monies are not returned in full within 14 days after we and the Selling Shareholder become liable to do so, then, in accordance with the provision of Section 243(2) of the CMSA, we and the Selling Shareholder (including the officers of our Company and the Selling Shareholder) shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC upon expiration of that period until the full refund is made.

In the event that the Listing is aborted and our Shares have been allotted to the shareholders, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. In the event the approval from the High Court of Malaya is not obtained, there can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

5.3.4 We are a holding company and, as a result, are dependent on dividends from our subsidiaries to meet our obligations and to provide funds for payment of dividends on our Shares.

We are a holding company and conduct substantially all of our operations through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our principal source of income. Consequently, the amount of these dividends and distributions are an important factor in our ability to pay dividends on our Shares (to the extent declared by our Board of Directors). The ability of our subsidiaries to pay dividends or make other distributions to us is subject to various factors, including applicable laws or agreements restricting their ability to pay dividends or make other distributions, the availability of their distributable reserves, their having sufficient funds that are not needed to fund their operations, debt servicing and other obligations or business plans.

In addition, changes in applicable accounting standards may affect the ability of our subsidiaries, and consequently, our ability, to declare and pay dividends. As we are a shareholder of our subsidiaries, our claims as a shareholder will generally rank junior to all claims of our subsidiaries' creditors and claimants. In the event of a liquidation of a subsidiary, there may not be sufficient assets for us to recoup our investment in that entity.

5.3.5 The sale, or the possible sale, of a substantial number of our Shares in the public market following our IPO could adversely affect the price of our Shares.

Following the offering and sale of up to 843,180,000 IPO Shares, up to 39% of our Shares will be publicly held by investors participating in our IPO, while 1,318,820,000 Shares, or 61% of our issued and paid-up share capital, will be held by UMWH. Following the Listing, the Shares sold in our IPO will be tradable on the Main Market of Bursa Securities without restriction. Our Shares may also be sold outside the United States, subject to the restrictions of Regulation S under the U.S. Securities Act. We and UMWH, as the Selling Shareholder, have entered into lock-up arrangements and UMWH, as the Promoter, is subject to a moratorium on the sale of our Shares in accordance with the SC's requirements and the lock-up arrangements.

However, notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares after the end of the lock-up period in connection with financing activities or otherwise, and it is possible that UMWH may dispose of some or all of its Shares after the lock-up period and moratorium period pursuant to its own investment objectives. If UMWH sells, or is perceived as intending to sell, a substantial amount of our Shares, the market price for our Shares could be adversely affected.

5.3.6 The Retail Price and the Institutional Price are higher than our NA per Share, such that purchasers of our Shares in our IPO will experience immediate and substantial dilution, and purchasers of our Shares may experience further dilution if we issue additional Shares in the future.

The Retail Price and the Institutional Price are higher than our NA per Share. Therefore, purchasers of our Shares in our IPO will experience an immediate dilution in NA of RM1.57 per Share assuming that the Retail Price is RM2.80 and Institutional Price is RM2.80, and our existing shareholders will experience an increase in the NA per Share.

In order to meet our funding requirements, we may consider offering and issuing additional Shares or equity-linked securities in the future. Purchasers of our Shares may experience further dilution in the NA per Share if we issue additional Shares or equity-linked securities in the future.

5.3.7 Forward-looking statements in this Prospectus may not be accurate.

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations are forward-looking statements. Such forward-looking statements are made based on numerous assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and initiatives of the Malaysian government.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisors that such plans and objectives will be achieved.

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6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 Background and history

Our Company was incorporated in Malaysia under the Act on 12 November 2009 as a private limited company under the name of UMW Oil & Gas Corporation Sdn Bhd and was converted into a public company on 14 May 2013.

The principal activity of our Company is to carry on the business of an investment holding company, whilst our Group is principally engaged in the provision of offshore drilling and oilfield services. For further details of the principal activities of our subsidiaries and associate see Section 6.2 of this Prospectus.

6.1.2 Internal Reorganisation

In conjunction with, and as an integral part of our Listing, we had implemented and completed the Internal Reorganisation as follows:

6.1.2.1 Transfer of our Company

UMW-OGB transferred its entire equity interest in our Company to UMWH for a consideration of RM2.

6.1.2.2 Subscription by UMWH

UMWH subscribed for 90 million Shares for RM45.0 million.

6.1.2.3 Acquisitions of our subsidiaries and associate

We incorporated URA on 5 April 2013 and acquired our remaining subsidiaries and associate for a total purchase consideration of RM149.9 million, of which RM44.4 million was settled via cash from the proceeds of the subscription of Shares by UMWH. The balance purchase consideration of RM105.5 million ("**Amount Owing from Acquisitions**") was settled in the manner described in Section 6.1.2.4 of this Prospectus. The basis of arriving at the said total purchase consideration was determined based on the cost of investment of the vendors in the companies that we acquired as at 31 December 2012.

6.1.2.4 Settlement of amounts owing by our Group to the companies within the UMWH Group (other than companies within our Group)

We settled the Amount Owing from Acquisitions and the outstanding balance of RM1,222.0 million comprising amounts owed by our Group to the companies within the UMWH Group (other than the companies within our Group) as at 31 March 2013 and advances drawndown from UMWH by way of issuance of 1,460.2 million Shares to UMWH. The outstanding balance of RM597.4 million will be settled in cash using the proceeds to be raised through the Public Issue.

The Internal Reorganisation was completed on 30 August 2013.

6.1.3 Share capital

Our authorised share capital is RM2,500,000,000 comprising 5,000,000,000 Shares whilst our issued and paid-up share capital is RM775,100,000 comprising 1,550,200,000 Shares as at the date of this Prospectus.

The changes in our issued and paid-up share capital for the past three years preceding the date of this Prospectus are as follows:

Date of allotment/ subdivision	No. of Shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
13 May 2013	4	0.50	Pursuant to the subdivision of shares	2
6 August 2013	90,000,000	0.50	Cash	45,000,002
30 August 2013	1,460,199,996	0.50	Pursuant to the capitalisation of inter-company balances	775,100,000

Our issued and paid-up share capital will increase to RM1,081,000,000 comprising 2,162,000,000 Shares following the completion of the Public Issue.

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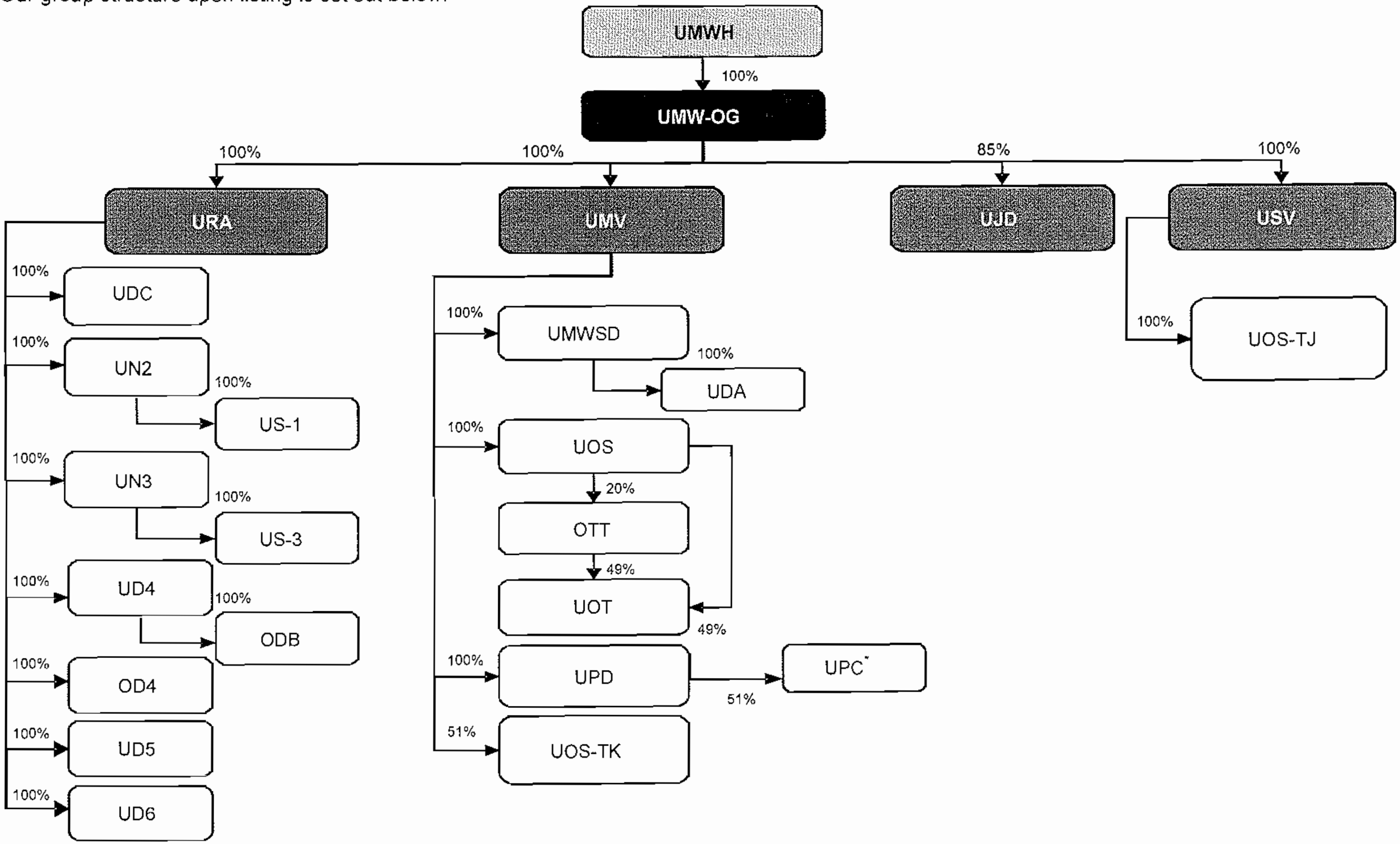
6.2 SUBSIDIARIES AND ASSOCIATE

Our group structure upon listing is set out below:



Note:

* *Company has commenced liquidation.*

6. INFORMATION ON OUR GROUP *(Cont'd)*

Our subsidiaries and associate as at the date of this Prospectus are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
Our subsidiaries				
URA	5 April 2013 Federal Territory of Labuan, Malaysia	USD1	100	Investment holding
UDC	7 March 2005 Federal Territory of Labuan, Malaysia	USD6,000,000	100	Ownership and leasing of rig
UN2	8 January 2007 Federal Territory of Labuan, Malaysia	USD1,000,000	100	Ownership and leasing of rig
US-1	29 November 2006 Republic of Singapore	USD76,500,000	100	Ownership and leasing of rig
UN3	8 January 2007 Federal Territory of Labuan, Malaysia	USD1	100	Ownership and leasing of rig
US-3	29 November 2006 Republic of Singapore	USD74,000,000	100	Ownership and leasing of rig and related activities
UD4	7 June 2012 Federal Territory of Labuan, Malaysia	USD1	100	Ownership and leasing of rig
OD4	8 April 2011 Cayman Islands	USD38,502	100	Investment holding and provision of management services
UD5	12 June 2013 Federal Territory of Labuan, Malaysia	USD1	100	Ownership and leasing of rig
UD6	12 June 2013 Federal Territory of Labuan, Malaysia	USD1	100	Ownership and leasing of rig
ODB	15 December 2010 Cayman Islands	USD42,000	100	Ownership and leasing of rig
UJD	12 June 1987 Malaysia	350,000	85	Provision of drilling operations for the oil and gas industry

Name	Date and country of incorporation	Issued and paid-up share capital	Our effective equity interest	Principal activities
		RM (unless otherwise stated)	%	
UMV	26 September 2008 Malaysia	20,000,000	100	Investment holding
UPD	29 December 1983 Malaysia	10,000,000	100	Provision of workover operations for the oil and gas industry
UPC *(Company has commenced liquidation)*	18 March 2009 Malaysia	600,000	51	Supply speciality snubbing, hot tapping and wellhead freezing equipment and services to the oil and gas industry and manufacturing of oil and gas related products
UOS	14 August 1984 Malaysia	4,250,000	100	Provision of threading, inspection, repair and maintenance services for OCTG
UOT	9 January 1997 Thailand	THB25,000,000 *(Registered capital)*	58.8	Provision of threading, inspection, repair and maintenance services for OCTG
UMWSD	29 July 2003 Malaysia	14,725,000 *(Comprising 14,625,000 ordinary shares of RM1.00 each and 10,000,000 RPS of RM0.01 each)*	100	Contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas
UDA	11 April 2013 Malaysia	2	100	Providing training services and any other related services to any person, firm, association, government body or agency, company, corporation, organisation and institution
UOS -TK	4 August 2006 Federal Territory of Labuan, Malaysia	USD625,000	51	Provision of threading, inspection, repair and maintenance services for OCTG
USV	25 March 2009 Republic of Singapore	SGD9,500,000	100	Investment holding
UOS-TJ	1 November 2002 People's Republic of China	USD2,800,000 *(Registered capital)*	100	Provision of threading, inspection, repair and maintenance services for OCTG
Our associate				
OTT	1 July 1983 Thailand	THB7,000,000 *(Registered capital)*	20	Provision of logistic services for the oil and gas industry

The details of our subsidiaries and associate as at the LPD are set out below:

6.2.1 Our subsidiaries

(i) URA (Company No. LL09587)

URA was incorporated in Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 5 April 2013 as a private limited company under its present name. URA is principally involved in investment holding and commenced its business on 5 April 2013.

The issued and paid-up share capital of URA is USD1 comprising one ordinary share of USD1.

There has been no change in the issued and paid-up share capital of URA since its incorporation and up to the LPD.

URA is our wholly-owned subsidiary. The direct subsidiaries of URA as at the LPD are UDC, UN2, UN3, UD4, OD4, UD5 and UD6, details of which are set out in Sections 6.2.1(ii), (iii), (v), (vii), (viii), (ix) and (x) of this Prospectus, respectively. The indirect subsidiaries of URA as at the LPD are US-1, US-3 and ODB, details of which are set out in Sections 6.2.1(iv), (vi) and (xi) of this Prospectus, respectively.

As at the LPD, URA does not have any associate.

(ii) UDC (Company No. LL04732)

UDC was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 7 March 2005 as a private limited company under its present name. UDC is principally involved in the ownership and leasing of rig and commenced its business on 7 March 2005.

The issued and paid-up share capital of UDC is USD6,000,000 comprising 6,000,000 ordinary shares of USD1 each.

There has been no change in the issued and paid-up share capital of UDC for the past three years preceding the LPD.
UDC is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, UDC does not have any subsidiary or associate.

(iii) UN2 (Company No. LL05686)

UN2 was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 8 January 2007 as a private limited company under its present name. UN2 is principally involved in the ownership and leasing of rig and commenced its business on 8 January 2007.

The issued and paid-up share capital of UN2 is USD1,000,000 comprising 1,000,000 ordinary shares of USD1 each.

There has been no change in the issued and paid-up share capital of UN2 for the past three years preceding the LPD.

UN2 is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. The direct subsidiary of UN2 as at the LPD is US-1, details of which are set out in Section 6.2.1(iv) of this Prospectus. As at the LPD, UN2 does not have any associate.

(iv) US-1 (Company No. 200617840Z)

US-1 was incorporated in the Republic of Singapore under Chapter 15 of the Companies Act of Singapore on 29 November 2006 as a private limited company under the name of Standard 1 Pte Ltd. On 31 March 2007, the company assumed its present name. US-1 is principally involved in the ownership and leasing of rig and commenced its business on 29 November 2006.

The issued and paid-up share capital of US-1 is USD76,500,000 comprising 75,747,207 ordinary shares.

There has been no change in the issued and paid-up share capital of US-1 for the past three years preceding the LPD.

US-1 is a wholly-owned subsidiary of UN2 which is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, US-1 does not have any subsidiary or associate.

(v) UN3 (Company No. LL05687)

UN3 was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 8 January 2007 as a private limited company under its present name. UN3 is principally involved in the ownership and leasing of rig and commenced its business on 8 January 2007.

The issued and paid-up share capital of UN3 is USD1 comprising one ordinary share of USD1.

There has been no change in the issued and paid-up share capital of UN3 for the past three years preceding the LPD.

UN3 is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. The direct subsidiary of UN3 as at the LPD is US-3, details of which are set out in Section 6.2.1(vi) of this Prospectus. As at the LPD, UN3 does not have any associate.

(vi) US-3 (Company No. 200617845N)

US-3 was incorporated in the Republic of Singapore under Chapter 15 of the Companies Act of Singapore on 29 November 2006 as a private limited company under its present name. US-3 is principally involved in the ownership and leasing of rig and related activities and commenced its business on 29 November 2006.

The issued and paid-up share capital of US-3 is USD74,000,000 comprising 73,052,776 ordinary shares.

There has been no change in the issued and paid-up share capital of US-3 for the past three years preceding the LPD.

US-3 is a wholly-owned subsidiary of UN3 which is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, US-3 does not have any subsidiary or associate.

(vii) UD4 (Company No. LL08986)

UD4 was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 7 June 2012 as a private limited company under its present name. UD4 is principally involved in the ownership and leasing of rig and commenced its business on 7 June 2012.

The issued and paid-up share capital of UD4 is USD1 comprising one ordinary share of USD1.

There has been no change in the issued and paid-up share capital of UD4 since its incorporation and up to the LPD.

UD4 is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. The direct subsidiary of UD4 as at the LPD is ODB, details of which are set out in Section 6.2.1(xi) of this Prospectus. As at the LPD, UD4 does not have any associate.

(viii) OD4 (Company No. 254582)

OD4 was incorporated in the Cayman Islands under the Companies Law CAP 22 on 8 April 2011 as an exempted company with limited liability. OD4 is principally involved in investment holding and provision of management services and commenced its business on 15 December 2010.

The authorised share capital of OD4 is USD50,000 comprising 50,000 ordinary shares of USD1 each and its issued and paid-up share capital is USD38,502 comprising 38,502 ordinary shares of USD1 each.

Details of the changes to the issued and paid-up share capital of OD4 since its incorporation and up to the LPD are as follows:

Date of allotment	No. of shares allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		USD		USD
8 April 2011	1	1	Cash	1
13 April 2011	1	1	Cash	2
5 May 2011	38,500	1	Cash	38,502

OD4 is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, OD4 does not have any subsidiary or associate.

(ix) UD5 (Company No. LL09747)

UD5 was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 12 June 2013 as a private limited company under its present name. UD5 will be principally involved in the ownership and leasing of rig and it has yet to commence its business since incorporation.

The issued and paid-up share capital of UD5 is USD1 comprising one ordinary share of USD1.

There has been no change in the issued and paid-up share capital of UD5 since its incorporation and up to the LPD.

UD5 is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, UD5 does not have any subsidiary or associate.

(x) UD6 (Company No. LL09746)

UD6 was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 12 June 2013 as a private limited company under its present name. UD6 will be principally involved in the ownership and leasing of rig and it has yet to commence its business since incorporation.

The issued and paid-up share capital of UD6 is USD1 comprising one ordinary share of USD1.

There has been no change in the issued and paid-up share capital of UD6 since its incorporation and up to the LPD.

UD6 is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, UD6 does not have any subsidiary or associate.

(xi) ODB (Company No. 249403)

ODB was incorporated in the Cayman Islands under the Companies Law CAP 22 on 15 December 2010 as an exempted company with limited liability under the name of Clearwater Capital Partners Driller I Ltd. On 16 December 2010, the company assumed its present name. ODB is principally involved in the ownership and leasing of rig and commenced its business on 15 December 2010.

The authorised share capital of ODB is USD50,000 comprising 50,000,000 ordinary shares of USD0.001 each and its issued and paid-up share capital is USD42,000 comprising 42,000,000 ordinary shares of USD0.001 each.

There has been no change in the issued and paid-up share capital of ODB for the past three years preceding the LPD.

ODB is a wholly-owned subsidiary of UD4 which is a wholly-owned subsidiary of URA which in turn is our wholly-owned subsidiary. As at the LPD, ODB does not have any subsidiary or associate.

(xii) UJD (Company No. 162017-H)

UJD was incorporated in Malaysia under the Act on 12 June 1987 as a private limited company under the name of Japan Drilling (Malaysia) Sdn Bhd. On 10 May 2005, the company assumed its present name. UJD is principally involved in the provision of drilling operations for the oil and gas industry and commenced its business in June 1987.

The authorised share capital of UJD is RM500,000 comprising 500,000 ordinary shares of RM1 each and its issued and paid-up share capital is RM350,000 comprising 350,000 ordinary shares of RM1 each.

There has been no change in the issued and paid-up share capital of UJD for the past three years preceding the LPD.

UJD is our 85%-owned subsidiary with the remaining 15% held by JDC. As at the LPD, UJD does not have any subsidiary or associate.

The shareholders of UJD and their respective shareholdings in UJD as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
UMW-OG	297,500	85.00
JDC	52,500	15.00

(xiii) UMV (Company No. 834177-K)

UMV was incorporated in Malaysia under the Act on 26 September 2008 as a private limited company under its present name. UMV is principally involved in investment holding and commenced its business on 26 September 2008.

The authorised share capital of UMV is RM50,000,000 comprising 50,000,000 ordinary shares of RM1 each and its issued and paid-up share capital is RM20,000,000 comprising 20,000,000 ordinary shares of RM1 each.

There has been no change in the issued and paid-up share capital of UMV for the past three years preceding the LPD.

UMV is our wholly-owned subsidiary. The direct subsidiaries of UMV as at the LPD are UPD, UOS, UMWSD and UOS-TK, details of which are set out in Sections 6.2.1(xiv), (xvi), (xviii) and (xx) of this Prospectus, respectively.

The indirect subsidiaries of UMV as at the LPD are UPC, UOT and UDA, details of which are set out in Sections 6.2.1(xv), (xvii) and (xix) of this Prospectus, respectively.

The indirect associate of UMV as at the LPD is OTT, details of which are set out in Section 6.2.2(i) of this Prospectus.

(xiv) UPD (Company No. 112187-W)

UPD was incorporated in Malaysia under the Act on 29 December 1983 as a private limited company under the name of Petrodril (Malaysia) Sdn Bhd. On 10 September 2002, the company assumed its present name. UPD is principally involved in the provision of workover operations for the oil and gas industry and commenced its business in 2000.

The authorised share capital of UPD is RM10,000,000 comprising 10,000,000 ordinary shares of RM1 each, all of which have been fully issued and paid-up.

There has been no change in the issued and paid-up share capital of UPD for the past three years preceding the LPD.

UPD is a wholly-owned subsidiary of UMV and in turn is our wholly-owned subsidiary. As at the LPD, the direct subsidiary of UPD is UPC, details of which are set out in Section 6.2.1(xv) of this Prospectus. As at the LPD, UPD does not have any associate.

(xv) UPC (Company No. 850271-D)

UPC was incorporated in Malaysia under the Act on 18 March 2009 as a private limited company under its present name. UPC is principally involved in the supply of speciality snubbing, hot tapping and wellhead freezing equipment and services to the oil and gas industry and manufacturing of oil and gas related products and commenced its business in March 2009.

The authorised share capital of UPC is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each and its issued and paid-up share capital is RM600,000 comprising 600,000 ordinary shares of RM1.00 each.

There has been no change in the issued and paid-up share capital of UPC for the past three years preceding the LPD.

UPC is a 51%-owned subsidiary of UPD which is a wholly-owned subsidiary of UMV and in turn is our wholly-owned subsidiary. As at the LPD, UPC does not have any subsidiary or associate.

The shareholders of UPC and their respective shareholdings in UPC as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
UPD	306,000	51.00
Snubco Pressure Control International Ltd	294,000	49.00

UPC had commenced liquidation on 12 July 2013.

(xvi) UOS (Company No. 124847-A)

UOS was incorporated in Malaysia under the Act on 14 August 1984 as a private limited company under the name of UMW-INA Insurance (Malaysia) Sdn Bhd. On 10 September 1987, the company changed its name to UMW Services Sdn Bhd and on 25 January 1988, the company changed its name to UMW Citra Maju Sdn Bhd. On 23 July 2006, the company assumed its present name. UOS is principally involved in the provision of threading, inspection, repair and maintenance services for OCTG and commenced its business in 1988.

The authorised share capital of UOS is RM7,500,000 comprising 7,500,000 ordinary shares of RM1 each and its issued and paid-up share capital is RM4,250,000 comprising 4,250,000 ordinary shares of RM1 each.

There has been no change in the issued and paid-up share capital of UOS for the past three years preceding the LPD.

UOS is a wholly-owned subsidiary of UMV and in turn is our wholly-owned subsidiary. The direct subsidiary of UOS as at the LPD is UOT, details of which are set out in Section 6.2.1(xvii) of this Prospectus. The direct associate of UOS as at the LPD is OTT, details of which are set out in Section 6.2.2(i) of this Prospectus.

(xvii) UOT (Company No. 0105540003101)

UOT was incorporated in the Thailand under the Civil and Commercial Code of Thailand on 9 January 1997 as a limited company under its present name. UOT is principally involved in the provision of threading, inspection, repair and maintenance services for OCTG and commenced its business in 1997.

The registered capital of UOT is THB25,000,000 comprising 250,000 shares of THB100 each, all of which have been fully issued and paid-up.

There has been no change in the issued and paid-up share capital of UOT for the past three years preceding the LPD.

UOT is a 48.99%-owned subsidiary of UOS and a 49%-owned associate of OTT. OTT is an associate of UOS which is a wholly-owned subsidiary of UMV which in turn is our wholly-owned subsidiary. As at the LPD, UOT does not have any subsidiary or associate.

The shareholders of UOT and their respective shareholdings in UOT as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
UOS	122,495	48.99
OTT	122,500	49.00
Suchart Phatanavithyanon	5,000	2.00
Suseela Menon A/P T.A.S. Menon	1	*
Zulkifly bin Zakaria	2	*
Wan Salleh bin Mohd	1	*
Megat Noor Ishak bin Hj Megat Ibrahim	1	*

Note:

* *Negligible*

(xviii) UMWSD (Company No. 623288-D)

UMWSD was incorporated in Malaysia under the Act on 29 July 2003 as a private limited company under the name of Golden Eagle Energy Sdn Bhd. On 6 March 2007, the company assumed its present name. UMWSD is principally involved in contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas and commenced its business in 2007.

The authorised share capital of UMWSD is RM25,000,000 comprising 23,000,000 ordinary shares of RM1 each and 200,000,000 RPS of RM0.01 each and its issued and paid-up share capital is RM14,725,000 comprising 14,625,000 ordinary shares of RM1 each and 10,000,000 RPS of RM0.01 each.

Details of the changes to the issued and paid-up share capital of UMWSD for the past three years preceding the LPD are as follows:

Date of allotment	No. of shares/ RPS allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
29 November 2010	10,000,000 RPS	0.01	Cash	2,725,000
30 November 2010	12,000,000 ordinary shares	1.00	Cash	14,725,000

UMWSD is a wholly-owned subsidiary of UMV and in turn is our wholly-owned subsidiary. The subsidiary of UMWSD as at the LPD is UDA, details of which are set out in Section 6.2.1(xix) of this Prospectus. As at the LPD, UMWSD does not have any associate.

(xix) UDA (Company No. 1042092-D)

UDA was incorporated in Malaysia under the Act on 11 April 2013 as a private limited company under its present name. UDA is principally involved in providing training services and any other related services to any person, firm, association, government body or agency, company, corporation, organisation and institution and commenced its business in April 2013.

The authorised share capital of UDA is RM400,000 comprising 400,000 ordinary shares of RM1 each and its issued and paid-up share capital is RM2 comprising two ordinary shares of RM1 each.

There has been no change in the issued and paid-up share capital of UDA since its incorporation and up to the LPD.

UDA is a wholly-owned subsidiary of UMWSD which is a wholly-owned subsidiary of UMV and in turn is our wholly-owned subsidiary. As at the LPD, UDA does not have any subsidiary or associate.

(xx) UOS-TK (Company No. LL05454)

UOS-TK was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 on 4 August 2006 as a private limited company under its present name. UOS-TK is principally involved in the provision of threading, inspection, repair and maintenance services for OCTG and commenced its business in August 2006.

The issued and paid-up share capital of UOS-TK is USD625,000 comprising 625,000 ordinary shares of USD1 each.

There has been no change in the issued and paid-up share capital of UOS-TK for the past three years preceding the LPD.

UOS-TK is a 51%-owned subsidiary of UMV which in turn is our wholly-owned subsidiary. As at the LPD, UOS-TK does not have any subsidiary or associate.

The shareholders of UOS-TK and their respective shareholdings in UOS-TK as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
UMV	318,750	51.00
ACE Technologies (L) Ltd.	306,250	49.00

(xxi) USV (Company No. 200905296C)

USV was incorporated in the Republic of Singapore under Chapter 15 of the Companies Act of Singapore on 25 March 2009 as a private limited company under its present name. USV is principally involved in investment holding and commenced its business on 25 March 2009.

The issued and paid-up share capital of USV is SGD9,500,000 comprising 9,500,000 ordinary shares.

There has been no change in the issued and paid-up share capital of USV for the past three years preceding the LPD.

USV is our wholly-owned subsidiary. The direct subsidiary of USV as at the LPD is UOS-TJ, details of which are set out in Section 6.2.1(xxii) of this Prospectus. As at the LPD, USV does not have any associate.

(xxii) UOS-TJ (Company No. 120000400019231)

UOS-TJ was incorporated in the People's Republic of China under the Company Law of the People's Republic of China and other promulgated laws and regulations from time to time (where applicable) on 1 November 2002 as a limited liability company (wholly-owned foreign enterprise) under its present name. UOS-TJ is principally involved in the provision of threading, inspection, repair and maintenance services for OCTG and commenced its business on 1 November 2002.

The registered capital of UOS-TJ is USD2,800,000 and its paid-up capital is USD2,800,000.

Details of the change to the issued and paid-up share capital of UOS-TJ in the past three years preceding the LPD are as follows:

Date of allotment	Registered capital increased	Consideration	Total registered capital
	USD		USD
16 November 2010	800,000	Cash	2,800,000

UOS-TJ is a wholly-owned subsidiary of USV which in turn is our wholly-owned subsidiary. As at the LPD, UOS-TJ does not have any subsidiary or associate.

6.2.2 Our associate

(i) OTT (Company No. 0105526026956)

OTT was incorporated in the Thailand under the Civil and Commercial Code of Thailand on 1 July 1983 as a limited company under its present name. OTT is principally involved in the provision of logistic services for the oil and gas industry and commenced its business on 1 July 1983.

The registered capital of OTT is THB7,000,000 comprising 70,000 shares of THB100 each, all of which have been fully issued and paid-up.

There has been no change in the issued and paid-up share capital of OTT for the past three years preceding the LPD.

OTT is an associate of UOS which is a wholly-owned subsidiary of UMV and in turn is our wholly-owned subsidiary. The direct associate of OTT as at the LPD is UOT, details of which are set out in Section 6.2.1(xvii) of this Prospectus. As at the LPD, OTT does not have any subsidiary.

The shareholders of OTT and their respective shareholdings in OTT as at the LPD are set out below:

Shareholder	No. of ordinary shares	%
Kanthon Wangudom	35,696	50.99
Toll (SCL) Ltd.	6,300	9.00
UOS	14,000	20.00
George Alton McCoy	7,000	10.00
Carol Ann McCoy	7,000	10.00
Adul Tinaphong	1	*
Phonchai Wang-Udom	1	*
Atchara Sirirungruengkul	1	*
Munlika Vuthipakorndet	1	*

Note:

* *Negligible.*

Our Group does not have any outstanding warrants, options, convertible securities or uncalled capital as at the date of this Prospectus.

None of our Shares and share capital in our subsidiaries were issued and allotted at a discount or have any special terms. Our issued Shares and issued share capital in our subsidiaries are fully paid-up.

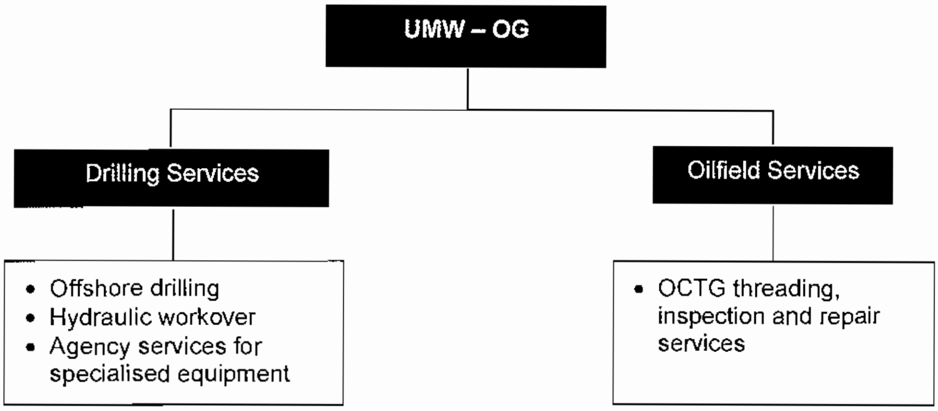
As at the date of this Prospectus, neither our Company nor our subsidiaries and our associate are involved in any bankruptcy, receivership or similar proceedings.

7. BUSINESS OF OUR GROUP

7.1 OVERVIEW

We are a Malaysia-based multinational provider of drilling and oilfield services for the upstream sector of the oil and gas industry. In our drilling services business, we operate in both Malaysia and in other parts of South East Asia, providing drilling services for exploration, development and production wells with our fleet of offshore drilling rigs and providing workover services through our HWUs. In our drilling services business, we also act as an agent in Malaysia for international companies providing specialised drilling equipment and services. In our oilfield services business, we offer threading, inspection and repair services for OCTG in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells.

The following diagram provides an overview of our main businesses:



Our drilling services business offers its services through our fleet of offshore drilling rigs, which consist of one semi-submersible and three premium jack-up drilling rigs, and our fleet of four HWUs.

We jointly own and operate NAGA 1, our semi-submersible drilling rig, and we wholly own and operate NAGA 2, NAGA 3 and NAGA 4, our three premium jack-up drilling rigs. In May 2013, we entered into an agreement that includes the acquisition of another premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014. We are the first Malaysian owner and operator of jack-up drilling rigs in Malaysia. NAGA 1, NAGA 3 and NAGA 4 are currently providing drilling services to PETRONAS Carigali in offshore Malaysia, and NAGA 2 is currently providing these services to PV Drilling for Hoang Long Joint Operating Company, as the end-client, in offshore Vietnam.

In addition, we are the sole Malaysian owner and operator of HWUs and a PETRONAS-licenced provider of HWU services, with four HWUs in our fleet: UP GAIT I, UP GAIT II, UP GAIT III and UP GAIT V. We also act as an exclusive agent in Malaysia for Dril-Quip, a manufacturer of specialised subsea, surface and offshore production equipment based in the United States, and as an agent for Cougar Drilling Solutions, a provider of horizontal drilling services based in Dubai, United Arab Emirates.

In our oilfield services business, we have operations in Malaysia, Thailand, China and Turkmenistan, providing OCTG threading, inspection and repair services. Our operations include specialised services for premium threading, where we offer OCTG threading pursuant to customer- and licence-specific requirements and thread OCTG for premium connections with much higher accuracy and performance for use in complex and demanding operating conditions. In Malaysia, we provide these services at two plants located in Labuan, which have a total of 22 CNC lathe machines. In Thailand, we provide premium threading, inspection and related workshop services at our plants in Songkhla and Sattahip. In China, we offer similar services as well as premium accessories threading at our plant in Tianjin. In Turkmenistan, our workshop in Turkmenbashy provides OCTG threading, inspection and repair services mainly in support of the operations of PETRONAS' subsidiary in Turkmenistan's offshore fields in the Caspian Sea.

Our revenue was RM724.3 million for the FYE 31 December 2012 and RM325.3 million for the FPE 30 June 2013. We recorded a PAT of RM71.9 million for the FYE 31 December 2012 and RM88.9 million for the FPE 30 June 2013. As at 30 June 2013, our total assets were RM2,715.0 million.

UMWH, our parent company, is a leading industrial conglomerate in Malaysia, with diverse and global businesses in the automotive, equipment, manufacturing and engineering, and oil and gas industries. UMWH has a market presence in countries including Malaysia, Singapore, Indonesia, Thailand, Myanmar, Vietnam, Papua New Guinea, Australia, Taiwan, China, India, Oman and Turkmenistan. It was incorporated under the Act in 1982 and is publicly listed on the Main Market of Bursa Securities. PNB is one of Malaysia's largest fund-management companies and funds under PNB's management, including ASB, collectively form UMWH's largest shareholder.

7.2 COMPETITIVE STRENGTHS

We believe that our position as an established offshore drilling and oilfield services provider in the ASEAN oil and gas industry is due to our following strengths:

7.2.1 We are well-positioned to benefit from strong market prospects as one of Malaysia's leading oil and gas service providers

We are currently one of the market leaders in the provision of offshore drilling services, hydraulic workover services and related oilfield services including premium connections threading, inspection and repair services for OCTG in Malaysia. As the first Malaysian owner and operator of jack-up drilling rigs, we believe that our leading market position in Malaysia and experience will enable us to benefit from the anticipated increase in upstream activity and spending in the Asia Pacific, and in particular the South East Asian, oil and gas sector. For instance, oil and gas production in South East Asia, in particular the offshore sector, is expected to show continued growth, with gas production playing an increasingly prominent role. For the years 2013-2018, Douglas-Westwood expects an average of 455 offshore wells to be drilled per year in South East Asia, an increase of 15% compared to 395 wells in 2012, while demand for workover units in South East Asia is expected to increase at a CAGR of 7% from 2013 to 2018.

Malaysia, our home market, is the largest offshore oil and gas producer in South East Asia and has the fifth largest proven oil reserves and the fourth largest proven gas reserves in the Asia Pacific region as of the end of 2012.* Oil and gas production is expected to increase from 1.7 mboe/day in 2012 to 1.9 mboe/day in 2018, representing a CAGR of 2.0%.* We believe that our efforts to develop local capabilities, content and talent, in addition to our operational track record, provide us with an advantage over our international competitors within Malaysia. Our revenue derived from Malaysia for the FYE 31 December 2012 and the FPE 30 June 2013 was 74% and 67%, respectively. During the period between 2009 to 2012, we held an approximately 21%* share of the Malaysian jack-up drilling rig market, based on the annual average number of contracted rigs, and have structured our business to be flexible and scalable to enable us to take advantage of these growth opportunities in South East Asia.

Note:

* *Source: Douglas-Westwood.*

7.2.2 Our international experience and platforms facilitate further growth overseas

Through our international experience and the establishment of local platforms in various countries overseas including Thailand, Indonesia, Vietnam, China and Turkmenistan, we have been able to expand our operations internationally and into new markets. This has enabled us to accumulate a broad base of knowledge of local regulations and relationships, and we believe that these local platforms and the experience of working in various countries will facilitate further expansion internationally across our businesses. We are currently providing or have provided drilling services for subsidiaries of internationally active oil and gas companies such as PETRONAS, Petrovietnam and HESS, and workover services for subsidiaries of PETRONAS, Shell, Petrovietnam, PTTEP and Murphy Oil. Through these experiences, we have developed a thorough understanding of their operational and HSE requirements, work methods and systems. We believe that our overseas track record developed over the years will enable us to bid for contracts from international oil and gas companies given our familiarity with their operational and HSE requirements and their preference to work with service providers with international experience.

Through the long-term partnerships and business collaborations that we have established with our customers in overseas jurisdictions, we believe we will continue to gain international market access, technical know-how as well as the right assets and human resources to satisfy our customers' requirements in a timely and consistent manner. This places us in a favourable position to undertake projects for both overseas customers as well as Malaysian customers operating internationally.

7.2.3 We have a well-established working relationship with PETRONAS

We believe that our Group's well-established relationship with PETRONAS, cultivated from our Group's long history of service since 1988, in addition to our management team's professional relationships with PETRONAS, puts us in a competitive position to continue to win drilling and oilfield services contract work that we expect to materialise from PETRONAS' significant upcoming investment programme. Specifically, in an effort to increase its production, PETRONAS has committed to a five-year investment programme to spend a total of RM300 billion* on, among others, additional exploration and development programmes.

We expect to benefit from PETRONAS' focus on the following three key areas:

(i) EOR, an effort to improve the average recovery factor at existing oilfields, will require the drilling of new wells and workover of existing wells;

(ii) the development of small fields which we believe will increase the number of new development wells to be drilled, for which the smaller platforms require jack-up drilling rigs. We expect the development of small fields to provide business opportunities for our jack-up drilling and workover services; and

(iii) intensifying exploration activities which we believe will increase the number of exploration and appraisal wells to be drilled.

We believe we are well positioned to benefit from the significant opportunity presented by PETRONAS' investment programme through our local capabilities and content. In addition, eligibility to secure contracts from PETRONAS requires certain licences granted specifically by them, which we currently hold. Three out of four of our offshore drilling rigs are currently under contracts with PETRONAS' subsidiary, PETRONAS Carigali, and we believe that this ability to secure recurring contracts from PETRONAS, both by securing new as well as extending existing drilling contracts, is a testament to our track record, technical capabilities and established relationship with PETRONAS.

Note:

* *Source: Economic Planning Unit's Malaysia Economic Monitor April 2012.*

7.2.4 We have high quality assets operated by an experienced and skilled workforce

Our current fleet consists of premium jack-up drilling rigs that are designed to operate at water depths of up to 350 feet (NAGA 2 and NAGA 3) and up to 400 feet (NAGA 4), as well as one semi-submersible drilling rig capable of operating at water depths of up to 1,000 feet. In May 2013, we entered into an agreement that includes the acquisition of another premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014. The newly acquired drilling rig is designed to operate at water depths of up to 400 feet. In addition, our jack-up drilling rigs have the capability to be modified to operate under HPHT conditions, and we expect our newly acquired drilling rig to have a similar capability. The average age of the jack-up drilling rigs of our regionally focused competitors is approximately 18 years according to Douglas-Westwood. Since our jack-up drilling rigs have an average age of approximately 2 years, we believe that our comparatively young and modern drilling rigs can generate higher day rates and incur lower maintenance costs when compared to older jack-up drilling rigs. More stringent regulations after the 2010 Deepwater Horizon oil spill in the Gulf of Mexico have contributed to growth in the demand for premium drilling rigs. Companies have shown a willingness to pay premium day rates for the additional capabilities that newer rig units can offer, such as higher hook load, extended cantilever reach and increased flexibility for off-line activities. To improve the competitiveness and extend the working life of our fleet, we periodically enhance our existing rigs, such as the recent completion of the deepdish conversion on NAGA 1.

We own a collection of quality oilfield services assets, including a threading facility in Labuan, Malaysia, with 22 CNC lathe machines. Our Malaysian and Chinese threading facilities own quality equipment characterised by their high precision and accuracy capabilities.

Together with our 301 experienced and skilled technical employees as at the LPD, we are able to provide our customers with reliable and efficient services, and develop and maintain our position as a leading provider of oil and gas services in Malaysia. We are highly committed to developing talent internally and investing in the training of our employees to ensure continued availability of highly skilled engineers and drillers, which we believe provides us with a critical competitive advantage and complements our high quality asset base. Our key drilling personnel are certified by international certification organisations, including IWCF and IADC. Continuous training and development of our employees is encouraged through various technical programmes. We are establishing the first dedicated drilling academy in Malaysia which will be operated by our subsidiary UDA, and we believe that the development of local talent provides us with a relative cost advantage compared to international competitors. We expect the combination of modern assets and skilled employees to facilitate new contract awards and attractive day rates, while helping us to maintain our operating efficiency. During 2012 and up to the LPD, NAGA 2 and NAGA 3 achieved operating efficiencies of above 97%.*

Note:

* *Operating efficiency is calculated as the actual operating hours divided by total available hours (in accordance with the relevant agreement's terms) during the period while the drilling rig is in operation.*

7.2.5 Our strong contracted backlog, with high quality customers, provides cashflow stability

Our drilling rigs are contracted to our customers for periods between a few months and five years. We have and continue to develop a strong contracted backlog that currently consists of contracts for all of our offshore drilling rigs. Our contracted backlog, or future contracted revenues, reflects firm commitments represented by signed drilling services contracts and has been calculated by multiplying the contracted operating day rate by the number of days in the remaining contract period, assuming full utilisation throughout the relevant period. As at 30 June 2013, our contracted backlog totalled approximately RM1,471.3 million. Additional details on our contracted backlog can be found in Section 12.2.13 of this Prospectus.

These customer commitments provide us with stable and recurring cashflows for the coming years and a high degree of revenue and earnings visibility. Our blue chip customer base includes subsidiaries of some of the most sophisticated and credit-worthy international oil and gas companies including PETRONAS, HESS, Petrovietnam, Shell, Murphy Oil and Vietsovpetro.

7.2.6 The complementary activities in workover and oilfield services provide additional growth opportunities

In addition to providing drilling services, we also provide hydraulic workover services and various oilfield services, including premium connections threading, inspection and repair services for OCTG. These activities complement our drilling services and enable us to offer customers a wide range of oil and gas related goods and services. Douglas-Westwood expects demand for workover units in South East Asia to grow at a CAGR of 7% during the period of 2013-2018 due to the increasing number of development wells to be drilled as part of EOR efforts and South East Asia's relatively aging oil and gas wells. We believe we are well positioned to benefit from the opportunities arising from increasing demand for workover services, as we are currently the sole Malaysian owner and operator of HWUs and a PETRONAS-licenced provider of HWU services.

Our oilfield services division is active and holds key licences in selected countries such as Malaysia, Thailand and China. We believe we will benefit from the expected increasing oil exploration and production spending through growing demand for threaded pipes in these selected markets. During 2013-2018, Douglas-Westwood expects total expenditures on threading in Malaysia to grow at a CAGR of 4%, in China at a CAGR of 5% and in Turkmenistan at a CAGR of 3%. In addition, we believe that drilling and exploration activities in Malaysia are moving towards high-end and complex wells, and in China towards onshore gas wells due to the strong development of unconventional gas, which we expect to induce more premium connections applications that augur well for our oilfield services operations.

7.2.7 We have an experienced management team in place

We have a highly-qualified management team with experience in various senior leadership and operational positions in the oil and gas sector. We believe that our management team's significant industry experience enhances our ability to effectively operate on an international basis and will play a key role in the further success and growth of our Group. Our Group is headed by Rohaizad bin Darus, who has over 23 years of experience in the oil and gas industry and was previously Chief Executive Officer of Oil & Gas Construction Services at SapuraCrest Petroleum Berhad.

Our drilling services division is led by Noor Azlan bin Adnan who has over 32 years of domestic and international experience in the oil and gas sector with Seadrill and Esso. He is supported by a team of able and competent heads of the offshore drilling and workover operations. For our jack-up drilling rigs, all our rig managers have extensive hands-on experience on the drilling floor. Among them, they have accumulated an average of around 24 years of relevant offshore drilling experience while serving major drilling companies worldwide such as Seadrill, Parker Drilling, Aban Offshore, Premium Drilling and Seawolf in various locations globally. Our workover team is headed by Hadj Laroui who has approximately 16 years of experience working in jack-up and land drilling rig operations, and also in the construction of drilling rigs.

Our oilfield services division is led by Abdul Mutalib bin Idris who has 21 years of experience in the oil and gas sector with, among others, PETRONAS, Esso Production Malaysia and Nippon Oil Exploration. Almost all the heads of our subsidiaries in this business are technically-educated in various local and overseas colleges, and have on average 12 years of experience mainly within our oilfield services business. We believe that their strong entrepreneurial outlook and industry pioneering experience have assisted them to establish international platforms for our Group in Thailand, China and Turkmenistan.

7.3 BUSINESS STRATEGIES AND FUTURE PLANS

Our aim is to strengthen our competitive position and to become a global shallow and deepwater drilling and oilfield services provider-of-choice for the oil and gas industry. We intend to achieve our aim through the following strategies:

7.3.1 Solidify market leadership in Malaysia and further expand into the broader Asia Pacific region to capitalise on favourable industry conditions

The Government's ETP has identified the oil and gas industry as one of the National Key Economic Areas and an important revenue contributor to the federal budget on the back of building a sustainable energy platform. As a result, we expect the ETP to further accelerate the development of the Malaysian oil and gas industry, leading to a significant increase in investment in the sector. The ETP's impact is most clearly outlined by PETRONAS' commitment to a five-year investment programme to spend a total of RM300 billion in an effort to increase its production. We believe that PETRONAS' programmes on EOR, the development of small fields and intensifying exploration activities will result in a sizeable increase in the demand for our drilling rigs, workover and oilfield services.

We are the first Malaysian owner and operator of jack-up drilling rigs in Malaysia. We believe that our leading market position in Malaysia and proven execution track record in overseas regions such as Indonesia and Vietnam will enable us to capitalise on the favourable industry outlook for oil and gas services not only in Malaysia, but also in the broader Asia Pacific region. Following the period of high oil prices witnessed in 2008, national energy security has become an increasingly important focus area for many countries in Asia Pacific. As a result, we believe national oil companies in Asia Pacific countries such as Malaysia, Indonesia, Thailand and Vietnam have accelerated their oil and gas exploration programmes, resulting in increasing drilling activity levels. We believe that the increased drilling activity levels represent further business opportunities for us.

We intend to increase our market penetration in Malaysia, and we plan to seek opportunities to expand our geographic focus in selected markets in the Asia Pacific region, including through upgrading and expanding our fleet of drilling rigs. We believe our high quality asset base, including our relatively modern jack-up drilling rigs, our central location within the Asia Pacific region and our proven capabilities in international offshore operations, will enable us to win contracts from customers in key oil and gas exploration markets within South East Asia such as Indonesia, Thailand, Myanmar and Vietnam.

We focus on the following strategies for our two core businesses, namely drilling services and oilfield services:

7.3.2 Manage day rates and utilisation to drive revenue growth and profitability in drilling services

Since 2009, with the acquisition of NAGA 2, our strategy of investing in a fleet of premium jack-up drilling rigs has enabled us to become the leading Malaysian owner and operator of premium jack-up drilling rigs, while developing valuable industry experience and building a strong reputation for operational and technical excellence. The strength of our fleet and capability of our staff, together with favourable market conditions, have contributed to the continued demand for our drilling rigs, resulting in our drilling services division becoming the key contributor to our revenue and profitability.

The principal strategy for our drilling services division is to optimise day rates and fleet utilisation. We aim to achieve this by striking a balance between the shorter term contracts that provide us with the opportunity to capture the upside from higher contract rates in an improving market, versus the longer term contracts that provide greater earnings visibility and revenue stability. We also seek to achieve this goal by leveraging on our strong domestic market position, continuously improving our fleet's technical capabilities and employees' expertise and consistently delivering a high standard of customer service. In addition, we believe that our strategy to deploy part of our fleet outside Malaysia will enhance our international credentials and provide us with greater flexibility to pursue a wider range of attractive drilling contracts within the Asia Pacific region. We believe that customer satisfaction with our performance is evidenced by our track record of contract extensions. For example, PETRONAS Carigali extended its contract on NAGA 1 in November 2010 for a further five years and in April 2013 for an additional two years to August 2018, as well as its contract on NAGA 3 in March 2012 for another two years to March 2014, and PV Drilling extended its contract on NAGA 2 in September 2013 for an additional six months to June 2014. Furthermore, we secured a three-year contract (with a two-year optional extension) with PETRONAS Carigali in April 2013 for our new high specification jack-up drilling rig NAGA 4. We aim to optimise fleet utilisation by minimising downtime due to contract renewals and equipment breakdown. During 2012 and up to the LPD, NAGA 2 and NAGA 3 have been operating at average efficiency rates of more than 97%.*

Note:

* *Operating efficiency is calculated as the actual operating hours divided by total available hours (in accordance with the relevant agreement's terms) during the period while the drilling rig is in operation.*

7.3.3 Continue to develop and further expand our asset base

We intend to further develop our asset base by continuing to invest in upgrading our existing rig fleet, and also by acquiring drilling rigs at competitive prices in order to take advantage of opportunities in new markets as well as to meet the industry's increasing technical requirements. Our rig acquisition strategy is opportunistic, as we may consider purchasing either existing rigs or acquiring the option for newbuilds, depending on the potential investment returns as well as the outlook for the oil and gas industry. We also intend to ensure a high degree of certainty regarding customer commitment through our discussions with our potential clients and other market intelligence before investing in new rigs. In February 2013, we took delivery of NAGA 4, a high-specification, modern jack-up drilling rig which is able to operate in water depths of up to 400 feet with a drilling depth of up to 30,000 feet and has the capability to be modified to operate in HPHT conditions. In May 2013, we also entered into an agreement that includes the acquisition of another premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014. The newly acquired drilling rig is designed to operate at water depths of up to 400 feet with a drilling depth of up to 30,000 feet and to have the capability to be modified to operate in HPHT conditions.

We see our ability to procure rigs on a timely and financially attractive basis as key to the long-term success of our drilling services business. Going forward, our strategy is to primarily own and operate the drilling rigs we acquire. We will also consider participating in selected joint ventures for market expansion when the opportunity arises. We are planning to selectively grow our modern fleet at competitive prices in line with market demand to consolidate our market leadership position as well as to expand into markets within the Asia Pacific region. We intend to use part of the proceeds from the Public Issue for the acquisition, upgrading and maintenance of drilling rigs and HWUs.

7.3.4 Further develop our oilfield services business

In addition to Malaysia, we carry out our oilfield services activities in countries with growth potential such as China and Turkmenistan. We expect our business to benefit from the growing demand for pipe threading as a result of increasing oil and gas exploration and production spending in these markets. In Malaysia, as PETRONAS continues to embark on the development of small fields and EOR projects to improve recovery rates at existing oilfields, we believe these activities will drive demand for our threading services for pipes. We aim to continue to win new premium connection licences, improve the operating efficiencies of our plants and expand into new markets to enhance our oilfield services division. We expect the division to provide a recurring and sustainable stream of income which will moderate the impact of fluctuations in other parts of our business.

Additionally we focus on the following general strategies across our businesses:

7.3.5 Solidify our relationships with PETRONAS and other international oil and gas companies

We expect to derive a significant portion of our future revenue from contracts with PETRONAS and other international oil and gas companies in the ASEAN region. These customers tend to take a long-term approach to oil and gas exploration, with multi-year development programmes and capex commitments, which we believe will enhance the likelihood of our ability to secure attractive drilling contracts over the long term.

PETRONAS and its subsidiaries are, and we believe will continue to be, major customers for our core businesses, as evidenced by the fact that NAGA 1, NAGA 3 and NAGA 4 are contracted to PETRONAS Carigali. We also intend to follow PETRONAS outside Malaysia as their trusted oilfield services provider, and we have successfully demonstrated this strategy in Turkmenistan, where we support the operations of a subsidiary of PETRONAS with OCTG threading, inspection and repair services. We aim to increase our technical capabilities and maintain our quality operational standards in order to continue to win future contracts from PETRONAS.

In addition to PETRONAS, we believe that it is also critical for our continued success to add other international oil and gas companies that are operating in the ASEAN region to our customer portfolio for the drilling services business, such as our contracts for NAGA 2 with a subsidiary of HESS in Indonesia and in Vietnam with a subsidiary of Petrovietnam to drill wells for the end-client Hoang Long Joint Operating Company. For our oilfield services, we also managed to further broaden our international customer base to include Chevron and PTTEP. In line with this strategy, as we increase our fleet size and oilfield services capabilities, we aim to attract more international customers by increasing our efforts to market our local platforms and international experience. We believe that our experience with international customers facilitates additional follow-up projects once we have adopted those customers' systems and requirements. We believe that diversifying our customer base will contribute to further business growth while simultaneously reducing concentration risk.

7.3.6 Focus on HSE standards

Customers in the oil and gas industry are demanding more stringent HSE practices as a result of increasing regulations and recent high profile accidents. We believe that a strong HSE culture and reputation is crucial for us to win business from our customers. We aim to continuously improve our HSE performance through the implementation of our HSE Management System, which encompasses our framework of procedures, practices and standards to identify, organise and control potential hazards in a proactive manner. This includes key safety system elements such as management and employee training, inspections, safety and incident analysis, incident investigation, emergency preparedness, protective equipment, health controls, group meetings, promotion of safety culture, and environmental protection. We have also clearly outlined the key objectives and responsibilities of our employees. Our focus is on delivering projects on time and within cost without sacrificing our stringent standards in HSE, which is evidenced by HSE certifications received from PETRONAS and IADC.

To further improve our HSE performance, a concerted effort is undertaken throughout our operations emphasising personal safety, identification of safety risks and specification of critical control measures. We are also intensifying our efforts in the area of assurance, where corrective action plans are reviewed and also on continuous HSE awareness campaigns with tailor-made trainings conducted at worksites. Visibility of management commitment is enhanced through management HSE site visits. To ensure a safe and healthy work environment, we have established monitoring programmes and medical clinics on site.

As we expand our business, we seek to deliver an exceptional customer experience by consistently meeting or exceeding customers' expectations for operational performance that includes maintaining the highest HSE standards and eliminating workplace incidents and injuries. This is in line with requirements of national and international oil and gas companies.

7.4 HISTORY AND MILESTONES

The history of our oil and gas businesses can be traced back to 1988 when our wholly-owned subsidiary UOS (then a subsidiary of the UMWH Group) began providing OCTG threading, inspection and repair services in Labuan, Malaysia. In 2002, UMWH made a concerted effort to make its oil and gas business a key platform to spearhead its future growth.

In the drilling services business, the UMWH Group acquired UPD, a company providing workover services for oil and gas wells, in 2002. In 2005, the UMWH Group acquired a 50% ownership interest in the semi-submersible drilling rig NAGA 1 and a majority interest in UJD, whose main business is to provide drilling services by operating NAGA 1. The UMWH Group continued to expand its offshore drilling fleet in subsequent years, taking delivery of NAGA 2 in 2009, NAGA 3 in 2010 and NAGA 4 in 2013 and entering into an agreement in 2013 that included the acquisition of a fourth premium jack-up drilling rig. The UMWH Group also acquired UPD, which then owned UP GAIT I in 2002 and took delivery of UP GAIT II in 2004, UP GAIT III in 2008 and UP GAIT V in 2010.

In the oilfield services business, leveraging on the experience of Labuan-based UOS and subsequent operations in Thailand started by UOT in 1997, the UMWH Group ventured into China in 2002 to provide OCTG threading, inspection and repair services through its wholly-owned subsidiary UOS-TJ in Tianjin, which was the UMWH Group's first wholly-owned oil and gas entity in China. In 2006, another OCTG threading, inspection and repair outfit, UOS-TK, was established in Turkmenistan.

Our Company was incorporated in Malaysia under the Act on 12 November 2009 as a private limited company under the name UMW Oil & Gas Corporation Sdn Bhd, and was converted into a public limited company on 14 May 2013. Prior to the IPO, our Company was a wholly-owned subsidiary of UMWH, which reorganised its oil and gas operations to locate the businesses described above under our Group.

The following table highlights our key dates and milestones:

Key dates	Milestones
1988	• UOS commenced operations in Labuan, Malaysia, providing OCTG threading, inspection and repair services.
1997	• UOT commenced operations in Thailand, providing OCTG threading, inspection and repair services.
2002	• UPD, which provides workover services for oil and gas wells, was acquired. UPD owned UP GAIT I at the time of the acquisition.
	• UOS-TJ commenced operations in Tianjin, China, providing OCTG threading, inspection and repair services.
2004	• UP GAIT II was delivered.
2005	• We acquired a 50% ownership interest in NAGA 1, and a majority interest in UJD, which provides drilling services through its operation of NAGA 1.
2006	• UOS-TK commenced operations, providing OCTG threading, inspection and repair services, mainly in support of the operations of PETRONAS' subsidiary in Turkmenistan.
2008	• UP GAIT III was delivered.
2009	• NAGA 2 was delivered.
2010	• NAGA 3 was delivered.
	• UP GAIT V was delivered.
2013	• NAGA 4 was delivered.
	• We undertook the Internal Reorganisation.
	• We entered into an agreement that includes the acquisition of a fourth premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014.

7.5 CORPORATE STRUCTURE

We are an investment holding company and conduct our business through our operating subsidiaries. We are primarily engaged in two areas of business:

(i) drilling services (including agency services); and

(ii) oilfield services.

For further information about our corporate structure, see Section 6.2 of this Prospectus.

7.6 DRILLING SERVICES BUSINESS

In our drilling services business:

(i) we drill offshore wells using one semi-submersible drilling rig, NAGA 1, which we jointly own and operate with a subsidiary of JDC, and three premium jack-up drilling rigs, NAGA 2, NAGA 3 and NAGA 4, which we wholly own and operate;

(ii) we provide workover services for offshore wells with our fleet of four HWUs: UP GAIT I, UP GAIT II, UP GAIT III and UP GAIT V; and

(iii) we provide specialised subsea, surface and offshore production equipment and related services, including riser maintenance, as an exclusive agent for Dril-Quip in Malaysia, and provide horizontal drilling services as agent for Cougar Drilling Solutions.

We are an offshore drilling and workover service contractor. We provide our drilling rigs and crews to drill exploration, development and production wells. We provide our HWUs and crews to conduct workover on existing wells. These services are provided on a contract basis to oil companies engaging in offshore exploration and production activities in South East Asia. As a service provider, our customers compensate us for the delivery of these services, primarily on a daily rate basis, irrespective of whether oil or gas is produced, and we do not have any beneficial interest in the oil and gas produced through these operations.

The following table sets forth the number of rigs and utilisation rates for each of our rigs for the periods indicated.

	FYE 31 December			FPE 30 June
	2010	2011	2012	2013
Number of rigs(1)				
Semi-submersible	1	1	1	1
Premium jack-up	2	2	2	3(2)
HWU	4	4	4	4
Total number of rigs	7	7	7	8
Utilisation rates(3)				
Semi-submersible				
NAGA 1	96%	100%	28%(4)	90%
Premium jack-up				
NAGA 2	26%(5)	100%	98%	80%(6)
NAGA 3	N/A	55%(7)	97%	96%
NAGA 4(8)	N/A	N/A	N/A	48%(9)
HWU				
UP GAIT I	0%	0%	43%(10)	100%
UP GAIT II	100%	100%	25%(11)	100%
UP GAIT III	92%	66%	65%	N/A(12)
UP GAIT V	N/A	N/A	75%(11)	14%(13)

Notes:

(1) As at period-end.

(2) In May 2013, we entered into an agreement that includes the acquisition of a fourth premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014.

(3) For the FYE 31 December 2010, 2011 and 2012, utilisation rates were calculated by dividing the total number of operating days in a particular year by 365, and for the FPE 30 June 2013, utilisation rates were calculated by dividing the total number of operating days in the period by 181.

(4) From April 2012, NAGA 1 underwent a deepdish conversion, together with other related major upgrading works, which were completed in January 2013, after which NAGA 1 re-commenced operations with PETRONAS Carigali.

(5) NAGA 2 commenced operations in September 2010 under a contract with HESS (Indonesia-Pangkah).

(6) NAGA 2 commenced operations in June 2013 under a contract with PV Drilling, after completing a previous contract with HESS (Indonesia-Pangkah) in April 2013.

(7) NAGA 3 commenced operations in March 2011 under a contract with PETRONAS Carigali.

(8) We took delivery of NAGA 4 in February 2013.

(9) NAGA 4 commenced operations in April 2013 under a contract with PETRONAS Carigali.

(10) *UP GAIT I commenced operations in July 2012 under a contract with P.T. Saptawell Tehnicatama.*

(11) *Pursuant to contracts with PETRONAS Carigali, UP GAIT II operated for the first quarter of the FYE 31 December 2012 and UP GAIT V operated for the remainder of the FYE 31 December 2012 while UP GAIT II was undergoing scheduled maintenance.*

(12) *UP GAIT III commenced operations in July 2013 under a contract with PVD Trading and Technical Services Joint Stock Company.*

(13) *In June 2013, UP GAIT V commenced a new call-out contract with PTTEP. A call-out contract requires us to make the HWU available so long as the contract is in force and allows the client to specify the timing of the HWU's deployment, subject to a minimum number of wells to be serviced or operating days. Once the unit is deployed under a call-out contract, we are paid a day rate for days we operate the unit and are paid a stand-by rate if the unit is deployed but does not operate.*

7.6.1 Offshore Drilling Services

Drilling is an important operation during the exploration and production stages of an oil or gas field. It is used to establish the presence of accumulation of oil or gas, to assess their volume and to build a long-lasting and stable well that connects an oil or gas reserve to a well head. The efficiency of drilling operations has a material impact on the time span of a project, and drilling usually accounts for a large portion of the overall costs of exploring and developing an oil or gas field.

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7. BUSINESS OF OUR GROUP *(Cont'd)*

The following table sets forth the key specifications for our offshore drilling rigs as at the LPD.

Key specifications	NAGA 1	NAGA 2	NAGA 3	NAGA 4
Rig type	Semi-submersible	Premium jack-up	Premium jack-up	Premium jack-up
Mode	Mitsubishi 25-SP propulsion-assisted twin lower hull, 8 column, stabilised semi-submersible drilling unit	MSC-CJ46-X100D	MSC-CJ46-X100D	KeppelFELS B class
Rated water depth (ft)	1,000	350	350	400
Rated drilling depth (ft)	30,000	30,000	30,000	30,000
Variable load (MT)	5,370	3,500	3,500	3,402
Blowout preventer max pressure (psi)	10,000	15,000	15,000	15,000
Mud pump capacity	3 x 1,600 HP	3 x 2,200 HP	3 x 2,200 HP	3 x 2,200 HP
Mud pumps	3 x Continental Emsco Triplex FB-1-600, each driven by two 600 KW DC motors	3 x NOV 14P-220	3 x NOV 14P-220	3 x LEWCO W-2155 Triplex
Top drive	Varco TDS-4S, 45,500 ft-lbs continuous torque at 115 rpm, 13,800 ft-lbs at 270 rpm, GE752 high torque DC motor 1,100 HP	TDS8-SA	TDS8-SA	TDS8-SA
Crew accommodation (people)	120	120	120	150
Construction date (year)	1974	2007	2007	2011
Delivery date (year)	1974	2009	2010	2013
Designer	JDC and Mitsubishi Heavy Industries	GustoMSC	GustoMSC	KeppelFELS
Classification	A1, ABS	A1, DNV	A1, DNV	A1, ABS
Shipyard	Mitsubishi Heavy Industries, Hiroshima, Japan	PT DryDocks World Graha, Batam, Indonesia	PT DryDocks World Graha, Batam, Indonesia	Keppel FELS, Singapore
Country of registration	Panama	Singapore	Malaysia	Malaysia
Latest modification and year done	Deepdish conversion, replacement of derrick and deck cranes and installation of third mud pump and iron roughneck (2012-2013)	Additional anchor winches and lifeboat installations (2013)	N/A	N/A

7.6.1.1 Semi-submersible drilling rig

Our semi-submersible drilling rig, NAGA 1, is jointly-owned 50% by our wholly-owned subsidiary UDC and 50% by a subsidiary of JDC. It is operated by our subsidiary UJD, which is 85%-owned by us and 15%-owned by JDC.

NAGA 1 was delivered in 1974 and underwent a major upgrade from April 2012 to January 2013. It consists of an upper working and living quarters deck resting on vertical columns connected to lower hull pontoons. When the pontoons and columns are filled with water, the unit becomes "semi-submerged" to a predetermined depth, so that the lower hull is below the waterline and the upper deck protrudes above the surface. NAGA 1 is a "moored" semi-submersible drilling rig, meaning it is positioned over the well head location with mooring chains and anchors. This arrangement is in contrast with a dynamically positioned semi-submersible drilling rig, which is positioned over the well head location by a computer-controlled thruster system. As a moored semi-submersible drilling rig, NAGA 1 is connected to a well head through a riser, and moves in tandem with the sea motion. The unit's drilling equipment, mud system and living quarters are installed on the upper hull deck, while ballast tanks, thrusters and sea water pumps are equipped in the lower hulls. The lower hull has the buoyancy capacity to float and support the upper hull equipment. The drilling rig is self-propelled and is capable of operating in water depths of up to 1,000 feet and drilling depths of up to 30,000 feet.

From April 2012, NAGA 1 underwent a deepdish conversion, together with other related major upgrading works, which were completed in January 2013. The deepdish conversion involved an innovative combination of pontoon-sponsons and integrated cross-bracing. This conversion was designed to strengthen NAGA 1's structure, increasing its transit variable deck-load (the deck-load applicable when the rig is in transit) from 1,320 MT to 2,800 MT, survival variable deck-load (the deck-load applicable to the rig in survival mode under the harshest conditions) from 1,420 MT to 2,900 MT and operating variable deck-load from 2,470 MT to 3,200 MT. The conversion is also expected to increase NAGA 1's durability and fatigue life by approximately 15 years.

In addition to jointly owning and operating NAGA 1, in November 2011, we provided expertise, materials, consumables and personnel in connection with the deployment of the HAKURYU-5 semi-submersible drilling rig under a contract with PETRONAS Carigali. HAKURYU-5 is owned by Hakuryu 5 Inc., a wholly-owned subsidiary of JDC. We entered into a bareboat charter arrangement to provide the drilling rig to PETRONAS Carigali, and we contracted with various suppliers for other materials and services to operate the rig. In line with our business strategy of focusing on operating our own drilling rigs, we discontinued this service for HAKURYU-5 and novated our contract with PETRONAS Carigali to Petronnic, effective 1 February 2013.

7.6.1.2 Premium Jack-up Drilling Rigs

We are the first Malaysian-owned drilling contractor owning and operating jack-up drilling rigs in Malaysia. Our subsidiaries own 100% of NAGA 2, NAGA 3 and NAGA 4, while our wholly-owned subsidiary UMWSD is the operator of all these three drilling rigs.

NAGA 2 was delivered in 2009, NAGA 3 was delivered in 2010 and NAGA 4 was delivered in 2013. A jack-up drilling rig is a mobile, self-elevating drilling platform that is towed to the drill site, with its hull riding in the sea as a vessel and its legs raised. At the drilling site, the rig's legs are lowered to the ocean floor until a foundation is established to support the drilling platform. Once a foundation is established, the rig's legs are raised or "jacked up" so that the drilling platform is above the highest expected ocean waves. After completion of drilling operations, the hull is lowered until it rests on the water, the legs are raised and the rig is relocated to another drilling site. The rig hulls of each of our premium jack-up drilling rigs are equipped with a drilling rig, jack-up system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, helicopter landing deck and other related equipment. Each of our jack-up drilling rigs has independent legs well-suited for harder or uneven seabed conditions and a cantilever design that permits the drilling platform to be extended out from the rig hull to perform drilling operations over certain types of pre-existing platforms or structures.

As premium jack-up drilling rigs, NAGA 2 and NAGA 3 have operating water depths of up to 350 feet and drilling depths of up to 30,000 feet. NAGA 4, our newest premium jack-up rig, is capable of operating in water depths of up to 400 feet and drilling depths of up to 30,000 feet. In addition, NAGA 4 incorporates KeppelFEL's advanced, fully-automated high capacity rack-and-pinion elevating system and its self-positioning fixation system. All our premium jack-up rigs have the capability to be modified to operate under HPHT conditions.

In May 2013, we entered into an agreement that includes the acquisition of a fourth premium jack-up drilling rig, which is currently under construction, and we expect to take delivery of the drilling rig by May 2014. The newly acquired drilling rig is designed to operate at water depths of up to 400 feet with a drilling depth of up to 30,000 feet. We also expect this drilling rig to have the capability to be modified to operate under HPHT conditions.

7.6.1.3 Current Deployment of Offshore Drilling Rigs

NAGA 1 has a five-year contract with PETRONAS Carigali that commenced in November 2010 under an extension of a contract that originally commenced in January 2006. This contract was extended until August 2016 and was later further extended for another two years until August 2018. From April 2012, NAGA 1 underwent a deepdish conversion and major upgrade and maintenance programme that was completed in January 2013, and it recommenced its operations with PETRONAS Carigali in offshore Malaysia, in January 2013.

NAGA 2 has a six-month contract with PV Drilling for the end-client Hoang Long Joint Operating Company that commenced in June 2013, with an option to extend the contract for another six months, and currently operates in offshore Vietnam. Hoang Long Joint Operating Company is a tripartite joint venture that is 41.0%-owned by Petrovietnam, 30.5%-owned by subsidiaries of SOCO International and 28.5%-owned by PTTEP. NAGA 2 previously operated under a contract with HESS (Indonesia-Pangkah), which commenced in September 2010 and ended in April 2013, to drill 7 wells, with an option to drill an additional 13 wells, in an offshore field in Surabaya, Indonesia.

NAGA 3 was awarded a one-year contract in March 2011 by PETRONAS Carigali, which was extended for two years, and currently operates in offshore Malaysia. In August 2013, PV Drilling issued a letter of award to UMWSD, as sub-contractor, to provide NAGA 3 for use by JVPC to drill two wells, with an option to drill an additional two wells, in offshore Vietnam, commencing after the completion of the current contract with PETRONAS Carigali. NAGA 3 is expected to be mobilised for work under the contract for JVPC in the first half of 2014. Prior to the completion of our current contract with PETRONAS Carigali and before the commencement of the provision of our services for JVPC, NAGA 3 will undergo unscheduled repair work on a few of its ballast tanks in November 2013 for approximately three weeks. These repairs and their associated costs are not expected to have any impact on our contractual obligations under NAGA 3's current contract with PETRONAS Carigali and are also not expected to have a material impact on our financial performance for the FYE 31 December 2013.

NAGA 4, which was delivered in February 2013, has a three-year contract with PETRONAS Carigali that commenced in April 2013, with an option to extend the contract for another two years, and currently operates in offshore Malaysia.

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7. BUSINESS OF OUR GROUP *(Cont'd)*

The following table summarises the relevant contracts for our offshore drilling rigs as at the LPD:

Offshore drilling rig	Contract type	Client	Contract commencement date	Contract end date (excluding optional extension(s))	Contract end date (including optional extension(s))	Area of operation
NAGA 1	Term	PETRONAS Carigali	November 2010[1]	August 2018	N/A	Offshore Malaysia
NAGA 2	Term	PV Drilling[2]	June 2013	December 2013	June 2014[3]	Block 16-1 and Block 9-2, Offshore Vietnam
NAGA 3[4]	Term	PETRONAS Carigali	March 2011	March 2014	N/A	Offshore Malaysia
NAGA 4	Term	PETRONAS Carigali	April 2013	April 2016	April 2018	Offshore Malaysia

Notes:

(1) The contract commenced its current term in November 2010 under an extension of a contract that originally commenced in January 2006.

(2) In March 2013, we entered into a contract with PV Drilling for NAGA 2 to drill wells for the end-client, Hoang Long Joint Operating Company.

(3) In September 2013, PV Drilling extended the contract for NAGA 2 for an additional six months to June 2014.

(4) In August 2013, PV Drilling issued a letter of award to UMWSD, as sub-contractor, to provide NAGA 3 for use by JVPC to drill two wells, with an option to drill an additional two wells, in offshore Vietnam, commencing after the completion of the current contract with PETRONAS Carigali. NAGA 3 is expected to be mobilised for work under the contract for JVPC in the first half of 2014. Prior to the completion of our current contract with PETRONAS Carigali and before the commencement of the provision of our services for JVPC, NAGA 3 will undergo unscheduled repair work on a few of its ballast tanks in November 2013 for approximately three weeks.

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The following table sets forth the total revenue, total operating days and revenue per rig operating day for our offshore drilling rigs for the periods indicated.

	FYE 31 December			FPE 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
Offshore drilling rigs					
Aggregate revenue (RM in millions)	152.1	404.0	347.9	195.7	244.4
Aggregate operating days	445	930	816	468	562
Average revenue per rig operating day (RM in millions)	0.34	0.43	0.43	0.42	0.43

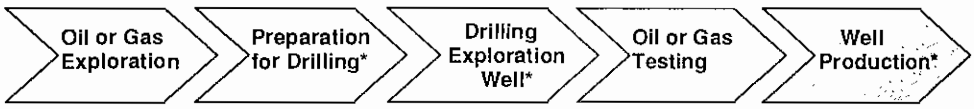
7.6.2 Drilling Process

Drilling is the process of cutting through the earth to create a borehole or well by applying pressure and rotation, using drill pipes with drill bits attached at the end. Weight is applied to the drill bit through the use of drill collars, which are thick-walled tubular pieces machined from solid bars of steel.

We have the in-house expertise and capability to undertake various forms of drilling activities for various types of wells. We are able to perform both vertical and directional drilling. While vertical drilling involves drilling vertically into the ground to access a targeted deposit, directional drilling involves drilling at an angle into the ground towards the targeted zone.

Operators, which are the companies that undertake oil and gas exploration and production projects, drill two basic types of wells, namely exploration wells to find new oil or gas reserves and development wells to prepare the discovered reserves for production, and we can drill both types of wells.

The drilling of oil and gas wells involves the following process:



(Source: Douglas-Westwood)

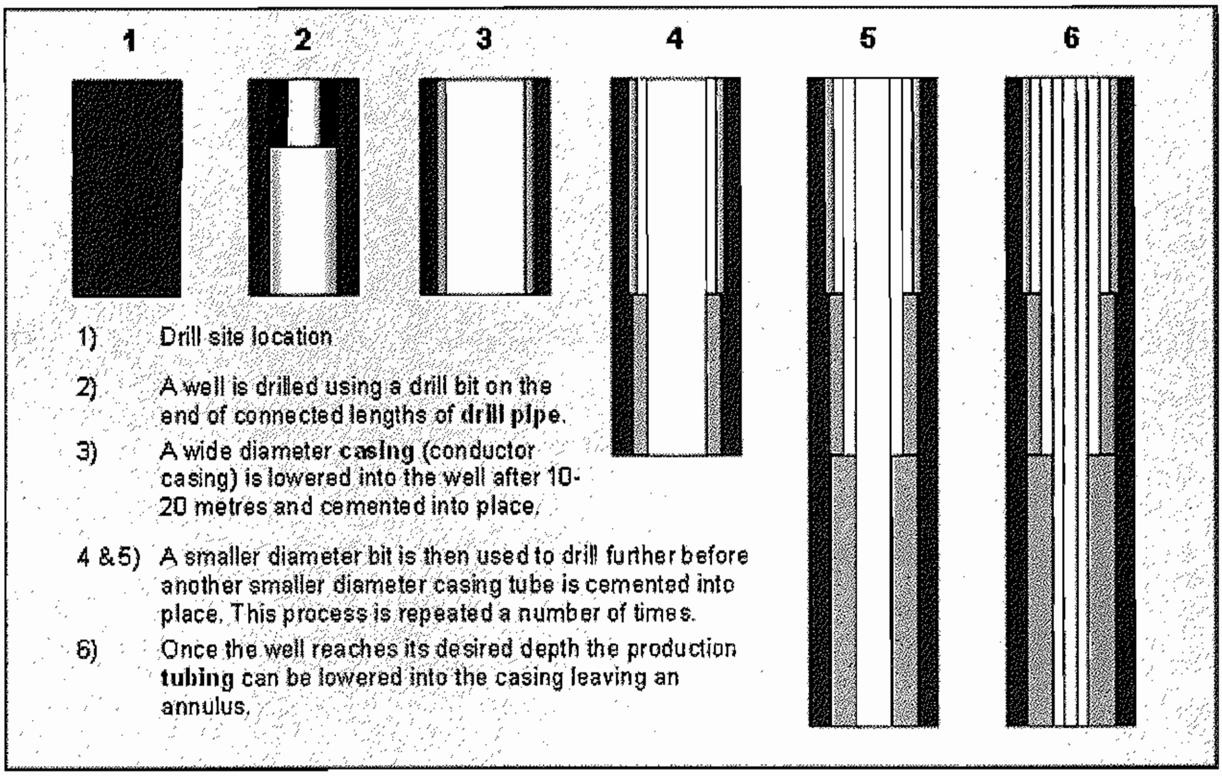
Note:

* *Includes activities that are performed by a drilling service provider such as our company; other activities are performed by the operator or other contractors acting for it.*

(i) *Oil or Gas Exploration*: Before we provide our drilling services for an exploration well, an operator will conduct a geological survey of an area to determine the potential for oil or gas reserves and to identify specific target areas for drilling.

(ii) *Preparation for Drilling*: Following exploration, the operator selects a site, surveys it to determine its boundaries and conducts other studies, such as those related to environmental impact and legal jurisdiction. The operator then hires a drilling contractor with a self-contained mobile offshore drilling unit to drill exploration wells offshore. The operator chooses the location and supervises the around-the-clock drilling operations.

(iii) *Drilling Exploration Well*: The well is drilled using a drill string, which comprises connected lengths of drill pipes, a bottom hole assembly and a drill bit. Heavy weight drill pipes and drill collars, which are part of the bottom hole assembly, add weight and provide stability to the drill bit. As drilling proceeds and the well deepens, new sections of drill pipes are added to the ever-lengthening drill string. Drilling fluid or "mud" is continuously circulated down the drill pipes and back to the surface equipment using mud pumps to create hydrostatic pressure against formation pressure, cool the drill bit, flush out rock cuttings and carry the cuttings out of the hole. A steel casing is run into completed sections of the borehole and cemented into place. The casing provides structural support to maintain the integrity of the borehole and isolates underground formations. When the production hole reaches the planned total depth, the hole is cased with production casing, and well testing is performed to establish the well's flow rate. Throughout the process, the risk of an uncontrolled flow from the reserve to the surface is controlled using blowout preventers, a series of hydraulically actuated rams that can close quickly around the drill string or casing to seal off a well. Please see the diagram below for an illustration of this process:



(Source: Douglas-Westwood)

(iv) *Oil or Gas Testing*: Once drilling reaches the oil or gas reserve, tests are conducted to measure rock formations, determine characteristics of the reserve's rocks and confirm the existence of an oil or gas reserve.

(v) *Well Production*: A well is completed to allow oil or gas to flow into the casing in a controlled manner. This is accomplished by lowering a perforating gun into the well, which is then set off to create holes in the casing through which oil or gas can flow. A small-diameter pipe called "tubing" is run into the hole as a conduit for oil or gas to flow up the well. A packer device is run down the outside of the tubing to the well's production level, where it expands to form a seal around the outside of the tubing. A multi-valve structure called a "Christmas tree" is connected to the top of the tubing and cemented to the top of the casing to control the flow of oil or gas from the well.

7.6.3 Workover Services

We also provide workover services for offshore and onshore wells, which involve the use of HWUs and ancillary equipment to conduct well intervention operations. We offer and market our workover services on a standalone basis or as part of an integrated package including our HWUs, pedestal platform crane and accommodation work barge. We are a PETRONAS-licenced provider of HWU services, with a "Category A" rating from PETRONAS Carigali, and we are the sole Malaysian owner and operator of HWUs.

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The following table sets forth the key specifications for our HWUs as at the LPD.

Key Specifications	UP GAIT I	UP GAIT II	UP GAIT III	UP GAIT V
Rig type	HWU	HWU	HWU	HWU
Blowout preventer max pressure (psi)	5,000	5,000	5,000	5,000
Mud pump capacity	300 HP	850 HP	420 HP	1,000 HP
Mud pumps	HT 400	Gardner Denver PZ-8	BJ Pacemaker	MKP-1000
Maximum pulling capacity (lbs)	340,000	460,000	460,000	460,000
Maximum snubbing capacity (lbs)	150,000	225,000	225,000	225,000
Stroke (ft)	12	10	10	10
Rotary torque and speed (ft- lbs)	15,000	22,000	22,000	22,000
Bore size	11-1/16"	14"	14"	14"
Construction date (year)	2000	2003	2007	2009
Delivery date (year)	2001	2004	2008	2010
Designer	Matco Industrial Pte Ltd, Singapore	MicroCADD Engineering and Consulting Services, Singapore	MicroCADD Engineering and Consulting Services, Singapore	Canadian Energy Equipment Manufacturing, Dubai
Constructor	Matco Industrial Pte Ltd, Singapore	MicroCADD Engineering and Consulting Services, Singapore	MicroCADD Engineering and Consulting Services, Singapore	Canadian Energy Equipment Manufacturing, Dubai
Country of registration	Malaysia	Malaysia	Malaysia	Malaysia

Our wholly-owned subsidiary UPD owns and operates our UP GAIT I, UP GAIT II, UP GAIT III and UP GAIT V HWUs. Our HWUs are modular, lightweight, easily mobilised between locations and able to be configured for rapid rig-up and rig-down for offshore and onshore operations. As platform deck space is usually limited, their modularity and compactness are features that are particularly important for offshore workover operations.

UP GAIT I has a one-year contract with P.T. Saptawell Tehnicatama and commenced operations under this contract in July 2012. From July 2013 until end September 2013, UP GAIT I operated on similar contractual terms for P.T. Saptawell Tehnicatama. UP GAIT I was demobilised at the end of September 2013. UP GAIT II has a multi-year contract extension with PETRONAS Carigali that commenced in July 2005, and in June 2013, PETRONAS Carigali issued a letter of award for the deployment of UP GAIT II for workover operations for two wells, which were expected to commence in direct continuation from the completion of workover operations under the existing contract. In August 2013, the contract with PETRONAS Carigali for UP GAIT II was amended, whereby the contract now covers the period from June to August 2013. The Company is currently seeking bids for a new contract. UP GAIT III completed a 2+1+1-year contract with PETRONAS Carigali for integrated workover services, which included the provision of a pedestal platform crane and accommodation work barge, in October 2012, and UP GAIT III currently has a two-year call-out contract, with a one-year optional extension, with PVD Trading and Technical Services Joint Stock Company to provide workover operations for a minimum of three wells and commenced operations under this contract in July 2013. UP GAIT V has a three-year call-out contract, with a one-year optional extension, with PTTEP and commenced operations in July 2013.

The following table summarises the relevant contracts for our HWUs as at the LPD.

HWU	Contract type	Client	Contract commencement date	Contract end date (excluding optional extension(s))	Contract end date (including optional extension(s))	Area of operation
UP GAIT I	Term	P.T. Saptawell Tehnicatama	July 2012	July 2013[(1)]	N/A	Karmila A platform/fields, Indonesia
UP GAIT II	Firm, Multi-well	PETRONAS Carigali	July 2005	June 2013	N/A	Semarang A-20 Multi platform/fields, Malaysia
	Term	PETRONAS Carigali	June 2013	August 2013[(2)]	N/A	Semarang A-05 and Tukau A-14 platform/fields, Malaysia
UP GAIT III	Call-out[(3)] (minimum of three wells)	PVD Trading and Technical Services Joint Stock Company	July 2013	July 2015[(4)]	July 2016	Su Tu Vang field, Block 15-1, Offshore Vietnam
UP GAIT V	Call-out[(3)] (110 days minimum per year)	PTTEP	July 2013	July 2016	July 2017	Bongkot, Greater Bongkot South, and G12/48, Gulf of Thailand

Notes:

(1) From July 2013 to end September 2013, UP GAIT I operated on similar contractual terms for P.T. Saptawell Tehnicatama. UP GAIT I was demobilised at the end of September 2013.

(2) In June 2013, PETRONAS Carigali issued a letter of award for the deployment of UP GAIT II for workover operations of two wells, which were expected to commence in direct continuation from the completion of workover operations under the existing contract. In August 2013, the contract with PETRONAS Carigali was amended, whereby the contract now covers the period from June to August 2013. The Company is currently seeking bids for a new contract.

(3) A call-out contract requires us to make the HWU available so long as the contract is in force and allows the client to specify the timing of the HWU's deployment, subject to a minimum number of wells to be serviced or operating days, as specified in the relevant contract. Once the unit is deployed under a call-out contract, we are paid a day rate for days we operate the unit and are paid a stand-by rate if the unit is deployed but does not operate.

(4) UP GAIT III has a two-year call-out contract, with a one-year optional extension, with PVD Trading and Technical Services Joint Stock Company to provide workover operations for a minimum of three wells.

The following table sets forth the total revenue, total operating days and revenue per HWU operating day for our HWUs for the periods indicated.

	FYE 31 December			FPE 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
HWUs					
Aggregate revenue (RM in millions)	38.1	33.8	40.1	18.6	16.3
Aggregate operating days	699	607	761	312	386
Average revenue per HWU operating day (RM in millions)	0.05	0.06	0.05	0.06	0.04

7.6.3.1 Workover Operations

Our workover operations include maintenance and services for existing wells in connection with:

(i) restoring and reworking a well to increase production and prolonging a well's productive life, including by:

- deepening of a well; and
- re-completion of a well, in which a channel is established through which oil and gas may flow from a reservoir to the surface. Effective well re-completion protects the oil and gas reservoir, increases productivity and extends oil and gas production, thereby optimising commercial production;

(ii) stimulating a well to achieve planned and enhanced productivity, including by:

- re-perforations of a well to increase reserve flow to the borehole;
- washing well perforations to maximise reserve flow within perforations; and
- well stimulation;

(iii) repairing a well's mechanical problems to restore and sustain production, including by:

- recovering lost wireline tools, parted coil tubing, production tubing and drill pipes; and
- dislodging equipment trapped in a well; and

(iv) plugging and abandonment of a depleted well, including by assisting with cementing works to prevent the flow of water, gas or oil from one strata of a well to another when the well is abandoned.

Our workover operations are mainly conducted under killed-well conditions. During the well killing process, heavy-weight fluid such as filtered sea water is pumped into the well to suppress the positive pressure of the well until a near balance in well pressure is achieved. Under these killed-well conditions, we are able to safely conduct workover operations.

7.6.4 Agency Services

Through our subsidiary UPD, we are also an exclusive agent in Malaysia for Dril-Quip, a manufacturer of specialised subsea, surface and offshore production equipment based in the United States, and an agent for Cougar Drilling Solutions, a provider of horizontal drilling services based in Dubai, United Arab Emirates. In November 2012, Sabah Shell Petroleum awarded us a contract for the supply of a Single Combo Top Tension Riser manufactured by Dril-Quip for the Malikai Project, a deepwater drilling project in offshore Sabah, Malaysia. Our agency service for Cougar Drilling Solutions permits us to combine their horizontal drilling tool services with our HWUs to offer an economical alternative to conventional drilling that is capable of improving hydrocarbon recovery and accelerating oil or gas field production.

7.7 OILFIELD SERVICES BUSINESS

We operate our oilfield services business through subsidiaries that offer OCTG threading, inspection and repair services focused on premium connections.

OCTG are tubular products used in the oil and gas industry, such as drill pipes, casing, tubing, couplings and accessories. OCTG threading is the cutting of threads on tubular ends for connection purposes. Proper threading is critical for ensuring perfect seals on each connection. Premium connections with much higher accuracy and performance are applied for complex and demanding operating conditions. Inspection involves the process of ensuring that goods conform to specifications before the goods are used, and this is generally applicable to third-party inspection of new pipes, inspections to segregate used pipes that are reusable and re-inspection of goods that were stored for long periods. Repair services involve the process of recovering and rectifying all products that fail an inspection.

We provide the following services related to threading, inspection and repair:

(i) threading;

(ii) swaging and stress relief, which involves cold working plain-end pipe to reduce its dimensions;

(iii) thread surface treatment, including the application of zinc phosphate, manganese phosphate, copper plating, zinc plating and sand blasting;

(iv) bucking or make-up processes to tighten each joint or connection according to its specific torque; and

(v) other services, including inspection, testing (such as hydrostatic testing) and pipe maintenance.

7.7.1 UOS

Our wholly-owned subsidiary UOS provides premium OCTG threading, inspection and repair services at its two plants in Labuan, Malaysia, which have a total of 22 CNC lathe machines. In 1989, UOS became the first threading plant in Malaysia to be approved in meeting API Q1 and API 5CT specifications. UOS is accredited with ISO 9001:2008 and ISO 14001:2004, and is capable of threading various sizes of OCTG, with an outside diameter range of 2 and 3/8 inches to 20 inches, utilising a CNC lathe machine with high spindle speed to thread the internal or external diameter for tubing, casing and couplings.

In addition to threading of casing and tubing, manufacturing of couplings, swaging and stress relief and providing running inspection services, UOS also provides OCTG OSS integrated services, which include pipe maintenance for long-storage pipes, as well as re-inspection, coating and repair services.

The products serviced by our subsidiary UOS are primarily used by end-users in the Malaysian oilfield services and the suppliers market. The following table sets out the number of threaded joints by UOS for the periods indicated.

	FYE 31 December			FPE 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
No. of threaded joints	13,672	20,942	21,000	10,424	13,835

7.7.2 UOT

Our subsidiary UOT is a machine shop operator focusing on the repair of damaged threaded pipes and the threading of OCTG and accessories at its two plants in Songkhla and Sattahip, Thailand.

UOT provides its services for OCTG and accessories tools. The products it services are provided primarily to end-users in the oil and gas markets. The following table sets out the number of threaded joints by UOT for the periods indicated.

	FYE 31 December			FPE 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
No. of threaded joints	17,208	17,024	16,505	6,822	11,873

7.7.3 UOS-TJ

Our wholly-owned subsidiary UOS-TJ is the UMWH Group's first oil and gas venture in China and owns a threading plant accorded with ISO 9001:2008, API 5CT and API 7-1 accreditations and various premium connection threading licences from both Chinese and international licensors. UOS-TJ is a "one-stop shop" multi-premium connection threading base, and is qualified to thread a full series of API tubing, casing and drill pipes for its customers at its plant in the West Zone of the Tianjin Economic-Technological Development Area in Tianjin, China. UOS-TJ's main business activities include accessories threading, inspection and other workshop-related services. UOS-TJ uses all imported high-end CNC lathe threading machines. It received an appreciation letter from Schlumberger China and one of the "best suppliers" award under Schlumberger's global supplier system in 2012.

UOS-TJ provides threading services for OCTG accessories. The products it services are primarily supplied to end-users such as oilfield service providers and operators, steel mills and oilfield equipment manufacturers, as well as trading houses. The following table sets out the number of connections serviced by UOS-TJ for the periods indicated.

	FYE 31 December			FPE 30 June	
	2010	2011	2012	2012	2013
Unit threaded (connections)	9,622	11,696	17,299	10,280	6,605

7.7.4 UOS-TK

Our subsidiary UOS-TK provides machine shop services for repair and threading of casing, tubing and oilfield accessories, tubular inspection and hardbanding of drill pipes and collars (which involves the depositing of hardfacing alloys onto these components to protect them from abrasive wear) at its workshop in Turkmenbashy, Turkmenistan. UOS-TK primarily supports the operations of PETRONAS' subsidiary in Turkmenistan's offshore fields in the Caspian Sea.

7.7.5 Licences

We have obtained licences from key international licensors in the threading industry, including the API, VM, JFE, TenarisHydril, as well as local licensors in China, including Tianjin Pipe Company Ltd. and Baosteel. For further information about our major licences, please refer to Annexure A of this Prospectus.

7.7.6 Threading Process

The threading of plain-end pipe involves the following process:

(Source: Douglas-Westwood)

(i) *Reception*: Plain-end pipe is received at our threading facilities.

(ii) *Sawing*: Plain-end pipe is sawed and cut to required lengths.

(iii) *Swaging/Stress Release*: Plain-end pipe is subjected to a swaging or stress release process, which involves cold working plain-end pipe to reduce its dimensions. This process is accomplished by rapidly hammering on the outside surface of the pipe until it reaches the desired measurements.

(iv) *Threading*: Threading of the plain-end pipe involves cutting threads around the circumference of the pipe, either on its inside and/or outside diameter, providing the pipe with screw-threaded ends for use with mechanical joints, couplings and hydraulic seals as well as protection against leakages.

(v) *Bucking/Make-up*: The bucking or make-up operation for pipe involves the use of special equipment to screw or tighten a connection between threaded coupling and pipe to produce joints.

(vi) *Surface Treatment/Finishing*: Threaded pipe is subjected to surface treatment or surface finishing according to product requirements, which can involve the application of zinc phosphate, manganese phosphate, copper plating and/or zinc plating. Threaded pipe may also be sand-blasted before the application of certain treatments to ensure its surface is free of rust and scale.

(vii) *Inspection, Testing and Shipment/Delivery*: Finally, threaded pipe is subjected to surface and dimension inspection to ensure its conformity with product requirements, and, at the request of the customer, threaded pipe may also be subjected to testing (such as hydrostatic testing to ensure its ability to withstand higher pressure), after which conforming products are packed for shipment or delivery.

7.8 SALES AND MARKETING

7.8.1 Drilling Services Business

Approximately 85%, 72% and 76% of the sales from our drilling services business were to clients in Malaysia for the FYE 31 December 2010, 2011 and 2012, respectively. Approximately 78% and 69% of the sales from our drilling services business were to clients in Malaysia for the FPE 30 June 2012 and 2013, respectively.

7.8.2 Oilfield Services Business

Approximately 10%, 47% and 49% of the sales from our oilfield services business were to clients in Malaysia for the FYE 31 December 2010, 2011 and 2012, respectively. Approximately 51% and 45% of the sales from our oilfield services business were to clients in Malaysia for the FPE 30 June 2012 and 2013, respectively.

The following tables set out our revenues, both in Malaysia and overseas, and as a percentage of total revenues of our drilling services business and oilfield services business for the periods indicated. See sections 12.2.4.2, 12.2.5(i), 12.2.6(i) and 12.2.7(i) of this Prospectus for a discussion of our revenues for the periods indicated, including factors that affected our revenues in Malaysia and various overseas countries.

Revenues in Malaysia and Overseas

	FYE 31 December					
	2010		2011		2012	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	(RM in millions, except percentages)					
Malaysia	211.6	60.7	385.0	70.0	538.6	74.4
Turkmenistan	84.8	24.3	3.1	0.5	3.9	0.5
Indonesia	36.4	10.4	144.7	26.3	161.4	22.3
Singapore	1.1	0.3	2.2	0.4	2.3	0.3
Others	14.9	4.3	15.3	2.8	18.1	2.5
Total revenues	**348.8**	**100.0**	**550.3**	**100.0**	**724.3**	**100.0**

	FPE 30 June			
	2012		2013	
	Revenue	% of revenue	Revenue	% of revenue
	(RM in millions, except percentages)			
Malaysia	293.2	76.5	218.6	67.2
Turkmenistan	1.6	0.4	1.6	0.5
Indonesia	78.2	20.4	82.3	25.3
Vietnam	-	-	10.8	3.3
Singapore	1.3	0.3	0.4	0.1
Others	9.1	2.4	11.6	3.6
Total revenues	**383.4**	**100.0**	**325.3**	**100.0**

Our marketing strategy is to position ourselves as a key provider of support services and products for the oil and gas industry in Malaysia and the other markets in which we operate. We participate in and attend local and overseas industry exhibitions to cultivate relationships with new customers and maintain relationships with our existing customers and business partners. We also seek to expand our market presence overseas by developing new business opportunities by working in close collaboration with customers and partners. For example, in our drilling services business, we continuously participate in market surveys conducted by our clients and potential clients, through which we update them on our drilling assets and their potential availability to work on projects. Our participation in these surveys is frequently the basis of invitations to submit proposals when these parties put projects out for tender.

Our presence in various markets, primarily Malaysia, Thailand, China, Indonesia and Turkmenistan, enables us to promptly and effectively gauge existing and potential customer demand, and more effectively conduct targeted sales and marketing activities in particular markets. In addition, our presence in domestic and international markets assists us in our marketing and distributing efforts by providing customer support in the regions in which they operate.

7.9 SUPPLIERS AND CUSTOMERS

We rely on the supply of various products, raw materials and services for our businesses.

Our drilling services business relies on the supply of products, such as drill pipes, and services, such as manpower services, rig refurbishment services, tow boat services, accommodation work barge and catering services for offshore drilling rigs and HWUs. The prices of these products and services are generally volatile, as they are based on local or international market prices.

7.9.1 Major Suppliers

The following tables set out the suppliers who accounted for 10% or more of our total purchases, which consist of our total inventories used in operations and amounts paid to providers of bare boat charter services, providers of equipment, spare parts, outsourced manpower services, equipment repair and maintenance, warehousing, insurance, mobilisation and pre-mobilisation services, and providers of technical and procurement services for the periods indicated.

	FYE 31 December					
	2010		2011		2012	
	Purchases	% of total purchases	Purchases	% of total purchases	Purchases	% of total purchases
	(RM in thousands, except percentages)					
Suppliers						
Hakuryu 5, Inc.(1)	-		304	0.1	155,311	35.8
IHI Marine United(2)	-	-	-	-	84,700	19.5
JDC Panama(3)	29,045	11.1	45,450	15.7	14,275	3.3
JDC(4)	32,399	12.4	30,351	10.5	81,056	18.7

	FPE 30 June			
	2012		2013	
	Purchases	% of total purchases	Purchases	% of total purchases
	(RM in thousands, except percentages)			
Suppliers				
Hakuryu 5, Inc.(1)	66,015	29.3	25,170	17.3
JDC(4)	41,241	18.3	28,263	19.4
IHI Marine United(2)	20,835	9.2	-	-
JDC Panama(3)	13,458	6.0	15,294	10.5

Notes:

(1) Provided HAKURYU-5 drilling rig on bare boat charter basis.

(2) Provided contracting services for NAGA 1's deepdish conversion.

(3) Provided NAGA 1 drilling rig on bare boat charter basis.

(4) Provided technical and procurement services and personnel for NAGA 1.

We are dependent on providers of specialty equipment and parts, including top drives and related parts from National Oilwell Varco and blowout preventers and related parts and supplies from Cameron.

7.9.2 Major Customers

Customers for our drilling services business include PETRONAS Carigali and other contractors engaging in exploration and production activities in South East Asia. In our oilfield services business, we also provide services to PETRONAS Carigali and other contractors operating in waters off Sabah, Malaysia. The following table sets out the customers who accounted for 10% or more of our total revenues for the periods indicated.

	FYE 31 December					
	2010		2011		2012	
	Revenues	% of total revenues	Revenues	% of total revenues	Revenues	% of total revenues
	(RM in thousands, except percentages)					
Customers						
PETRONAS Carigali	189,514	54.3	372,824	67.8	494,743	68.3
HESS (Indonesia-Pangkah)	43,084	12.4	140,020	25.4	146,813	20.3

	FPE 30 June			
	2012		2013	
	Revenues	% of total revenues	Revenues	% of total revenues
	(RM in thousands, except percentages)			
Customers				
PETRONAS Carigali	239,793	62.6	214,572	66.0
HESS (Indonesia-Pangkah)*	74,208	19.4	53,303	16.4

Note:

* *Our contract with HESS (Indonesia-Pangkah) ended in April 2013.*

We are dependent on PETRONAS and its subsidiaries as our key customers.

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7.10 COMPETITION

The businesses in which we operate are competitive. The companies in these businesses typically compete for customers and market share on the basis of experience, past performance, safety record and practices, reliability, range of services, technical support and price. In our drilling business, we compete against global and regional drilling contractors in the South East Asian market, such as Ensco, Seadrill and Shelf Drilling. In Malaysia, among the global and regional competitors, Ensco, Seadrill and Shelf Drilling had market shares of 19%, 19% and 13%, respectively, based on the number of contracted jack-up rigs.* In certain markets, where local companies have established positions and may enjoy regulatory advantages, we compete with local drilling operators, such as Vietsovpetro and PV Drilling in Vietnam and Apexindo in Indonesia. Among these local competitors, based on the number of contracted jack-up rigs in their respective countries, Vietsovpetro had a market share of 29%, PV Drilling had a market share of 14% and Apexindo had a market share of 12%.*

For our OCTG threading, inspection and repair services and pipe services, we compete with international companies in this sector, such as US-based Weatherford International, and regional competitors, such as Malaysia-based OMS Oilfield Services and the China-based Hilong Group.

Malaysia was the largest offshore oil and gas producer in South East Asia, and was the second largest exporter of LNG in the world at the end of 2012. The Government's ETP has identified the oil and gas industry as one of the national key economic areas. As part of the ETP initiative, PETRONAS announced in June 2011 a capital expenditure plan that includes additional drilling of wells for EOR from existing fields and for the development of marginal fields, for which jack-up drilling rigs and HWUs are well suited. In line with growing demand for drilling rigs and HWUs is the increase in demand for oilfield services equipment, including threaded OCTG, for use in oil and gas operations.

Note:

* *Source: Douglas-Westwood, IMR Report.*

The performance of the Malaysian economy and the potential for growth in Malaysia's oil and gas sector has attracted potential competitors, including multinational groups, to explore opportunities in the development of the drilling services business and oilfield services business. Accordingly, competition for new projects and from new operations related to these businesses may increase in line with long-term economic growth in Malaysia.

We also expect to see increased competition in other markets in South East Asia, both from global and local players in these markets. Because of the specialised regulatory schemes applicable to the offshore drilling services business, prior experience in a jurisdiction is particularly important in winning new business in that jurisdiction. To compete successfully in these markets outside Malaysia, it is particularly important for us to establish and maintain good track records in these jurisdictions.

7.11 BUSINESS INTERRUPTIONS

There has not been any material interruption to our business activities in the 12 months preceding the LPD.

7.12 RESEARCH AND DEVELOPMENT

Currently, we do not have any formal research and development facilities in place, and, accordingly, for the FYE 31 December 2010, 2011 and 2012 and the FPE 30 June 2013, we have not incurred any research and development expenditures.

7.13 QUALITY CONTROL AND CERTIFICATIONS AND RECOGNITIONS

Quality control is important to maintain our high level of performance with respect to our drilling services business and oilfield services business. As a company operating in industries utilising sophisticated technologies, quality control is paramount to our ability to consolidate our market position and our continued growth. We have invested in the necessary equipment and in implementing relevant methodologies to enhance our product quality, optimise the productivity of our facilities and equipment and meet our customers' schedules and other demands. We conduct quality control inspections for the services that we provide to our customers, and we have established procedures for supervising and evaluating our provision of services. Our quality control policies have received a variety of certifications in relation to our operations.

Our drilling services business has received various certifications, including the following:

(i) ISO 9001:2008 Certification from Bureau Veritas Certification for UPD (scope of supply: provision of HWU and services for oil & gas industry) (2010);

(ii) 1,000,000 Safe Manhours with Zero LTI for Workover Rig Operations of UP GAIT I and UP GAIT II from PETRONAS Carigali for UPD (2010);

(iii) ISO 9001:2008 Certification from Lloyd's Register Quality Assurance for UMWSD (scope of supply: management of mobile offshore drilling unit) (2010);

(iv) Health, Safety and Environment Special Award for 250 Days Free of Total Recordable Case from PETRONAS Carigali for UJD (2010);

(v) Bronze Award for Good Health, Safety and Environmental Performance and Contributions Towards PETRONAS Carigali Health, Safety and Environmental Performance from PETRONAS Carigali in 2010 and 2011 for UPD (2011);

(vi) Best Health, Safety and Environmental Performance Drilling Contractor from PETRONAS Carigali in 2011 for UJD (2011);

(vii) Outstanding Vendor Award 2011 from PETRONAS Carigali for UJD (2011);

(viii) Twelve Years with Zero LTI for NAGA 1 from 6 June 2000 to 5 June 2012 from IADC for UJD (2012); and

(ix) "Category A" Service Provider Rating from PETRONAS Carigali for workover services for UPD (2013).

Our oilfield services business has received various certifications, including the following:

(i) ISO 14001:2004 from BM TRADA for Environmental Management System of UOS (2010);

(ii) ISO 9001:2008 Certification from the International Certification Network (IQ Net) for Quality Management System of UOS (2011); and

(iii) ISO 9001: 2008 Certification from SIRIM QAS International for Quality Management System of UOS (2011).

7.14 HSE MATTERS

We are committed to the health and safety of our personnel, protection of the environment and compliance with applicable laws and regulations. Our operations are subject to domestic and international regulations with regard to air and water quality and other environmental matters, and our drilling services business in particular is subject to numerous laws and regulations in the form of international conventions and treaties, domestic and international regulations and domestic laws in force in the jurisdictions in which our offshore drilling rigs and HWUs operate or are registered. In addition, our customers, in particular oil and gas companies that are the customers of our drilling services business, emphasise the safety records and quality management systems of their service and product providers. Many of these customers require their providers to obtain HSE certifications to evidence their adoption of HSE systems that identify occupational health and safety hazards, evaluate the impact of these hazards on the environment, the company and the employees and adopt procedures to mitigate these hazards. Therefore, injuries to our personnel, our physical assets and the environment in which we operate may disrupt our operations and pose a threat to our reputation.

To ensure compliance with applicable laws, regulations and customer standards, we have established and implemented a set of occupational HSE procedures, which require the provision of a safe working environment for our personnel, including:

(i) instructions and measures for safely operating offshore drilling rigs and HWUs;

(ii) implementation of STOP, under which supervisors and employees are trained to systematically observe people as they work, speak with them to correct unsafe actions and encourage safe work practices;

(iii) scheduled inspections and periodic drydock inspections or special examinations of our offshore drilling rigs by classification bodies using third-party inspectors and the witnessing and certification of our HWUs' capacities by third-party inspectors, as well as other systematic inspections of our drilling rigs, HWUs, tools and equipment;

(iv) procedures for responding to emergencies and other problems arising from equipment malfunction, personnel error and the marine environment, either while on-site or during mobilisation (such as capsizing, sinking, grounding, collision, piracy, damage from severe weather and marine life infestations);

(v) provision of adequate tools and equipment to our personnel;

(vi) implementation of appropriate work procedures to minimise our personnel's exposure to certain health risk factors inherent to our drilling services business and oilfield services business;

(vii) regular health examinations of our personnel; and

(viii) preventative maintenance of our equipment and work sites.

We conduct both internal and third-party audits, and we review our HSE performance from time to time in view of the expansion and increasing complexity of our operations to ensure that we comply with relevant standards and applicable laws and regulations. We have adopted a HSE Management System to ensure that activities undertaken by us and their associated hazards have been systematically identified, organised and controlled, and can be audited by relevant regulatory authorities, our customers and ourselves. In addition, we encourage regular meetings regarding HSE issues. Monthly HSE meetings address various issues, such as reviews of hazards, presentations on safety subjects or potential quality improvements, and daily toolbox meetings communicate HSE topics to all employees by means of information placed on notice boards located in work areas. Quarterly HSE meetings analyse incident statistics and reported hazards to identify trends that will allow us to direct resources productively to mitigate these incidents and hazards. We require our management and supervisory personnel to attend HSE training both on an initial basis and periodically within three years of their initial training. We also require our senior drilling and workover personnel, such as assistant rig managers, offshore installation managers, senior drillers, tool pushers, superintendents and supervisors, to participate in quarterly HSE meetings at least three times per year and our employees and contract staff to attend all HSE meetings and toolbox meetings.

The following table sets out our LTI frequency, total recordable case frequency and actual man hours worked for the periods indicated. This data is presented using methodologies adopted by the IADC, an organisation we belong to, the mission of which includes improving health, safety, environmental and training practices in our industry.

	FYE 31 December			Eight months ended 31 August	
	2010	**2011**	**2012**	**2012**	**2013**
LTI frequency[1]	-	1.2	1.7	-	0.6
Total recordable case frequency[2]	5.1	4.2	3.9	3.3	1.8
Actual man hours worked	986,875	1,657,937	1,799,274	1,205,423	1,643,141

Notes:

(1) For a period, the LTI frequency is equal to the number of LTIs multiplied by 1,000,000 and divided by actual man hours worked. LTIs consist of fatalities, permanent total or partial disabilities and lost workday cases (excluding restricted workday cases).

(2) For a period, the total recordable case frequency is equal to the number of total recordable cases multiplied by 1,000,000 and divided by actual man hours worked. Total recordable cases consist of fatalities, permanent total or partial disabilities, lost workday cases (including restricted workday cases) and injury cases that require medical treatment.

Some of our operations, in particular, drilling, create or emit noise and wastewater, gas and dust (specifically, rock dust) and drilling fluids. It is common practice in the oil and gas industry for the well or oil or gas field owners and developers to clean up rock dust, drilling fluids, wastewater and other waste produced during the drilling process. We are not subject to these regulations specific to oil and gas exploration and production companies, as we are primarily service providers. Nevertheless, our oilfield services business is subject to certain environmental laws and regulations in jurisdictions where we have operations. These laws and regulations generally empower government authorities to impose fees for the discharge of waste, levy fines for offences or order closure of any facilities that fail to comply with related laws and regulations.

We are in compliance in all material respects with all applicable HSE laws and regulations regarding our drilling services business and oilfield services business. However, the adoption of new HSE laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments in the future may require that we make additional capital expenditures or incur additional operating expenses or that we curtail our operations.

7.15 INSURANCE

We maintain insurance at levels that are customary in the businesses in which we operate to protect against various losses and liabilities that may arise from the risks and hazards of our operations. These risks and hazards include physical loss of, or damage to, our equipment and equipment belonging to third parties, liabilities arising from rig operation, industrial accidents and natural disasters. We generally maintain insurance for the equipment and infrastructure of our offshore drilling rigs, HWUs and facilities and worker's compensation insurance in respect of death or injury to our employees in accordance with worker's compensation regulations in Malaysia and the other jurisdictions in which we operate, as well as group term life and group personal accident policies. To determine appropriate insurance policies and levels of insurance coverage, we regularly employ risk management for purposes of analysing the risks faced by our businesses.

For the FYE 31 December 2010, 2011 and 2012 and the FPE 30 June 2012 and 2013, we incurred an aggregate of RM5.8 million, RM11.0 million, RM11.4 million, RM5.6 million and RM7.3 million, respectively, in insurance policy premiums.

7.16 EMPLOYEES

The following table sets out our number of employees for the dates indicated.

	As at 31 December			As at the
Employee category	**2010**	**2011**	**2012**	**LPD**
Senior managers and above	23	19	23	22
Managers	28	27	33	49
General staff	256	260	295	318
Technical staff	233	253	263	301
Total	**540**	**559**	**614**	**690**

As at the LPD, we employed a total of 431 permanent staff and 259 contract staff. Permanent staff generally includes employees from all categories, while contract staff generally includes certain members of the technical staff and the general staff.

Our permanent staff and contract staff were deployed in the following locations as at the LPD.

	As at the LPD							
Employee type	**Malaysia**	**China**	**Thailand**	**Turkmenistan**	**Singapore**	**Indonesia**	**Vietnam**	**Total**
Permanent staff	326	49	40	1	1	-	14	431
Contract staff	194	2	-	15	-	5	43	259
Total	**520**	**51**	**40**	**16**	**1**	**5**	**57**	**690**

Malaysian employment regulations require employers and employees to contribute to the EPF to provide for the retirement and other needs of employees. Under present regulations, employees contribute 11% of their monthly salary to the EPF via payroll deductions. Employers are required to contribute a minimum amount equivalent to 12% of an employee's monthly salary to the EPF, and we contribute between 12% and 16% of our employees' monthly salaries to the EPF. Other than our contributions to the EPF, we do not maintain any other retirement, pension or severance plans or have any unfunded pension liabilities, nor do we owe any amounts to any present or former employees not in the ordinary course of business operations.

As at the LPD, we had one union (Trade Union of Tianjin Free Trade Zone), which represented the local, Chinese employees of our wholly-owned subsidiary UOS-TJ in accordance with China's labour regulations. We have not entered into any collective bargaining agreement or other contract or plan related to our union, and we have not experienced any strike or work stoppages in the past and have also not experienced any significant problems with our union. We believe that our wages and benefits are generally in accordance with market practices and our relationships with our employees and our union are generally good.

7.16.1 Training and Development

We recognise the need to retain our senior and middle management in order to ensure continuity in the achievement of our corporate objectives and the seamless implementation of our programmes and initiatives. Our Board believes that continued success depends on the support and dedication of our management personnel. In addition, we believe our employees are the cornerstone of our success. We provide extensive and ongoing training and development opportunities through a variety of training programmes. Our drilling teams undergo various technical training programmes, including:

(i) rigging and slinging training, which provides the drill crew with information and training about such skills as operating hoists and winches, anchor handling, load calculation and lifting beams;

(ii) stuck-pipe prevention training, which teaches drill crew and supervisors practical techniques for eliminating or significantly reducing stuck-pipe incidents, as well as steps to free stuck-pipes quickly when such incidents occur; and

(iii) hydrogen sulphide training, which is a safety training programme for all employees working on a drilling rig or HWU who may be exposed to environments where hydrogen sulphide is present.

The key personnel on our drilling rigs and HWUs, namely those who hold the position of assistant driller or above, are all certified by one of the well-known certification bodies such as IWCF and IADC. IWCF is an organisation that aims to improve well control competency globally by promoting and promulgating knowledge about well control and establishing uniform training, assessment and certification programmes that are acceptable globally to all operators, contractors and regulatory bodies in the oil and gas industry. IADC is an association aimed at advancing drilling and completion technology, improving industry HSE and training practices and advocating sensible regulation and legislation that facilitate safe and efficient drilling.

The following table provides information on additional training programmes attended by our directors, officers and employees:

Skills	Name of programme	Attendee	Year
Corporate governance	Risk Management Forum Embracing Risk for Long Term Corporate Success (Boosting Your Risk Governance)	Director	2013
Risk management	Enterprise Risk Management Education Programme	Senior management/Manager/ Executive	2013
Corporate governance	Malaysian Code of Corporate Governance	Director/Senior management	2013

Skills	Name of programme	Attendee	Year
Corporate governance	PNB's Directors Seminar	Director	2013
Corporate governance	Corporate Governance & Short-Termism	General manager	2013
Leadership/Personal mastery	Management Competency Development Programme	Manager/Executive	2012/2013
General management and skills	Global Economics Shift & the Impact to Malaysia	Director	2012
Technical	Well and Drilling Course	Manager/Executive	2012
Technical	Training Oil & Gas Field Development & Production Sharing Contracts	Manager	2012
General knowledge and skills	5th Deepwater Asia Congress Malaysia	Senior management	2012
Corporate governance	Running Effective Board and General Meetings Essential Guide for Directors and Company Secretaries of PLCs	Senior management	2012
Commercial and legal skills	Oil & Gas Contract Drafting Training	Senior management	2012

In 2013, we established UDA to operate a drilling academy to help build the capabilities and competencies of local drilling crews and to address the shortage of skilled Malaysian personnel in the oil and gas industry in general and the drilling services business in particular. The academy, which is expected to be fully operational by the first quarter of 2014, will be the first academy in Malaysia dedicated to drilling, and will be located in Kuala Terengganu, Malaysia. It will offer structured training in drilling services operations and certification programmes, including through the use of training rigs and simulators and through classroom training, related to both offshore drilling rigs and HWUs. Once operational, the academy will apply for certification by international certifying bodies such as IWCF, IADC and Offshore Petroleum Industry Training Organisation.

7.17 MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

Details of material properties owned by our Group or leased/tenanted by our Group and our material equipment are set out in Annexure B of this Prospectus.

7.18 TECHNOLOGY AND INTELLECTUAL PROPERTY

Save as disclosed below, as at LPD, we do not have any brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights.

7.18.1 Technology licences

(i) Atlas Bradford technology

UOS is the licencee for the Atlas Bradford technology pursuant to the Tenaris Sublicence Agreement dated 1 April 2012 whereby UOS has been granted the right by the licensor to carry out the following activities: (i) threading and reconstruction of full length products; (ii) threading and reconstruction of accessory equipment; (iii) sale of threaded full length products; (iv) sale of threaded accessory equipment; (v) use of trademarks; and (vi) threading and sale of connections on full length tubular not manufactured by the licensor. The Tenaris Sublicense Agreement is effective from 1 April 2012 and shall continue in effect and be automatically renewed on a yearly basis unless otherwise terminated. For further details of the Tenaris Sublicence Agreement and its salient terms, see Annexure A.1.2 (1) of this Prospectus.

(ii) Premium Connections technology

(a) UOS is the licencee for the Premium Connections technology pursuant to the UOS Tenaris Licence Agreement dated 1 April 2012 whereby UOS has been granted the right by the licensor to carry out the following activities: (i) threading and repair of products; (ii) threading, repair and conversion of accessory equipment; (iii) sale of threaded products; (iv) sale of repaired products; and (v) sale of threaded or repaired accessory equipment. The UOS Tenaris Licence Agreement is effective from 1 April 2012 and shall continue in effect until 31 December 2013, thereafter renewable for up to two one-year periods upon its expiration. For further details of the UOS Tenaris Licence Agreement and its salient terms, see Annexure A.1.2 (2) of this Prospectus.

(b) UOS-TJ is the licencee for the Premium Connections technology pursuant to the UOS-TJ Tenaris Licence Agreement dated 1 August 2011 whereby UOS-TJ has been granted the right by the licensor to carry out the following activities: (i) repair of products; (ii) threading, and repair of accessory equipment; (iii) sale of repaired products; and (iv) sale of threaded or repaired accessory equipment. The UOS-TJ Tenaris Licence Agreement is effective from 1 August 2011 and shall continue in effect until 31 December 2012, thereafter renewable for up to two one-year periods upon its expiration. For further details of the UOS-TJ Tenaris Licence Agreement and its salient terms, see Annexure A.1.2 (10) of this Prospectus.

(iii) VAM Joints technology and VAM Trademarks

UOS is the licencee for the VAM Joints technology and VAM Trademarks pursuant to the UOS VAM Agreement dated 20 May 2011 whereby UOS has been granted the right by the licensor to carry out the following activities: (i) manufacture of VAM Joints accessories; (ii) repair damaged VAM Joints; (iii) sale of VAM Joints; and (iv) use of VAM trademarks. The UOS VAM Agreement is effective from 20 May 2011 and shall continue in effect and be automatically renewed on a yearly basis unless otherwise terminated. For further details of the UOS VAM Agreement and its salient terms, see Annexure A.1.2 (3) of this Prospectus.

(iv) JFE BEAR Thread

(a) UOS is the licencee for the JFE BEAR Thread pursuant to the JFE BEAR Licence Agreement dated 10 June 2008 whereby UOS has been granted the right by the licensor to cut the JFE BEAR Thread for the accessories (Pin & Box), the coupling, the repair work and the manufacturing work in the licencee's plant and to sell them in Malaysia. The JFE BEAR Licence Agreement is effective from 10 June 2008 and shall continue in effect until 9 June 2010, thereafter renewable on a yearly basis unless otherwise terminated. For further details of the JFE BEAR Licence Agreement and its salient terms, see Annexure A.1.2 (4) of this Prospectus.

(b) UOS-TJ is the licencee for the JFE BEAR Thread pursuant to the UOS-TJ JFE BEAR Licence Agreement dated 16 April 2007 whereby UOS-TJ has been granted the right by the licensor to cut the JFE BEAR Thread for the accessories or the repair work in the licencee's plant and to sell them in China. The UOS-TJ JFE BEAR Licence Agreement is effective from 16 April 2007 and shall continue in effect until 15 April 2009, thereafter renewable on a yearly basis unless otherwise terminated. For further details of the UOS-TJ JFE BEAR Licence Agreement and its salient terms, see Annexure A.1.2 (8) of this Prospectus.

(v) API Monogram

UOS is the licencee for API Monogram pursuant to the API Licence Agreement dated 24 August 2009 whereby the licencee has been granted the right by the licensor to use the API Monogram. The API Licence Agreement is effective from 24 August 2009 and shall continue in effect until 23 July 2014. For further details of the API Licence Agreement and its salient terms, see Annexure A.1.2 (5) of this Prospectus.

(vi) FOX Thread

(a) UOS is the licencee for FOX Thread pursuant to the Kawasaki Licence Agreement dated 1 May 1998 whereby the licencee has been granted the right by the licensor to carry out the following activities: (i) to cut and sell FOX Thread on accessories; (ii) to make coupling for repair work and manufacturing work and accessories; (iii) to conduct repair work; and (iv) to conduct and sell manufacturing work. The Kawasaki Licence Agreement is effective from 1 May 1998 and shall continue in effect until 30 April 2001, thereafter renewable on a yearly basis unless otherwise terminated. For further details of the Kawasaki Licence Agreement and its salient terms, see Annexure A.1.2 (6) of this Prospectus.

(b) UOS-TJ is the licencee for FOX Thread pursuant to the JFE Steel Corporation Licence Agreement dated 19 August 2003 whereby the licencee has been granted the right by the licensor to cut FOX Thread for accessories, repair work in its plant and to sell them in China. The JFE Steel Corporation Licence Agreement is effective from 19 August 2003 and shall continue in effect until 18 August 2005, thereafter renewable on a yearly basis unless otherwise terminated. For further details of the JFE Steel Corporation Licence Agreement and its salient terms, see Annexure A.1.2 (9) of this Prospectus

(vii) Grant technology and trademarks

UOT is the licencee for Grant products and trademarks pursuant to the Grant Licence Agreement dated 28 September 2005 whereby the licencee has been granted the right by the licensor to manufacture and reconstruct Grant products which consists of: (i) Hi Torque connectors; (ii) XT connectors; (iii) XT-F connectors; (iv) SST thread forms; and (v) Turbotorque connectors. The Grant Licence Agreement is effective from 28 September 2005 and shall continue in effect until terminated. For further details of the Grant Licence Agreement and its salient terms, see Annexure A.1.2 (7) of this Prospectus.

(viii) Tubing threaded connection structure

UOS-TJ is the licencee for a tubing threaded connection structure pursuant to the UOS-TJ Jiangsu Changbao Patent Licence Agreement dated 1 September 2012 whereby the licencee has been granted the right by the licensor to process HQSC1 thread pup and accessory for oil and casing pipes within China. The UOS-TJ Jiangsu Changbao Licence Agreement is effective from 1 September 2012 until 31 August 2014. For further details of the UOS-TJ Jiangsu Changbao Licence Agreement and its salient terms, see Annexure A.1.2 (11) of this Prospectus.

(ix) Casing thread connector and casing thread joint

UOS-TJ is the licencee for the casing thread connector and casing thread joint pursuant to the UOS-TJ Baoshan Steel Technology Licence Agreement dated 22 June 2013 whereby the licencee has been granted the right by the licensor to process and repair threads for special connectors of Baoshan Steel within China. The UOS-TJ Baoshan Steel Technology Licence Agreement is effective from 22 June 2013 until 22 June 2015. For further details of the UOS-TJ Baoshan Steel Technology Licence Agreement and its salient terms, see Annexure A.1.2 (12) of this Prospectus.

(x) WSP special thread connectors

UOS-TJ is the licencee for four types of WSP special thread connectors pursuant to the UOS-TJ Wuxi Seamless Licence Agreement dated 20 January 2012 whereby the licencee has been granted the right by the licensor to process male and female buckles for special thread connectors i.e. WSP-1T, WSP-2T, WSP-3T and WSP-4T within China. The UOS-TJ Wuxi Seamless Licence Agreement is effective from 20 January 2012 until 20 January 2014. For further details of the Wuxi Seamless Licence Agreement and its salient terms, see Annexure A.1.2 (13) of this Prospectus.

(xi) Special buckle connectors, non-API specification BC screw joint technology

UOS-TJ is the licencee for TP-CQ special buckle connector, TP-G2 special buckle connector, TP-FJ special buckle connector, TP-NF special buckle connector, TP-QR special buckle connector, TP-JC special buckle connector, TP-TS special buckle connector, TP-TS2 special buckle connector, non-API specification BC screw joint technology pursuant to the UOS-TJ Tianjin Pipe Licence Agreement dated 1 January 2011 whereby the licencee has been granted the right by the licensor to process contracted products on recognised equipment. The UOS-TJ Tianjin Pipe Licence Agreement is effective from 1 January 2011 until 31 December 2012, and shall thereafter continue in effect unless otherwise terminated. For further details of the UOS-TJ Tianjin Pipe Licence Agreement and its salient terms, see Annexure A.1.2 (14) of this Prospectus.

(xii) Tianjin Tiangang tubular thread connector

UOS-TJ is the licencee for a tubular thread connector for oil and gas industries pursuant to the UOS-TJ Tianjin Tiangang Licence Agreement dated 18 August 2010 (and extension of agreement dated 28 July 2012 whereby the licencee has been granted the right by the licensor to process the thread pup joint and accessory for TG-QMI, TG-XC oil and casing pipes within China. The UOS-TJ Tianjin Tiangang Licence Agreement is effective from August 2012 until July 2015. For further details of the UOS-TJ Tianjin Tiangang Licence Agreement and its salient terms, see Annexure A.1.2 (15) of this Prospectus.

7.18.2 Trademarks

Our Group does not own any trademarks in connection with our business.

7.18.3 Patents and other intellectual property

Save for the licence granted by UMWH to our Company on 17 May 2013 for the use of, amongst others, the "UMW" trademark, we are not dependent on any patents or other intellectual property for the operation of our business.

7.18.4 Dependency on licences, trademarks, patents and other intellectual property

Save as disclosed in Annexure A and Section 7.18.1 of this Prospectus, respectively, our Group is not dependent on any other major licences, permits, registrations and other intellectual property rights for our business operations.

7.19 GOVERNING LAWS AND REGULATIONS

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

7.19.1 Governing laws and regulations relating to the industry

(i) Petroleum Development Act 1974 ("PDA") and the Petroleum Regulations 1974

The Petroleum Development Act 1974 vested in PETRONAS the entire ownership in, and the exclusive rights, powers and privileges of exploring, exploiting, winning and obtaining petroleum which includes hydrocarbons, natural gas and bituminous shales, onshore or offshore of Malaysia.

Companies who participate in activities relating to the exploration and production of petroleum in Malaysia are obliged to enter into a PSC with PETRONAS. Amongst the PSC contractors operating in Malaysia is PETRONAS Carigali (PETRONAS' operations company) which is involved in exploration, development and production of hydrocarbons and generally all oil and gas activities taking place prior to the processing and refining of hydrocarbons.

The PDA has spawned a whole support industry, which provides services and products to PSC contractors. Contractors and suppliers who wish to participate in any business or services to supply of equipment, facilities and services to the upstream oil and gas activities are first required to register with PETRONAS' Licensing and Registration Department pursuant to the Petroleum Regulations 1974 and must also obtain a licence from PETRONAS.

Since we provide drilling and oilfield services for the upstream oil and gas industry and in particular, to PSC contractors, we are registered with PETRONAS and we have valid licences to provide such services as required under the Petroleum Regulations 1974.

We are aware that failure to maintain valid licences or to comply with any condition of such licences shall make us liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding two years or to both and in the case of a continuing offence, we shall be liable to a further fine of RM1,000 for each day or part of a day during which the offence continues.

(ii) Exclusive Economic Zone Act 1984 ("EEZA")

As many of our oilfields are located in the exclusive economic zone of Malaysia (which is defined as the area beyond and adjacent to the territorial sea of Malaysia, extending to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured), the EEZA plays a key part in regulating activities for the economic exploitation and exploration of the zone in Malaysia, to which we are bound.

Under the EEZA, any search, excavation or drilling operations as well as the laying of pipelines in the exclusive economic zone requires authorisation from the Government. We are also required to observe the environmental policies in accordance with a duty under the EEZA to protect and preserve the marine environment in the zone. We are aware that any discharge or escape of oil in the exclusive economic zone is punishable with a fine not exceeding RM1.0 million.

(iii) Industrial Co-ordination Act 1975 and the Industrial Co-ordination (Exemption) Order 1976 ("ICA")

Under the Industrial Co-ordination Act 1975 and the Industrial Co-ordination (Exemption) Order 1976, a licence is required for any manufacturing activity with shareholders' funds of RM2.5 million and above and/or manufacturing activity employing 75 or more full-time paid employees. A licence will have to be obtained for the manufacture of specified products at each separate manufacturing site. Licences are typically issued in accordance with national economic and social objectives and to promote the orderly development of manufacturing activities in Malaysia. They are issued by the MITI, subject to conditions of the licence and are non-transferable save with the prior approval of MITI.

Under the ICA, UOS is under an obligation to maintain the requisite licences as licenced manufacturers.

7.19.2 Other relevant Malaysian legislation

(i) Factories and Machinery Act 1967 ("FMA")

The Factories and Machinery Act 1967 governs the occupational safety, health and welfare of persons working in a factory. The FMA also governs the registration and inspection of the machines used in a factory. The FMA and the regulations enacted under it is the cornerstone legislation for occupational, safety and health improvement in the manufacturing industry, mining, quarrying and construction industries, apart from the general duties to employees under the Occupational Safety and Health Act 1994.

Under the FMA, our Group has a duty to maintain the standards of safety, health and welfare of our factories and our factory workers. In addition, our Group must ensure that the machineries used are in good condition and must be registered.

(ii) Occupational Safety and Health Act 1994 ("OSHA")

Under the OSHA, our Group, specifically through UOS, has a general duty to our employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, so far as is practicable, the safety and health of our employees at work; and to provide a working environment, which is as far as possible safe, without risks to health, and adequate as regards facilities for their welfare at work. We also have a duty to ensure, so far as is practicable, that other persons, not being our employees, who may be affected are not thereby exposed to risks to their safety or health.

The promulgation of the OSHA is based on a self regulation scheme with the primary responsibility of ensuring safety and health at the workplace lying with those who create the risks and work with the risks. In line with the requirements of the OSHA, we have employed a competent person to act as the safety and health officer for the purposes of ensuring the due observance and the promotion of a safe conduct of work at the place of work. There is also the requirement to establish a safety and health committee under the OSHA as we currently employ more than 100 employees.

The general penalty under the OSHA provides that a person who by any act or omission contravenes any provision under the OSHA or any regulation made thereunder shall be guilty of an offence and where no penalty is expressly provided shall, on conviction, be liable to a fine not exceeding RM10,000 and/or to imprisonment for a term not exceeding one year and in the case of a continuing offence, to a fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction.

(iii) Environmental Quality Act 1974

The Environmental Quality Act 1974 restricts pollution of the atmosphere, noise pollution, pollution of the soil, pollution of inland waters without a licence, prohibits the discharge of oil into Malaysian waters without licence, discharge of wastes into Malaysian waters without a licence, and prohibits open burning. The agency responsible for implementing and monitoring Malaysian's environmental regulations and policies is the Malaysian Department of Environment and the local environmental authority.

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7.20 DEPENDENCY ON COMMERCIAL CONTRACTS

7.20.1 UDC

(i) Rig Co-Owning Agreement dated 11 March 2005 between JDC, UMWC, JDC Panama and UDC whereby JDC being the owner of the rig known as "HAKURYU-III" (now known as NAGA 1) agrees to form a joint venture with UMWC and as a pre-requisite for the implementation of the joint venture thereof, JDC and UMWC agree to co-own HAKURYU-III together with all ancillary equipment and machinery, at a cash consideration of USD34.0 million to be paid equally by JDC's subsidiary, JDC Panama, and UMWC's subsidiary, UDC. Upon payment of the consideration thereof by JDC Panama and UDC to JDC, the ownership of HAKURYU-III would be transferred to JDC Panama and UDC in equal shares.

7.20.2 UJD

(i) Bareboat Charter Contract dated 6 January 2006 between JDC Panama and UDC and UJD, as supplemented by the latest addendum No. 10 dated 1 January 2012, whereby UJD agrees to a bareboat charter of a semi-submersible drilling rig known as "NAGA 1" which is co-owned equally by JDC Panama and UDC for the purpose of carrying out the contract offshore drilling business and operations in Malaysia and other overseas areas under the drilling contract awarded to UJD by PETRONAS Carigali, who is the operator under the drilling contract ("**Operator**"). UJD shall pay to JDC Panama and UDC cash consideration of USD30,000 per day as bareboat charter fees, which may be reviewed and revised from time to time as shall be mutually agreed upon by the parties ("**BBC Fees**"). Nevertheless, in the event no contractual daily rate is applicable and to be paid by UJD to the Operator during the term of the drilling contract, the BBC Fees shall likewise not be paid by UJD to JDC Panama and UDC. The agreement is valid from 6 January 2006 and shall remain in full force as long as the Joint Venture Agreement executed by JDC, UPD and UMWC on 11 March 2005 remain in force, unless otherwise terminated in accordance with the terms thereof.

(ii) Agreement dated 21 June 2006 entered into between PETRONAS Carigali and UJD which became effective on 25 January 2006, as supplemented by (a) a letter of amendment and contract extension from PETRONAS Carigali to UJD dated 17 September 2010; and (b) a letter for rig upgrade reimbursement and contract extension dated 3 April 2013, for the provision of semi-submersible drilling rig "NAGA 1" by UJD for PETRONAS Carigali's drilling program whereby UJD agrees to carry out for PETRONAS Carigali drilling, workover and associated operations off the continental shelf of Peninsular Malaysia and Sabah and Sarawak and to furnish the drilling rig and other related equipment, spare parts, materials, expendables and other supplies with the drilling personnel and insurances for the completion of PETRONAS Carigali wells ("**Work**"). In consideration for the satisfactory performance of the Work, PETRONAS Carigali has agreed to pay UJD cash consideration at an agreed rate based on the unit day rates and the consideration shall not be revised for any reason whatsoever throughout the duration of this agreement. This agreement commenced on 20 May 2006. Vide their letter dated 17 September 2010, PETRONAS Carigali has extended this agreement by exercising their right to the first extension option for a further period of five years. During the current contract duration of five years, which commenced on 13 November 2010 and ends on 12 November 2015, rig upgrading works were carried out for a duration of 281 days from 13 April 2012 until 18 January 2013. Hence, PETRONAS Carigali has, vide their letter dated 3 April 2013, granted a further extension to this agreement to 19 August 2016, which is represents an additional 281 days, at an agreed daily operating rate ("**Second Extension Letter**"). In addition, the Second Extension Letter also extends the agreement for a further period of two years commencing from 20 August 2016, subject to the terms and conditions of the agreement. All the terms and conditions of this agreement will continue to be applicable and effective for the said two year extension period, save for the daily operating rate, unless otherwise terminated in accordance with the terms thereof. The estimated contract value is approximately USD130 million.

7.20.3 UMWSD

(i) Agreement dated 28 April 2011 entered into between PETRONAS Carigali and UMWSD which was effective on 21 January 2011, as supplemented by a letter of contract amendment and extension from PETRONAS Carigali to UMWSD dated 20 March 2012, for the provision of jack-up drilling rig known as "NAGA 3" for PETRONAS Carigali's drilling programme whereby UMWSD agrees to carry out for PETRONAS Carigali drilling and exploration programme and associated operations off the continental shelf of Peninsular Malaysia, Sabah, Sarawak and South East Asia and to provide the drilling rig and other related equipment, spare parts, materials, consumables and other supplies with the drilling personnel and insurances ("**Work**"). In consideration for the satisfactory performance of the Work, PETRONAS Carigali has agreed to pay UMWSD cash consideration at an agreed rate based on the unit day rates and the consideration shall not be revised for any reason whatsoever throughout the duration of this agreement. Vide their letter dated 20 March 2012, PETRONAS Carigali has extended this agreement for a further period of two years commencing on 22 March 2012 (inclusive) and shall be valid until 21 March 2014 (inclusive), unless otherwise terminated in accordance with the terms thereof.

(ii) Agreement dated 20 March 2013 entered into between UMWSD and PV Drilling ("**Subcontract**") to be read together with the Reciprocal Agreement dated 26 September 2013 pursuant to a Drilling Services Contract between PV Drilling and Hoang Long Joint Operating Company ("**Hoang Long**") dated 20 March 2013 ("**Main Contract**"), to be read together with the Addendum No. 1 dated 26 September 2013, for the provision of jack-up drilling rig known as "NAGA 2" and services whereby UMWSD agrees to carry out the drilling, bypass (sidetrack), deepening, workover, testing, completion or plug and abandon exploration, appraisal and development wells in Block 16-1 offshore Vietnam and all other services as defined in the Main Contract ("**Work**"), in accordance with the terms and conditions of the Main Contract which shall apply to the Subcontract on "back-to-back" terms, except as specifically provided in the Subcontract. In consideration for the satisfactory performance of the Work, PV Drilling has agreed to pay UWMSD cash consideration at an agreed rate based on the daily operating rates well as mobilisation costs and other associated costs. This agreement is valid and effective from 20 March 2013 and shall remain in full force as long as the Main Contract remains valid, which is for an estimated duration of six months from 16 June 2013 to cover four wells ('**Primary Period**") and an option for Hoang Long to extend the contract period for a further six months ("**Option Period**"), unless otherwise terminated in accordance with the terms thereof. Notwithstanding the Primary Period and the Option Period, this agreement may be extended by Hoang Long and PV Drilling by written agreement prior to the end of the term of the Main Contract. On September 2013, Hoang Long has extended the Main Contract by exercising their right to the Option Period for a further period of six months commencing on 16 December 2013 until 15 June 2014, and in turn PV Drilling has extended the Subcontract for a similar period.

(iii) Agreement dated 10 April 2013 entered into between PETRONAS Carigali and UMWSD for the provision of jack-up drilling rig known as "NAGA 4" for PETRONAS Carigali's drilling programme whereby UMWSD agrees to carry out for PETRONAS Carigali drilling and exploration programme and associated operations off the continental shelf of Peninsular Malaysia, Sabah, Sarawak and South East Asia and to provide the drilling rig and other related equipment, spare parts, materials, consumables and other supplies with the drilling personnel and insurances ("**Work**"). In consideration for the satisfactory performance of the Work, PETRONAS Carigali has agreed to pay UMWSD cash consideration at an agreed rate based on the unit day rates. This agreement is valid and effective from 14 March 2013 and shall commence on the time and date signified in the IADC Daily Drilling Report which will occur when the jack-up drilling rig, complete with all equipment, materials and personnel required for drilling operations arrive at the mobilisation site, and is positioned, anchored, preloaded and fully jacked-up and successfully function-tested and pressure-tested and accepted by PETRONAS Carigali ("**Commencement Date**") for an initial period of three years from the Commencement Date ("**Primary Term**") and an option for PETRONAS Carigali to further extend the contract period for a further two years, unless otherwise terminated in accordance with the terms thereof.

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