UMW OIL & GAS

expanding

Annual Report 2014

eXpanding

In a year marked by significant expansion efforts, this cover uses the solitary word 'eXpanding' to highlight the growth in fleet strength and the dynamic deployment of our drilling assets in the waters around the region. The letter '**X**' is given prominence to emphasise the qualities – the ***X-factors*** – that give UMW Oil & Gas Corporation Berhad the advantage as the only Malaysian owner and operator of jack-up drilling rigs with the track record and in-house crew competencies in the drilling space to capture the robust growth opportunities in this market segment and crystallise our value.

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CORPORATE SOCIAL RESPONSIBILITY

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CORPORATE PROFILE

BEYOND BOUNDARIES

UMW OIL & GAS CORPORATION BERHAD ("UMW-OG" or "the Company") is a Malaysia-based multinational provider of drilling and oilfield services for the upstream sector of the oil and gas industry. We provide drilling and workover services for exploration, development and production wells in Malaysia and Southeast Asia with our fleet of offshore drilling rigs and hydraulic workover units. Our Oilfield Services business offers threading, inspection and repair services for Oil Country Tubular Goods ("OCTG") in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells.

UMW Holdings Berhad ("UMWH"), our parent company and single largest shareholder, is a leading industrial conglomerate in Malaysia, with diverse and global businesses in the automotive, equipment, manufacturing and engineering, and oil and gas industries.

VISION, MISSION AND CORE VALUES

VISION

To be a leading player in the oil and gas industry, operating both domestically and globally supported by proven track records, true spirit, quality services and healthy growth potential.

MISSION

Developing a Malaysian-owned company that provides quality services to the oil and gas industry and maintaining standards by matching – if not surpassing – other international companies providing similar global services.

CORE VALUES

Going *Beyond Boundaries*® is not only about crossing geographical or physical borders. It is about redefining the boundaries of our minds and doing new things in a better way. In short, it is about eliminating all barriers and scaling new heights.

UMW-OG is built on the foundation of four core beliefs in being:

Honourable

Our continual efforts in building trusted relationships and behaving with the utmost integrity, resulting in quality products and services that stand the test of time.

Unshakeable

Our commitment to our customers, partners, employees as well as the community at large, and to persevere and strive for excellence in all our undertakings.

Vibrant

Our energetic and open-minded approach to new ideas that inspire fresh solutions for our partners and businesses.

Pioneering

We lead the way with bold ideas that shape the future of our industries.

2014 AT A GLANCE

Revenue

RM1.0b
+37.6%
from 2013

PBT

RM284m
+37.4%
from 2013

Our Drilling Fleet

7* Drilling Rigs

5 Hydraulic Workover Units ("HWUs")

Regional Presence

8
Countries

Orderbook Value

RM1.8b
until 2018

Manpower

959
Employees

Total Recordable Case Frequency

0.22
Industry Allowables of <1.00

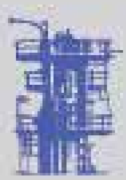
Establishment of Drilling Academy

RM20m

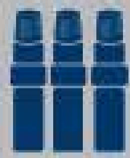
** UMW NAGA 7 delivered end January 2015*

OUR STRENGTHS

First Domestic Owner and Operator of Jack-up Drilling Rigs in Malaysia



First Malaysian Owner and Operator of HWUs



Complementary Oilfield Services Business

Drilling Services
Revenue

RM**969**m

Drilling Services
PBT

RM**273**m

Drilling Services
Assets

1
Semi-Submersible

6*
Jack-ups

5
HWUs

Oilfield Services
Revenue

RM**46**m

Oilfield Services
PBT

RM**9**m

Oilfield Services
Assets

6
Plants

4
Countries

**UMW NAGA 7 delivered end January 2015*

OUR PRESENCE

Semi-submersible drilling rig
- NAGA 1 – Offshore Malaysia

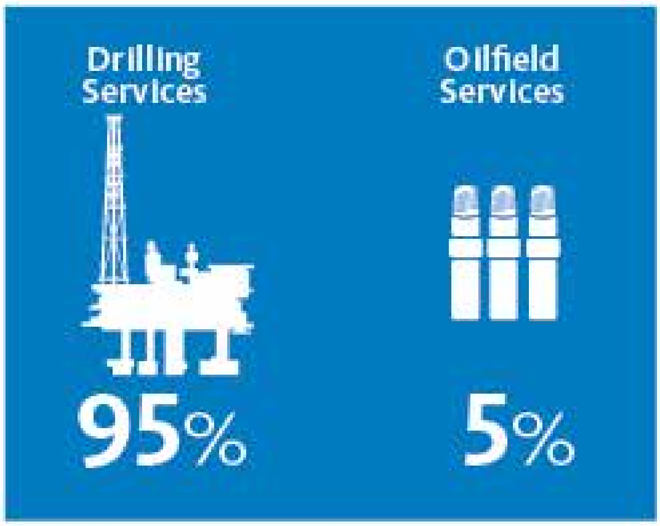
Jack-up drilling rigs
- UMW NAGA 2 – Offshore Vietnam
- UMW NAGA 3 – Offshore Malaysia, Vietnam
- UMW NAGA 4 – Offshore Malaysia
- UMW NAGA 5 – Offshore Philippines, Myanmar
- UMW NAGA 6 – Offshore Vietnam
- UMW NAGA 7* – Offshore Malaysia

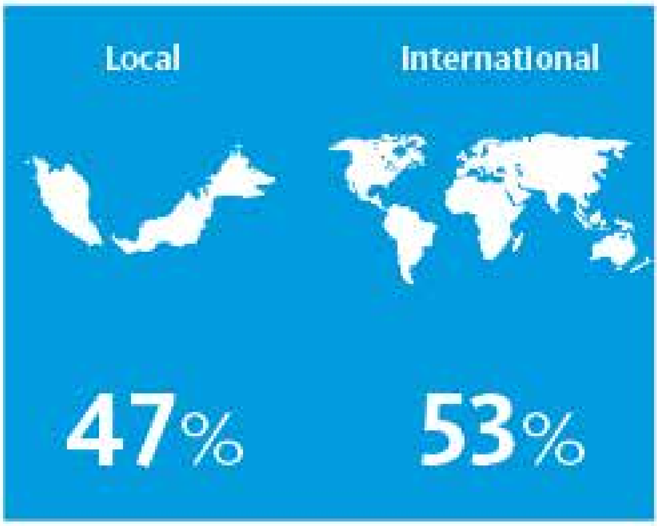
Hydraulic workover units
- UMW GAIT 1 – Malaysia
- UMW GAIT 2 – Offshore Vietnam
- UMW GAIT 3 – Offshore Malaysia
- UMW GAIT 5 – Offshore Thailand
- UMW GAIT 6 – Offshore Myanmar

Oilfield services operations
- UMW Oilpipe Services Sdn. Bhd. – Labuan, Malaysia
- UOT (Thailand) Limited – Sattahip and Songkhla, Thailand
- UMW Oilfield Services (Tianjin) Co., Limited – Tianjin, China
- UMW Oilpipe Services (Turkmenistan) Ltd. – Turkmenbashy, Turkmenistan

** Delivered end January 2015*

REVENUE BREAKDOWN FOR 2014





...IN ASSET STRENGTH

RM1.7 billion IPO proceeds was mainly utilised to acquire new drilling rigs and bolster our overall asset strength. Our growth strategy of acquiring a base minimum of one drilling rig per year is part of our asset expansion plan to meet UMW-OG's objectives to be a global player.

2014 : A YEAR OF GRO

...IN REGIONAL REACH

Our 3-pronged marketing strategy leverages on the strength of our reputation in our countries of operations and the trust of our clients to break into new markets, focusing on increasing the number of international clients, penetrating more countries in Southeast Asia, and following existing clients in their overseas operations. We are now present in eight countries and counting.

WTH

...IN SUSTAINABLE VALUE

UMW-OG is backed by good fundamentals and strong financial resources to pursue our strategic initiatives and growth opportunities. We are well-positioned to capitalise on the high demand for jack-up drilling rigs in the Southeast Asia region with our young fleet of premium rigs. All of our offshore drilling rigs were fully utilised and achieved high efficiency rates for the financial year. We have a portfolio of both long-term and short-term contracts that run till 2018.

OUR ASSETS

NAGA 1

Type	Semi-submersible drilling rig
Design	Mitsubishi MD25-SP
Ownership	50%
Operator	UJD[1] (85% owned by UMW-OG)
Delivery year	1974
Operating water depth	1,000 ft
Drilling depth	30,000 ft

Contract details	
Client	PETRONAS Carigali Sdn. Bhd.
Operation location	Offshore Malaysia
Current contract duration	• June 2004 - August 2018

[1] *UMW JDC Drilling Sdn. Bhd.*

UMW NAGA 2

Type	Premium jack-up drilling rig
Design	MSC CJ46-X100D
Ownership	100%
Operator	UOD[2] (100% owned by UMW-OG)
Delivery year	2009
Operating water depth	350 ft
Drilling depth	30,000 ft

Contract details	
Client	PetroVietnam Drilling & Well Services Corporation for the end-client Hoang Long Joint Operating Company
Operation location	Offshore Vietnam
Current contract duration	• June 2013 - May 2015

[2] *UMW Offshore Drilling Sdn. Bhd.*

UMW NAGA 3

Type	Premium jack-up drilling rig
Design	MSC CJ46-X100D
Ownership	100%
Operator	UOD[2] (100% owned by UMW-OG)
Delivery year	2010
Operating water depth	350 ft
Drilling depth	30,000 ft

Contract details	
Client	PETRONAS Carigali Sdn. Bhd.
Operation location	Offshore Malaysia
Contract duration	• March 2011 - April 2014

Contract details	
Client	PetroVietnam Drilling & Well Services Corporation for the end-client Japan Vietnam Petroleum Company Limited
Operation location	Offshore Vietnam
Contract duration	• May 2014 - October 2014

Contract details	
Client	PetroVietnam Drilling & Well Services Corporation for the end-client Hoang Long Joint Operating Company
Operation location	Offshore Vietnam
Current contract duration	• October 2014 - May 2015

[2] *UMW Offshore Drilling Sdn. Bhd.*

UMW NAGA 4

Type	Premium jack-up drilling rig
Design	Keppel FELS B Class
Ownership	100%
Operator	UOD[2] (100% owned by UMW-OG)
Delivery year	2013
Operating water depth	400 ft
Drilling depth	30,000 ft

Contract details	
Client	PETRONAS Carigali Sdn. Bhd.
Operation location	Offshore Malaysia
Current contract duration	• April 2013 - April 2016 • April 2016 - April 2018 (optional extension)

[2] *UMW Offshore Drilling Sdn. Bhd.*

Our Assets

UMW NAGA 5

Type	Premium jack-up drilling rig
Design	Keppel FELS B Class
Ownership	100%
Operator	UOD[2] (100% owned by UMW-OG)
Delivery year	2014
Operating water depth	400 ft
Drilling depth	30,000 ft

Contract details	
Client	Nido Petroleum Philippines Pty. Ltd.
Operation location	Offshore Philippines
Contract duration	• May 2014 - July 2014
Client	PTTEP International Limited
Operation location	Offshore Myanmar
Contract duration	• September 2014 - March 2015
Client	PetroVietnam Drilling & Well Services Corporation for the end-client Korea National Oil Corporation
Operation location	Offshore Vietnam
Current contract duration	• June 2015 - October 2015

[2] *UMW Offshore Drilling Sdn. Bhd.*

UMW NAGA 6

Type	Premium jack-up drilling rig
Design	MSC CJ46-X100D
Ownership	100%
Operator	UOD[2] (100% owned by UMW-OG)
Delivery year	2014
Operating water depth	375 ft
Drilling depth	30,000 ft

Contract details	
Client	PetroVietnam Drilling & Well Services Corporation for the end-clients PETRONAS Carigali Vietnam Limited and PETRONAS Carigali Overseas Sdn. Bhd.
Operation location	Offshore Vietnam
Current contract duration	• October 2014 - June 2015 • June 2015 - September 2015 (optional extension)

[2] *UMW Offshore Drilling Sdn. Bhd.*

UMW GAIT 1

Type	Hydraulic Workover
Maximum pulling capacity	340,000 lbs
Maximum snubbing capacity	150,000 lbs
Delivery	2001

UMW GAIT 2

Type	Hydraulic Workover
Maximum pulling capacity	460,000 lbs
Maximum snubbing capacity	225,000 lbs
Delivery	2004

Contract details	
Client	PVD Trading & Technical Services Joint Stock Company
Type	Call-Out
Operation location	Offshore Vietnam
Current contract duration	• June 2013 - June 2015*

** continuation from UMW GAIT 3 contract*

UMW GAIT 3

Type	Hydraulic Workover
Maximum pulling capacity	460,000 lbs
Maximum snubbing capacity	225,000 lbs
Delivery	2008

Contract details	
Client	PVD Trading & Technical Services Joint Stock Company
Type	Call-Out
Operation location	Offshore Vietnam
Contract duration	• June 2013 - June 2015*
Client	PETRONAS Carigali Sdn. Bhd.
Type	Firm, term
Operation location	Offshore Malaysia
Current contract duration	• March 2014 - March 2016 (firm) • March 2016 - March 2017 (option)

** contract subsequently serviced by UMW GAIT 2*

Our Assets

UMW GAIT 5

Type	Hydraulic Workover
Maximum pulling capacity	460,000 lbs
Maximum snubbing capacity	225,000 lbs
Delivery	2010

Contract details

Client	PTT Exploration and Production Public Company Limited and PTTEP International Limited
Type	Call-Out
Operation location	Offshore Thailand
Current contract duration	• June 2013 - June 2016 (firm) • July 2016 - June 2017 (optional extension)

UMW GAIT 6

Type	Hydraulic Workover
Maximum pulling capacity	460,000 lbs
Maximum snubbing capacity	225,000 lbs
Delivery	2014

Contract details

Client	PTTEP International Limited
Type	Term
Operation location	Offshore Myanmar
Current contract duration	• August 2014 - June 2015 (firm) • June 2015 - January 2016 (optional extension)

UMW Oilpipe Services Sdn. Bhd.

Location	Labuan, Malaysia
Principal activities	Provision of threading, inspection, repair and maintenance services for OCTG

UOT (Thailand) Limited

Location	Sattahip and Songkhla, Thailand
Principal activities	Provision of threading, inspection, repair and maintenance services for OCTG

UMW Oilfield Services (Tianjin) Co., Limited

Location	Tianjin, China
Principal activities	Provision of threading, inspection, repair and maintenance services for OCTG

UMW Oilpipe Services (Turkmenistan) Ltd.

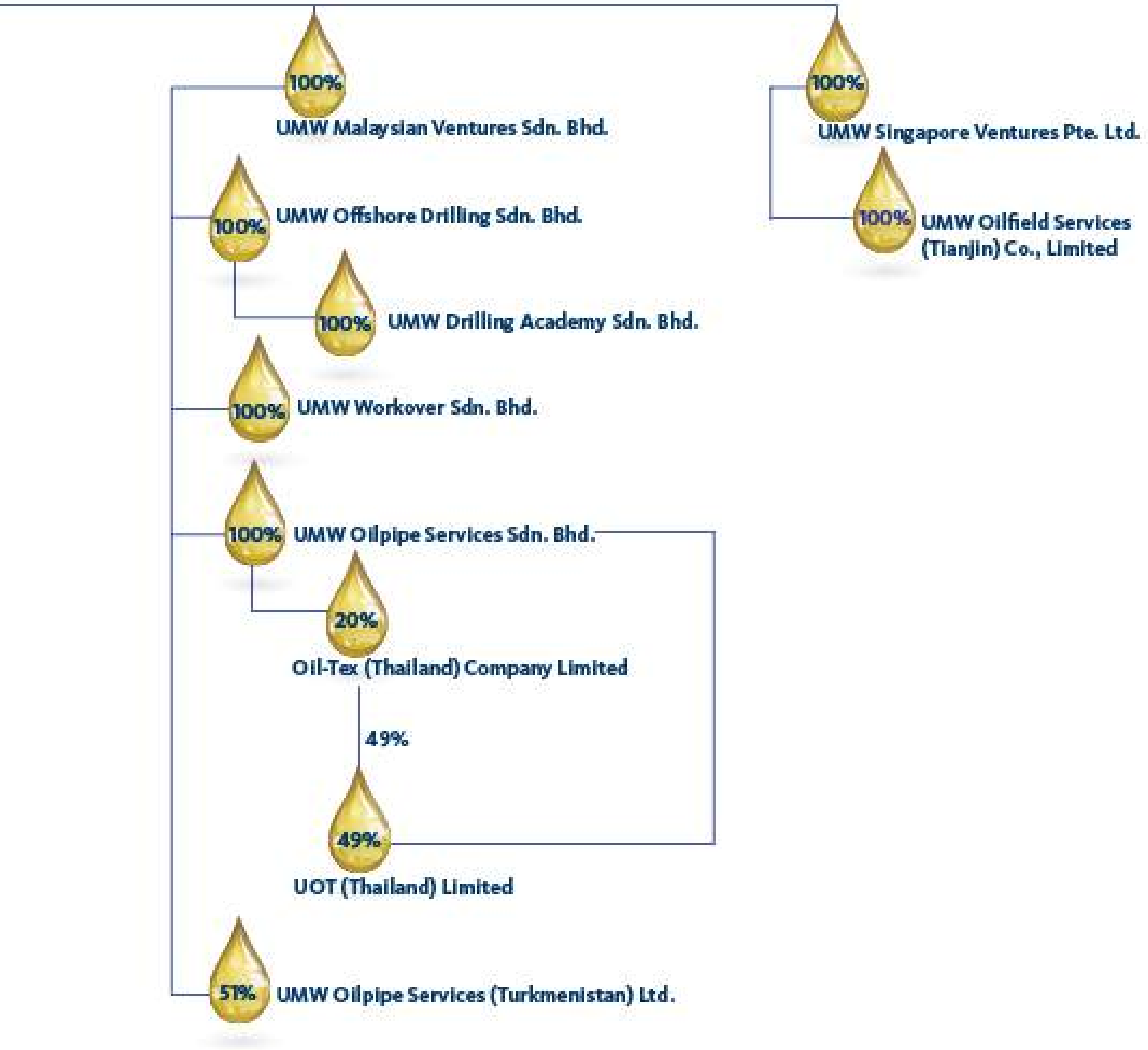
Location	Turkmenbashy, Turkmenistan
Principal activities	Provision of threading, inspection, repair and maintenance services for OCTG

CORPORATE STRUCTURE

UMW OIL & GAS

UMW OIL & GAS CORPORATION BERHAD

- 85% UMW JDC Drilling Sdn. Bhd.
- 100% UMW Rig Asset (L) Ltd.
  - 100% UMW Drilling Co. Ltd.
  - 100% UMW Drilling 2 (L) Ltd. *(formerly known as UMW Naga Two (L) Ltd.)*
    - 100% UMW Standard 1 Pte. Ltd.
  - 100% UMW Drilling 3 (L) Ltd. *(formerly known as UMW Naga Three (L) Ltd.)*
    - 100% UMW Standard 3 Pte. Ltd.
  - 100% UMW Drilling 4 (L) Ltd.
    - 100% Offshore Driller B324 Ltd.
  - 100% Offshore Driller 4 Ltd.
  - 100% UMW Drilling 5 (L) Ltd.
  - 100% UMW Drilling 6 (L) Ltd.
  - 100% UMW Drilling 7 (L) Ltd.
  - 100% UMW Drilling 8 (L) Ltd.


100%
UMW Malaysian Ventures Sdn. Bhd.
100%
UMW Offshore Drilling Sdn. Bhd.
100%
UMW Drilling Academy Sdn. Bhd.
100%
UMW Workover Sdn. Bhd.
100%
UMW Oilpipe Services Sdn. Bhd.
20%
Oil-Tex (Thailand) Company Limited
49%
49%
UOT (Thailand) Limited
51%
UMW Oilpipe Services (Turkmenistan) Ltd.
100%
UMW Singapore Ventures Pte. Ltd.
100%
UMW Oilfield Services (Tianjin) Co., Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Asmat bin Kamaludin
Chairman/Non-Independent
Non-Executive Director
Date of appointment : 2 May 2013

Rohaizad bin Darus
President/
Executive Director
Date of appointment : 31 January 2012

Datuk Syed Hisham bin Syed Wazir
Non-Independent
Non-Executive Director
Date of appointment : 1 October 2010

Dr. Leong Chik Weng
Non-Independent
Non-Executive Director
Date of appointment : 21 April 2011

Razalee bin Amin
Independent
Non-Executive Director
Date of appointment : 2 May 2013

Dato' Afifuddin bin Abdul Kadir
Independent
Non-Executive Director
Date of appointment : 2 May 2013

Cheah Tek Kuang
Independent
Non-Executive Director
Date of appointment : 2 May 2013

Dato' Ibrahim bin Marsidi
Independent
Non-Executive Director
Date of appointment : 2 May 2013

Fina Norhizah binti Hj Baharu Zaman
Independent
Non-Executive Director
Date of appointment : 15 August 2013

BOARD AUDIT COMMITTEE

- **Razalee bin Amin** (Chairman)
- **Datuk Syed Hisham bin Syed Wazir**
- **Cheah Tek Kuang**
- **Dato' Ibrahim bin Marsidi**

BOARD NOMINATION COMMITTEE

- **Dato' Afifuddin bin Abdul Kadir** (Chairman)
- **Dr. Leong Chik Weng**
- **Razalee bin Amin**
- **Fina Norhizah binti Hj Baharu Zaman**

BOARD REMUNERATION COMMITTEE

- **Dr. Leong Chik Weng** (Chairman)
- **Dato' Afifuddin bin Abdul Kadir**
- **Cheah Tek Kuang**
- **Dato' Ibrahim bin Marsidi**

BOARD INVESTMENT & RISK MANAGEMENT COMMITTEE

- **Dr. Leong Chik Weng** (Chairman)
- **Datuk Syed Hisham bin Syed Wazir**
- **Cheah Tek Kuang**
- **Dato' Ibrahim bin Marsidi**
- **Fina Norhizah binti Hj Baharu Zaman**
- **Rohaizad bin Darus**

BOARD WHISTLE-BLOWING COMMITTEE

- **Fina Norhizah binti Hj Baharu Zaman** (Chairman)
- **Datuk Syed Hisham bin Syed Wazir**
- **Razalee bin Amin**
- **Dato' Afifuddin bin Abdul Kadir**

COMPANY SECRETARY

Mohd Nizamuddin bin Mokhtar
(LS 006128)

REGISTERED OFFICE

Level 18, Block 3A
Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Malaysia
Telephone : +603 – 2096 8788
Facsimile : +603 – 2274 7787

SHARE REGISTRATION OFFICE

Securities Services (Holdings)
Sdn. Bhd. (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia
Telephone : +603 – 2084 9000
Facsimile : +603 – 2094 9940

AUDITORS

Messrs. Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia
Telephone : +603 – 7495 8000
Facsimile : +603 – 2095 5332

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : UMWOG
Stock Code : 5243

PRINCIPAL BANKERS

- Affin Bank Berhad
- AmBank (M) Berhad
- Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
- CIMB Bank Berhad
- HSBC Amanah Malaysia Berhad
- Malayan Banking Berhad
- Sumitomo Mitsui Banking Corporation Malaysia Berhad

WEBSITE

http://www.umw-oilgas.com

E-MAIL ADDRESS

info@umw-oilgas.com

FINANCIAL CALENDAR

Announcement of Results FY2014
First Quarter
19 May 2014

Announcement of Results FY2014
Second Quarter
25 Aug 2014

Announcement of Results FY2014
Third Quarter
24 Nov 2014

Declaration of Interim Dividend of 1.0 sen per share
24 Nov 2014

Entitlement Date for Interim Dividend
30 Dec 2014

Payment Date for Interim Dividend
15 Jan 2015

Announcement of Results FY2014
Fourth Quarter
23 Feb 2015

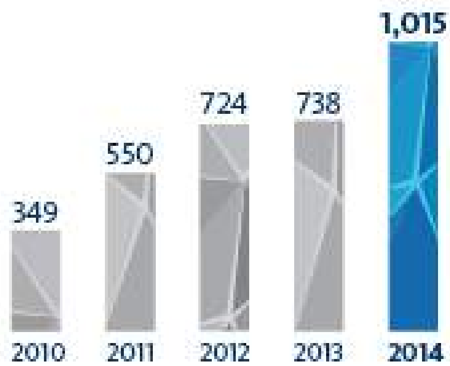
Notice of 5th Annual General Meeting & Issuance of Annual Report 2014
27 Apr 2015

5th Annual General Meeting
19 May 2015

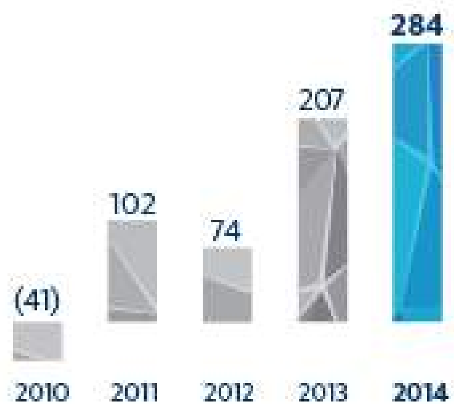
5-YEAR GROUP SUMMARY RESULTS

Financial Year Ended 31 December		2010	2011	2012	2013	2014
Revenue	RM million	349	550	724	738	**1,015**
Profit/(Loss) Before Taxation	RM million	(41)	102	74	207	**284**
Profit/(Loss) Attributable to Equity Holders of the Company	RM million	(49)	78	73	189	**252**
Shareholders' Funds	RM million	47	168	244	2,833	**3,200**
Return on Shareholders' Funds	%	(67)	73	35	12	**8**
Return on Total Assets	%	(3)	6	4	5	**5**
Basic Earnings/(Loss) Per Share	Sen	(3.1)	5.1	4.7	11.5	**11.7**
Share Price at Year End	RM	N/A	N/A	N/A	4.01	**2.35**
Market Capitalisation at Year End	RM million	N/A	N/A	N/A	8,670	**5,081**

REVENUE
(RM million)

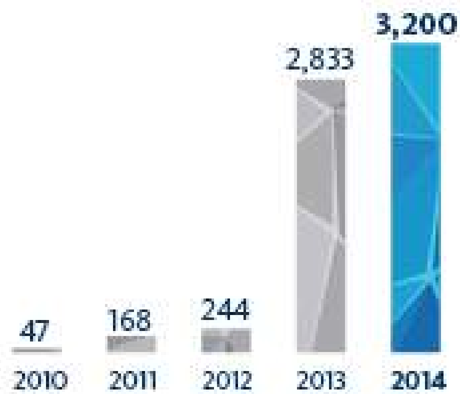


PROFIT/(LOSS) BEFORE TAXATION
(RM million)



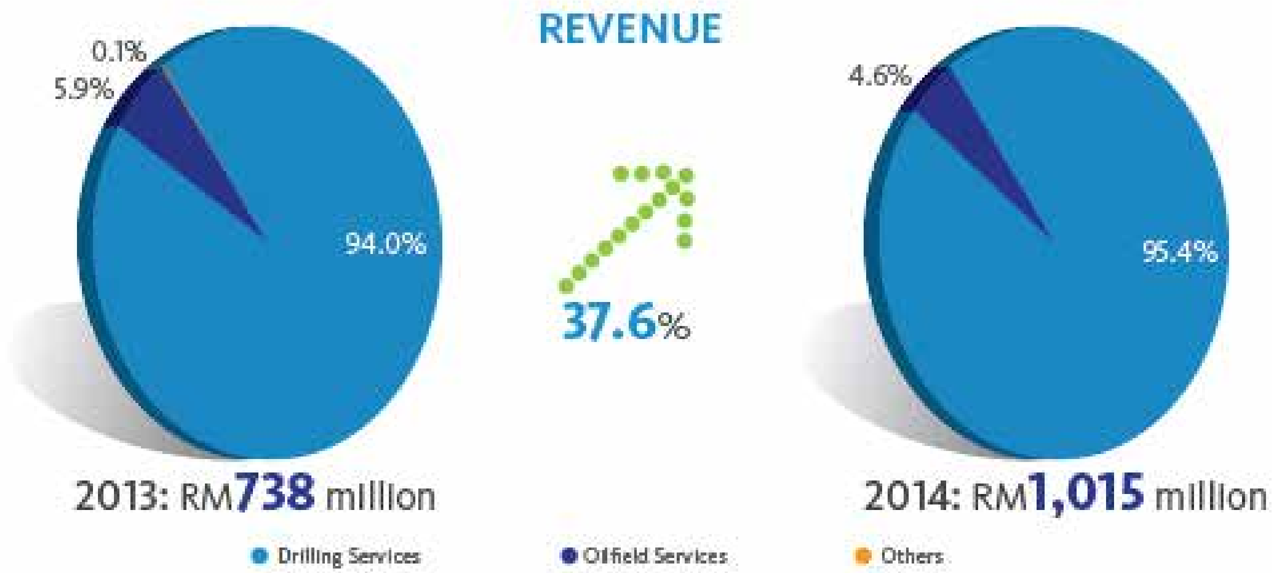
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(RM million)

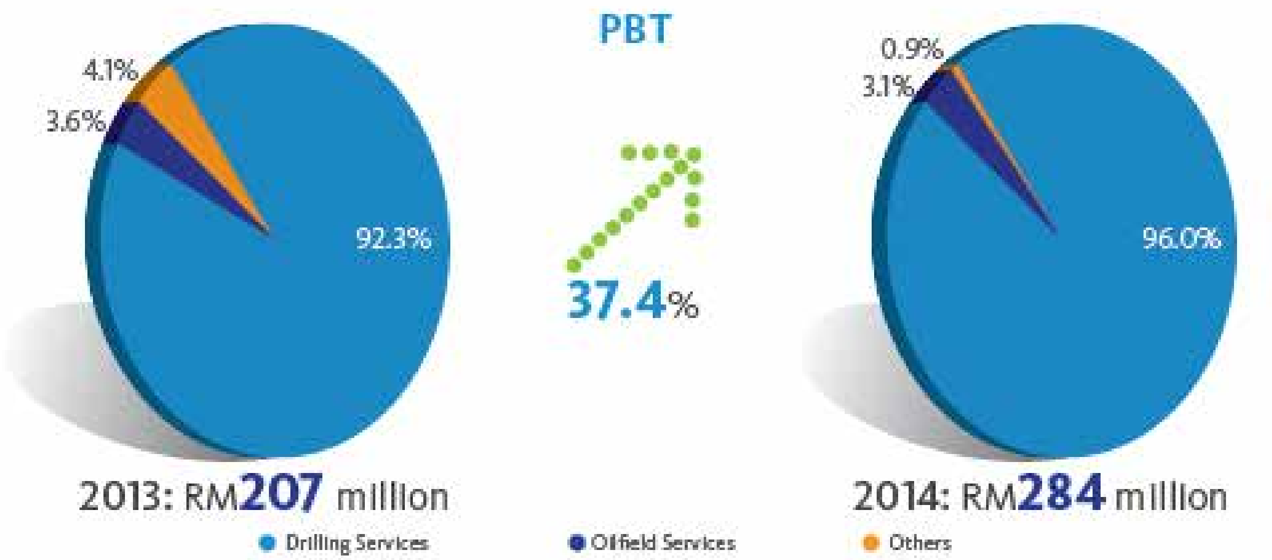
SHAREHOLDERS' FUNDS
(RM million)



SUMMARY OF GROUP RESULTS

Financial Year Ended 31 December (RM million)	2014	2013
Revenue	**1,015**	738
Profit Before Taxation	**284**	207
Net Profit for the Year	**254**	187
Share Capital	**1,081**	1,081
Reserves	**2,119**	1,752
Basic Earnings Per Share (sen)	**11.7**	11.5
Net Assets Per Share (RM)	**1.5**	1.3





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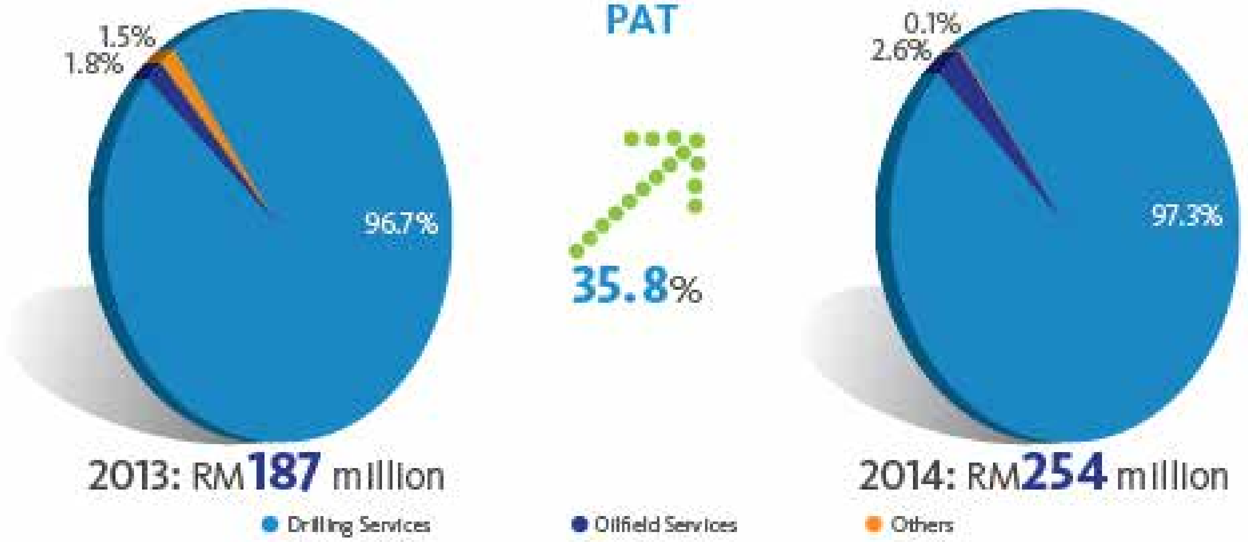


REVENUE BY COUNTRY

STATISTICS ON SHAREHOLDINGS

As at 31 March 2015

SHARE CAPITAL

Authorised Share Capital	:	**RM2,500,000,000** (comprising **5,000,000,000** ordinary shares of **RM0.50** each)
Issued and Paid-Up Share Capital	:	**RM1,081,000,000** (comprising **2,162,000,000** ordinary shares of **RM0.50** each)
Class of Shares	:	Ordinary shares of **RM0.50** each
Voting Rights	:	One vote per one ordinary share

ANALYSIS OF SHAREHOLDINGS

Size Of Holdings	No. Of Shareholders		Total No. Of Shareholders		No. Of Issued Shares		Total No. Of Issued Shares	
	Malaysian	Foreign	No.	%	Malaysian	Foreign	No.	%
Less than 100	48	1	49	0.28	834	2	836	0.00
100 – 1,000	3,241	37	3,278	18.92	2,599,361	27,000	2,626,361	0.12
1,001 – 10,000	11,271	112	11,383	65.71	47,289,995	503,300	47,793,295	2.21
10,001 – 100,000	2,258	45	2,303	13.30	63,616,200	1,473,497	65,089,697	3.01
100,001 to less than 5% of issued shares	270	36	306	1.77	508,715,275	36,935,236	545,650,511	25.24
5% and above of issued shares	3	0	3	0.02	1,500,839,300	0	1,500,839,300	69.42
TOTAL	**17,091**	**231**	**17,322**	**100.00**	**2,123,060,965**	**38,939,035**	**2,162,000,000**	**100.00**

CATEGORY OF SHAREHOLDERS

Category	No. Of Shareholders		No. Of Issued Shares		% Of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 Individual	13,656	95	104,124,074	905,702	4.81	0.04
2 Body Corporate						
A) Banks / Finance Companies	79	1	497,620,800	1,050,000	23.01	0.05
B) Investment Trusts / Foundations / Charities	3	0	131,500	0	0.01	0.00
C) Industrial and Commercial Companies	159	2	1,219,828,400	526,700	56.43	0.02
3 Government Agencies / Institutions	2	0	13,887,400	0	0.64	0.00
4 Nominees	3,191	133	287,466,691	36,456,633	13.30	1.69
5 Others	1	0	2,100	0	0.00	0.00
TOTAL	**17,091**	**231**	**2,123,060,965**	**38,939,035**	**98.20**	**1.80**

THIRTY LARGEST SHAREHOLDERS

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Shareholders	No. Of Shares	%
1	UMW HOLDINGS BERHAD	1,204,777,400	55.73
2	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA PERMODALAN NASIONAL BERHAD	175,000,000	8.09
3	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	121,061,900	5.60
4	LEMBAGA TABUNG HAJI LEMBAGA TABUNG HAJI, BHG PEMEROSESAN PELABURAN	59,796,700	2.77
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	52,706,900	2.44
6	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020 PERMODALAN NASIONAL BERHAD	30,112,700	1.39
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA PERMODALAN NASIONAL BERHAD	26,000,000	1.20
8	PERMODALAN NASIONAL BERHAD INVESTMENT PROCESSING DEPT	24,709,144	1.14
9	AMSEC NOMINEES (TEMPATAN) SDN. BHD. AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	23,654,100	1.09
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	17,336,000	0.80
11	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	16,996,000	0.79
12	LEMBAGA TABUNG ANGKATAN TENTERA	13,752,900	0.64
13	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	13,662,200	0.63
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	12,194,900	0.56
15	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK PERMODALAN NASIONAL BERHAD	11,913,800	0.55
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	11,511,500	0.53
17	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)	8,799,300	0.41
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SECTOR SELECT FUND	7,259,500	0.34
19	AMANAHRAYA TRUSTEES BERHAD SEKIM AMANAH SAHAM NASIONAL PERMODALAN NASIONAL BERHAD	7,205,700	0.33
20	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	6,110,500	0.28

THIRTY LARGEST SHAREHOLDERS (cont'd.)

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Shareholders	No. Of Shares	%
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC DIVIDEND SELECT FUND	5,752,600	0.27
22	RAHMAH BINTI ABDUL RAHIM	5,628,100	0.26
23	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (I-VCAP)	5,401,100	0.25
24	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	5,109,400	0.24
25	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AM INV)	5,100,000	0.24
26	AMANAHRAYA TRUSTEES BERHAD PUBLIC SAVINGS FUND	4,329,300	0.20
27	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2 PERMODALAN NASIONAL BERHAD	4,292,200	0.20
28	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL 3 IMBANG PERMODALAN NASIONAL BERHAD	4,254,400	0.20
29	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	4,250,000	0.20
30	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	3,638,000	0.17

SUBSTANTIAL SHAREHOLDERS

As per the register of substantial shareholders

Substantial Shareholders	No. Of Shares	%
UMW HOLDINGS BERHAD	1,204,777,400	55.73
SKIM AMANAH SAHAM BUMIPUTERA	175,000,000	8.09
EMPLOYEES PROVIDENT FUND BOARD	128,648,600	5.95

DIRECTORS' INTERESTS IN THE COMPANY

As at 31 March 2015, the shareholdings of the Directors (both direct and indirect) in the Company are shown below:

Directors	Direct Interest		Deemed Interest	
	No. Of Issued Shares	% Of Issued Shares	No. Of Issued Shares	% Of Issued Shares
Tan Sri Asmat bin Kamaludin	-	-	304,000	0.01
Rohaizad bin Darus	1,000,000	0.05	-	-
Datuk Syed Hisham bin Syed Wazir	450,000	0.02	-	-
Dr. Leong Chik Weng	-	-	-	-
Razalee bin Amin	203,000	0.01	-	-
Dato' Afifuddin bin Abdul Kadir	275,000	0.01	-	-
Cheah Tek Kuang	120,000	0.01	6,000	0.00*
Dato' Ibrahim bin Marsidi	30,000	0.00*	-	-
Fina Norhizah binti Hj Baharu Zaman	20,000	0.00*	-	-

*Note: * Less than 0.01%*

The above information was extracted from the Record of Depositors on 31 March 2015

CALENDAR OF SIGNIFICANT EVENTS

JANUARY 2014

1st Inter Department Bowling Tournament

Date : 12 January 2014
Venue : Ampang Superbowl, Kuala Lumpur

ALPHA SEA Annual Deal Awards

Date : 23 January 2014
Venue : Hilton Hotel, Kuala Lumpur

FEBRUARY 2014

Chinese New Year Staff Celebration

Date : 10 February 2014
Venue : The Centrum, Plaza Sentral, Kuala Lumpur

Analyst Briefing 4Q2013

Date : 25 February 2014
Venue : Le Meridien Hotel, Kuala Lumpur

The Oil & Gas Year Malaysia Launch and Awards Ceremony

Date : 26 February 2014
Venue : Wisma Selangor Dredging, Kuala Lumpur

MARCH 2014

UMW NAGA 5 Rig Visit with Analysts and Fund Managers

Date : 11 – 12 March 2014
Venue : Keppel FELS, Singapore

Signing Ceremony (Collaboration Agreement between UMW Drilling Academy Sdn. Bhd. and Petronas Technical Training Sdn. Bhd.)

Date : 18 March 2014
Venue : INSTEP, Batu Rakit, Kuala Terengganu

Town Hall 4Q2013

Date : 20 March 2014
Venue : Malakoff Academy of Excellence, Kuala Lumpur

Offshore Technology Conference (OTC) Asia 2014

Date : 25 – 28 March 2014
Venue : Kuala Lumpur Convention Centre, Kuala Lumpur

Uni-Industry Programme (UMW-OG-Universiti Putra Malaysia)

Date : 26 March 2014
Venue : Kuala Lumpur Convention Centre, Kuala Lumpur

UIDA Launch Ceremony

Date : 27 March 2014
Venue : INSTEP, Batu Rakit, Kuala Terenganu

APRIL 2014

UMW NAGA 5 Delivery Ceremony

Date : 29 April 2014
Venue : Keppel FELS, Singapore

MAY 2014

Majlis Doa Selamat dan Bacaan Yaasin Sempena Pelancaran UMW NAGA 5

Date : 5 May 2014
Venue : The Centrum, Plaza Sentral, Kuala Lumpur

Triple A Asset Asian Awards 2014 (Best Islamic Equity)

Date : 29 May 2014
Venue : Mandarin Oriental Hotel, Kuala Lumpur

Calendar of Significant Events

Offshore Technology Conference (OTC) Houston 2014

Date : 5 – 8 May 2014
Venue : Houston, Texas, USA

Analyst Briefing 1Q2014

Date : 20 May 2014
Venue : Aloft Hotel, Kuala Lumpur

Blueprint Framework Away Day

Date : 23 – 24 May 2014
Venue : Avani Goldcoast Resort, Sepang

Town Hall 2Q2014

Date : 28 May 2014
Venue : Malakoff Academy of Excellence, Kuala Lumpur

JUNE 2014

Invest Malaysia 2014

Date : 9 – 10 June 2014
Venue : Mandarin Oriental Hotel, Kuala Lumpur

UMW-OG 4th Annual General Meeting

Date : 16 June 2014
Venue : UMW Auditorium, Shah Alam

UMW-OG Treasure Hunt

Date : 21 – 22 June 2014
Venue : Pulau Pangkor, Perak

The UMW Excellence Award

Date : 27 June 2014
Venue : The Saujana Hotel, Selangor

JULY 2014

Majlis Buka Puasa with Clients

Date : 4 July 2014
Venue : Impiana KLCC Hotel, Kuala Lumpur

Raya Shopping and Majlis Buka Puasa with orphans of Pusat Jagaan Rumah Kesayangan

Date : 10 July 2014
Venue : Crystal Crown Hotel, Petaling Jaya

AUGUST 2014

Hari Raya Staff Celebration

Date : 1 August 2014
Venue : The Centrum, Plaza Sentral, Kuala Lumpur

QHSE Poster Competition

Date : 8 August 2014
Venue : The Centrum, Plaza Sentral, Kuala Lumpur

QHSE Day

Date : 26 August 2014
Venue : Malakoff Academy of Excellence

Calendar of Significant Events

SEPTEMBER 2014

UMW-OG 2015 Business Plan Conference

Date : 11 – 13 September 2014
Venue : Club Med Cherating Beach, Kuantan

MOGSEC 2014

Date : 23 – 25 September 2014
Venue : Kuala Lumpur Convention Centre

RESOURCE Introductory Dinner

Date : 27 September 2014
Venue : Pasha Turkish & Mediterranean Restaurant, Vietnam

UMW NAGA 6 Delivery Ceremony

Date : 28 September 2014
Venue : Shenzhen, China

OCTOBER 2014

Opening Ceremony of UMW Workover Labuan Staging Yard

Date : 8 October 2014
Venue : UMW Workover Labuan Staging Yard, Labuan

UMW NAGA 6 Rig Visit with Analysts

Date : 9 – 10 October 2014
Venue : PVD Shipyard, Vung Tau, Vietnam

The Bursa Bull Charge Run

Date : 21 October 2014
Venue : Exchange Square, Bursa Malaysia, Kuala Lumpur

Deepavali Staff Celebration

Date : 30 October 2014
Venue : The Centrum, Plaza Sentral, Kuala Lumpur

NOVEMBER 2014

Safe School Campaign

Date : 11 November 2014
Venue : Sekolah Kebangsaan Jeram Batu 20, Kuala Selangor

Calendar of Significant Events

Hari Anugerah Kecemerlangan

Date : 20 November 2014
Venue : Sekolah Kebangsaan Jeram Batu 20, Kuala Selangor

Analyst Briefing 3Q2014

Date : 25 November 2014
Venue : Aloft Hotel, Kuala Lumpur

Handing Over of First Aid Kit

Date : 26 November 2014
Venue : Sekolah Kebangsaan Jeram Batu 20, Kuala Selangor

DECEMBER 2014

UMW-OG Family Day

Date : 6 – 7 December 2014
Venue : Thistle Hotel, Port Dickson

School Books Collection Drive

Date : 9 December 2014
Venue : UMW-OG Office, Plaza Sentral, Kuala Lumpur

Fire Prevention Seminar

Date : 11 December 2014
Venue : UMW-OG Office, Plaza Sentral, Kuala Lumpur

Mangrove Rehabilitation Programme

Date : 12 December 2014
Venue : Environment Interpretive Centre, Sepang

MOGSC Bowling Tournament 2014

Date : 13 December 2014
Venue : Sunway Mega Lanes, Sunway Pyramid

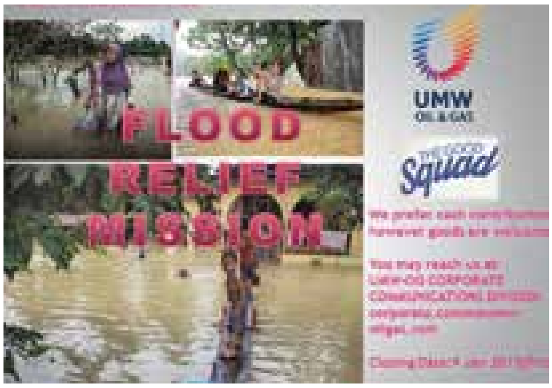
Majlis Doa Selamat dan Bacaan Yaasin Sempena Pelancaran UMW NAGA 6

Date : 18 December 2014
Venue : Masjid Negara, Kuala Lumpur

Handing Over of Fire Extinguisher

Date : 23 December 2014
Venue : Sekolah Kebangsaan Jeram Batu 20, Kuala Selangor

East Coast Flood Relief Mission



Date : 30 December 2014
Venue : UMW-OG Office, Plaza Sentral, Kuala Lumpur


UMW
OIL & GAS

going the extra mile

As the one and only Malaysian owner and operator of jack-up drilling rigs with the track record and in-house crew competencies in the drilling space, we bring an added level of excellence to our clients' projects. We are committed in delivering projects safely and reliably.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2014 was another strong year for UMW-OG. Despite the challenging macroeconomic conditions globally, the Company ended the financial year on a high note with record revenue and net profit of RM1 billion and RM254 million respectively. It has also registered a commendable growth in line with its regional expansion strategy. 2014 saw the Company expanding its regional operation covering eight countries on the back of increasing international clientele base.

ASMAT BIN KAMALUDIN
Chairman

Chairman's Statement

OIL AND GAS INDUSTRY

As 2014 progressed, the oil and gas industry was shocked with the sudden steep decline in the crude oil price beginning in the second half of the year. The price of world benchmark Brent crude declined by about 51% from a high of US$116 a barrel in June to US$56 by December 2014. Fears of a slowdown in drilling contracts grew as oil and gas companies softened the exploration and production activities globally, but UMW-OG performed relatively well with a number of contracts sealed in 2014, generating solid results for the financial year.

This was the result of the Company's strategy of responsible growth which focused on growth while at the same time managing the exposure related to rapid expansion. The objective was achieved by simultaneously increasing assets while expanding geographical coverage and increasing the number of new clients. The exposure to single market and small client base is minimised as the Company moves forward to be a regional player.

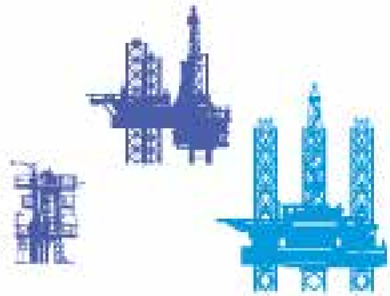
As a result, the strategy delivered encouraging results and allowed the Company to gain or maintain its share in the majority of our markets. This upshot, especially against the backdrop of economic difficulties and volatility in the oil and gas industry towards the end of 2014, reaffirmed my confidence that the Company will continue to capture growth opportunities as they emerge.

ROBUSTLY EXPANDING

In line with the responsible growth strategy, UMW-OG has utilised a significant portion of the proceeds raised from its listing in November 2013 to increase its assets to enable the Company to spread its reach regionally and to enlarge its international clients.

These specific areas of focus or *Growth Drivers* will help ensure robust growth for the future and maximise shareholders value.

Growth in Assets



+38%
from 2013

Commitment for Growth:

Asset Expansion

UMW-OG has significantly increased investment by means of organic growth; focusing on asset expansion. By utilising IPO proceeds the Company has grown its drilling fleet with the addition of four jack-up drilling rigs and one hydraulic workover rig ("HWU"). This is in line with the Company's focused medium-term plan of acquiring at least one rig per year.

UMW-OG took delivery of two jack-up drilling rigs UMW NAGA 5 in April 2014 and UMW NAGA 6 in September 2014, and a workover rig UMW GAIT 6 in August 2014. These new rigs join the relatively modern and young fleet of rigs, which are fitted with the latest specifications and strictly conform to the highest standard of safety.

Expand Geographically

In line with the aspiration to be an established regional player, UMW-OG increases its market share via its 3-pronged marketing strategy; expanding into more countries, widen international client base and leverage on existing clients' presence overseas.

This is seen in the Company's ability to successfully penetrate and fortify its presence in Vietnam and Thailand, and open new frontiers in Myanmar and Philippines. The international clientele base has also expanded to include more national oil companies ("NOCs") and international

Geographical Expansion

+29%
from 2013

oil companies ("IOCs"). More new contracts were secured with a subsidiary of PetroVietnam, PetroVietnam Drilling and Well Services Corporation, to service multiple oil and gas companies in Vietnam. In addition, new contracts were also secured with overseas subsidiaries of PETRONAS and PTT Exploration and Production Public Company Limited ("PTTEP") to provide services in Vietnam and Myanmar respectively. The list of clients from IOCs has also expanded to include Nido Petroleum Philippines Pty. Ltd., Australia, among others.

The commitment for growth is not limited to expanding assets and services, but in everything the Company does and everywhere it operates. UMW-OG encourages a constant flow of new ideas that foster growth and different approaches to meet the challenges and opportunities of the future.

Building a Capabilities-Driven Company:

People Development

Together with the aspiration to expand regionally, the Company correspondingly increased its emphasis on its people; from leadership development to rotational assignments to experiential learning programmes.

People are the Company's most important asset and therefore, attracting, retaining, and developing internally remains to be the biggest advantage and a continuing challenge. In 2014, UMW-OG increased its training programmes by 67% compared to the previous financial year.

Increase in Training Programmes

+67%
from 2013

2014 also saw the official commencement of a RM20 million drilling academy established with PETRONAS to meet the growing demand for oil and gas technically competent personnel. UMW-INSTEP Drilling Academy ("UIDA") located in Batu Rakit, Terengganu, is well equipped with state-of-the-art simulator and a drilling rig for training purposes. This is part of the Company's proactive approach in churning its own oil and gas professionals while supporting the development of competent drilling personnels for domestic and global needs. UIDA is a member of International Association of Drilling Contractors ("IADC") and International Well Control Forum ("IWCF").

UMW-OG did not let the economic uncertainty distract the Company from strengthening its competitive position and preparing for the future. These growth drivers are of essence to safeguard the sustainability in revenue.

Chairman's Statement

Focus on Safety:

Nobody Gets Hurt, No Damage to the Environment

Delivering results the right way is a responsibility that the Company takes seriously. UMW-OG's Integrated QHSE Management System guides the Company as it seeks to achieve increasingly higher levels of quality, health, safety and environmental performance as it continues to deliver excellent operational performance. This focus helped the Company to not only adhere to quality, health, safety and environment ("QHSE") best practices, but also to develop an ingrained safety culture among its employees and contractors, in order to minimise the risk of injury, occupational illness and damage to properties and the environment.

UMW-OG continued to be a leader in personal safety as measured by injuries resulting in time away from work. However, despite statistically strong safety performance, the Company is not yet incident-free. In 2014, it undertook extensive actions to enhance operational and process safety to prevent serious incidents. UMW-OG is deeply committed to the goal of zero incidents and achieving world-class performance in all measures of safety.

Promoting Business Accountability:

Corporate Social Responsibility ("CSR")

UMW-OG CSR initiatives take into consideration the economic, social, and environmental impact of the Company. This is reflected in its policies and strategies, its conduct with employees, clients and other stakeholders, as well as in its commitment to support the Government in promoting social and national development agenda. UMW-OG's CSR initiatives are streamlined into three main categories; education, safety and environment.

Education: Besides participating in the PINTAR programme on education, a school adoption programme inspired by Khazanah Nasional Berhad, UMW-OG is also establishing its own structured tuition programme targeting poor secondary school students taking SPM from rural areas.

Safety: Being a safety-focused organisation, UMW-OG is also advocating and promoting safety-related activities in Malaysian schools by adopting rural schools and conducting safety programmes among the younger students to develop a permanent safety culture from a tender age.

Environment: Caring for the environment is part and parcel of UMW-OG's daily business. In sharing this philosophy, environment-conservation activities are also conducted together with the staff and general public including participation in mangrove rehabilitation activities.

Chairman's Statement

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014 ("FY2014"), UMW-OG registered a record revenue of RM1 billion and profit before taxation ("PBT") of RM284 million, representing 37.6% and 37.4% increase compared to 2013, respectively.

The result reflects the underlying strength and resilience of the Drilling Services and Oilfield Services divisions and the ability to deliver solid results against a backdrop of broader economic and market uncertainty that prevailed at the tail-end of the year.

It is particularly pleasing that the Drilling Services and Oilfield Services divisions returned a positive earnings result and that good progress has been made on initiatives to deliver sustainable, profitable growth into the future.

Drilling Services Division

The Drilling Services division generated a PBT of RM273 million on the back of a revenue of RM969 million. Revenue increased by 39.6% and PBT increased by 42.8%, year-on-year.

For the FY2014, the Drilling Services division had additional revenue contribution from the newly delivered UMW NAGA 5 and UMW NAGA 6 from 2Q2014 and 4Q2014, respectively.

The commencement of operation of UMW GAIT 6, the Company's new HWU, in August 2014 and higher utilisation rate of UMW GAIT 3 also contributed positively to the Drilling Services division.

UMW-OG is well on its way on solidifying its presence as a regional drilling contractor as 53.5% of its revenue derives from outside of Malaysia, mainly from emerging and developing markets of Southeast Asia, where the Company has tremendous growth opportunities.

The Drilling Services division contributes 95.4% and 96.0% of UMW-OG's revenue and profits respectively in FY2014.

DRILLING SERVICES

Revenue

+39.6%
from 2013

PBT

+42.8%
from 2013

Chairman's Statement

Oilfield Services Division

Substantial progress was made with the Oilfield Services division. For the FY2014, the division saw an increase of 6.1% in revenue to RM46 million, compared to FY2013 contributing 4.6% of the Company's total revenue. PBT of RM9 million increased by 18.2% year-on-year, mainly attributable to the higher level of pipe threading and pipe repair services in Labuan and Turkmenistan.

OILFIELD SERVICES

Revenue

+6.1%
from 2013

PBT

+18.2%
from 2013

DIVIDENDS

Despite barely a year after listing in Bursa Malaysia, a maiden interim single-tier dividend of 1.0 sen (2013-Nil) per share of RM0.50 each was declared for the FY2014 and was fully paid on 15 January 2015.

OUTLOOK AND PROSPECTS

Entering 2015, the Company remains to be cautiously optimistic about its outlook, despite continuing volatility in the oil and gas industry. Short-term global economic uncertainties due to the cyclical nature of the oil and gas industry have not significantly changed the medium to long-term outlook for the markets UMW-OG serves.

The emphasis in 2015 is to continue to implement UMW-OG's expansion plans to venture into new markets and increase international clients. Besides providing growth opportunities, this plan also creates a wider safety net to minimise possible idling time of the drilling rigs in the current industry slowdown. A focused effort is in place to aggressively market the rigs and to work closely with clients to enhance rig utilisation.

Nevertheless, the Company's balance sheet remains strong and the tender book is sizeable with a number of potential contracts to provide sustainable operations in the coming years. UMW-OG will also continue to extract value by transforming the Company into a commercially driven, safety-focused and resilient drilling contractor.

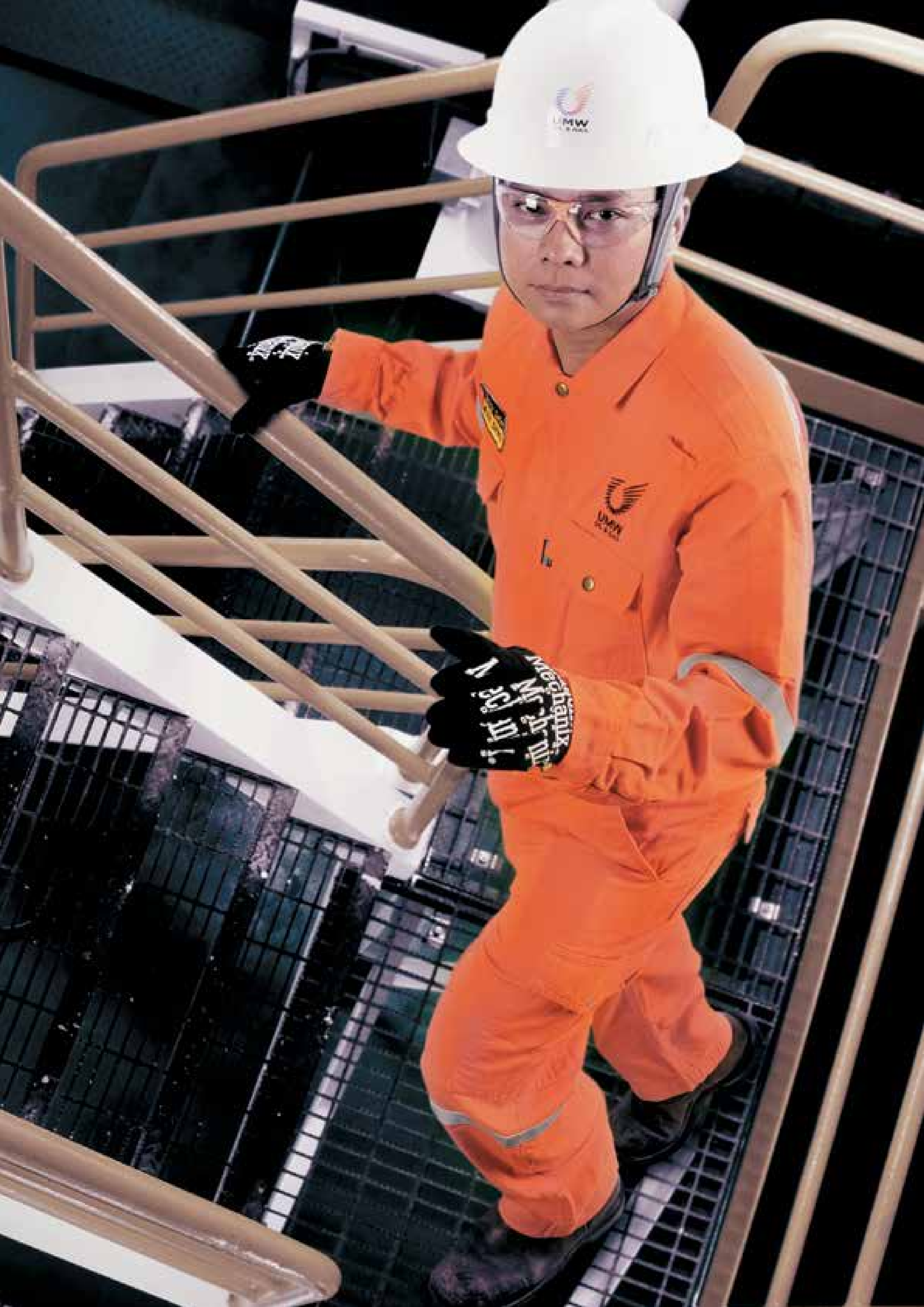
ACKNOWLEDGEMENT

It has always been my belief that the most important investment that a company makes is the one that it makes in its people. I have never ceased to be impressed by the enthusiasm, professionalism and dedication of UMW-OG's employees at all levels of the organisation. Together with the continued support from the clients, subcontractors, suppliers and the financial community, I believe UMW-OG will be able to enhance the value to our shareholders. On behalf of the Board of Directors, I would like to thank all of them, for their contribution to the success of the Company.

ASMAT BIN KAMALUDIN
Chairman

driving exponential growth

To have a sustainable and robust growth, we capitalised on our resources to enlarge our drilling fleet, expand geographically and broaden our client base.


UMW

PRESIDENT'S REVIEW OF OPERATIONS

Dear Shareholders,

UMW-OG made solid progress in 2014, committing to strong and focused operations and well managed asset expansion programmes to support our growth strategy in Southeast Asia ("SEA"). Despite the challenging operating conditions, the Company delivered better operating margins and executed its asset expansion to a high standard. As always, the safety of our employees and contractors remains our highest priority, and we delivered continuous improvement on each of our safety metrics.

ROHAIZAD BIN DARUS
President

President's Review of Operations

Following the IPO exercise in November 2013, UMW-OG embarked on an expansion strategy resulting in the drilling fleet growing from eight to eleven units by end 2014, primed with the latest technical specifications to seize opportunities in non-traditional markets including Vietnam, Thailand, Philippines and Myanmar. National oil companies ("NOCs") in these markets were ramping up their exploration and production activities to enhance domestic oil and gas production and to achieve sustainable reduction in import dependency. Oil price of US$108 per barrel in 1Q2014, was an encouraging platform for us to further acquire assets, build capabilities, secure market share and manage day rates and utilisation.

As part of our rigorous asset expansion programme in 2014, we acquired three new jack-up drilling rigs; UMW NAGA 6, UMW NAGA 7 and UMW NAGA 8, the most number of acquisitions in any given year to date. In terms of the size of our drilling rig fleet, 2014 saw the delivery of three new assets: two jack-up drilling rigs, UMW NAGA 5 and UMW NAGA 6, and one hydraulic workover unit ("HWU"), UMW GAIT 6, a growth of almost 40% from the previous financial year. We closed the year with eleven rigs; six offshore drilling rigs and five HWUs. Of the remaining assets acquired in 2014, UMW NAGA 7 has been delivered in January 2015 while UMW NAGA 8 is scheduled to be delivered in September 2015.

As these state-of-the-art assets require equally qualified people to manage and operate, building capabilities and talents are top priorities in UMW-OG. Our human resource activities are motivated towards aligning shared purpose and enhanced organisational performance. A total of 368 training sessions were conducted for staff at all levels and 240 new personnel joined the Company, bringing the total number of staff to 959 by end of 2014.

Staff Strength

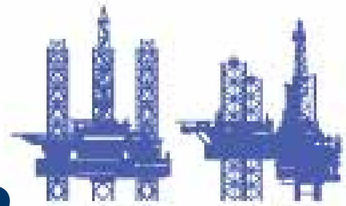
+33%
from 2013

ASSETS

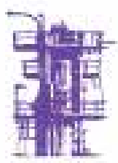
Most No. of Acquisition

3
jack-up drilling rigs in 2014

Most No. of Deliveries



2 jack-up drilling rigs



1 HWU

3
new assets in 2014

In line with our people development strategy, a dedicated drilling training academy, UMW-INSTEP Drilling Academy ("UIDA"), was established in collaboration with PETRONAS. Internally, this initiative is based on the need to address our requirements for skilled drilling personnel for business expansion, to bridge the internal competency gap and to develop succession planning. Externally, UIDA is also intended to provide training for Malaysians and other nationals to enable them to participate in the drilling industry. During its first year of operation in 2014, the RM20 million UIDA has successfully conducted various sessions of drilling training courses for both UMW-OG and PETRONAS personnel. Moving forward, UIDA is gearing up to provide additional training courses to other operators, drilling contractors and the public, both locally and internationally.

Undoubtedly, we approach the future from a position of strength; our growing assets, drilling expertise and sound management are an exceptional base from which we can achieve our growth and commercial targets. We are determined to succeed, but we recognise the daunting tasks and challenges ahead. To address this, we established a 3-pronged strategy of responsible growth while managing risks, to develop UMW-OG to be a more effective, competitive and resilient company.

DEVELOPING NEW MARKETS AND ESTABLISHING OUR FOOTHOLD

Expanding into more countries provides us with opportunities to tap into a larger market geographically and minimise the risk of overdependence on a single market.

Prior to 2013, our drilling rig operation outside Malaysia was only in Indonesia. In 2013, the Company made a breakthrough into Vietnam through UMW NAGA 2, which subsequently resulted into two more contracts for UMW GAIT 3 and UMW NAGA 3. This further solidified UMW-OG's presence in this country. Building on the good relationship established, in 2014 we secured contracts for UMW NAGA 6 and subsequently another one for UMW NAGA 5 in Vietnam. All of these contracts are with subsidiaries of PetroVietnam. To date, we have established a foothold in Vietnam, whereby we secured five rigs working with subsidiaries of PetroVietnam, a new market which was only developed in 2013.

5
rigs in Vietnam

2
rigs in Myanmar

1
rig in Philippines

From Vietnam, we ventured into Philippines, a market relatively unknown for oil and gas exploration activities. Securing a contract with Nido Petroleum Philippines Pty. Ltd. ("NIDO"), UMW NAGA 5 marked our maiden entry into Philippines, drilling for the Baragatan Prospect on behalf of the SC 63 JV.

Expanding into the SEA region, we ventured into Myanmar. UMW GAIT 6 was our stepping stone into Myanmar for the financial year 2014, providing workover services for PTTEP International Limited ("PTTEPI"). Within the span of six months of securing a contract for UMW GAIT 6, UMW NAGA 5 further firmed UMW-OG's presence in Myanmar with a contract with PTTEPI.

Back-to-back continuous successions of contracts with blue chip clients, not only allow us to open new doors and strengthen our foothold in SEA but also a testimony that our rigs are of high demand and also proves management's efforts in optimising day rates and utilisation.

President's Review of Operations

DEVELOPING NEW INTERNATIONAL CLIENT BASE

As we ventured further geographically, we also developed new clientele base, both NOCs and international oil companies ("IOCs") as mentioned earlier. Besides strengthening our track record and providing additional platform for expansion, the increased clientele base also provides a wider safety net should the market slow down.

The market for jack-ups in SEA is encouraging as shallow water dominates the drilling environment. NOCs in this region are bullish in maintaining their current oil producing output. Even Myanmar, once less aggressive in the oil and gas activities, has widened its doors for exploration and development activities. To capture this growth potential, the management has prudently analysed the risks and agreed that the rewards gained from deploying our rigs to this region far exceeds the risks; as long as risk-mitigating factors are in place.

In 2014, we broadened our international client base by establishing our relationships with PetroVietnam Drilling & Well Services Corporation ("PV Drilling"), PTTEPI, Japan Vietnam Petroleum Company Limited ("JVPC"), Hoang Long Joint Operating Company ("HLJOC"), NIDO, and Korea National Oil Corporation ("KNOC").

DEVELOPING AND LEVERAGING RELATIONSHIPS WITH EXISTING CLIENTS

Having internationally operating clients opened the opportunity for us to follow them overseas and capture new markets with lesser risks. With experience and familiarity came trust. The good track record we have with various international clients, both NOCs and IOCs, provides them with the trust and confidence to utilise our services in the new areas they venture into.

This is evident from the alliance that we have with PTTEP through our pipe threading facilities in Thailand way back to more than ten years ago. With the experience and our long proven track record, UMW GAIT 5 was awarded a workover services contract in Thailand in 2014. Subsequently, in the same year, UMW NAGA 5 and UMW GAIT 6 were contracted with PTTEPI to work in Myanmar waters.

Similarly, NAGA 1 sealed our presence in Malaysia through its multi-year long-term contract with PETRONAS Carigali Sdn. Bhd. ("PETRONAS Carigali"). To further fulfil its drilling campaign in Malaysian waters, PETRONAS Carigali further deployed UMW NAGA 3, UMW NAGA 4 and

UMW GAIT 3. With the trust built over the years with multiple rigs servicing them, when PETRONAS Carigali required a drilling rig for their international operation in Myanmar, the choice was obvious. NAGA 1 was sent to Myanmar in 2014 to drill an exploration well in Block M12 and when UMW NAGA 6 was delivered in September 2014, it was contracted by a subsidiary of PetroVietnam for end-clients PETRONAS Carigali Vietnam Limited and PETRONAS Carigali Overseas Sdn. Bhd. to execute their drilling programme for Diamond field, offshore Vietnam.

Looking at our track record, we have had continuous support from recurring clients. Our strategy to develop strong business relationships with international clients increases our competitive advantage in SEA. Our aim is to provide unsurpassed quality products and services to our clients that they move along a path of one-time client to repeat client to brand-loyalist and ultimately brand advocate. This is a huge area of opportunity for us to develop and latch on.

Our long-term business success depends on our ability to improve the quality of services and products while protecting people and the environment. Emphasis is placed on ensuring good health, operational safety, environmental protection, quality enhancement, and community goodwill through the various quality, health, safety and environment ("QHSE") programmes that were accomplished in 2014.

UMW-OG embarked on a milestone initiative of Integrated QHSE Management System certification for ISO 9001:2008 Quality Management System, ISO 14001:2004 Environmental Management System, OHSAS 18001:2007 Occupational Health & Safety Management System and ISO/TS 29001:2010 Quality Management System for Petroleum, Petrochemical and Natural Gas Industries. On 26 February 2015, the Company, UMW Offshore Drilling Sdn. Bhd. and UMW Workover Sdn. Bhd. were certified by DNV-GL. We have engaged Check-6 to provide a programme in which expert coaches help shape UMW-OG safety culture onboard all our offshore rigs. Check-6 trainings focus on creating Safety Leadership and enhancing the Company's safety culture through Planned Based Execution. This initiative was further supported by our client, PETRONAS Carigali, which also engaged Check-6 to conduct Heart & Mind programme for our rigs under their contracts.

We are committed to protecting the best interests of our employees, our customers, our contractors, our shareholders, and the communities in which we live and work. We achieved an 8.3% reduction in our Total Recordable Case Frequency ("TRCF") rate in 2014 which is well below PETRONAS' TRCF allowables of <1.0 and while this is a step in the right direction, we are still committed in our goal of ZERO which means no injuries to anyone and no damage to the environment.

By many measures, it was a successful financial year for UMW-OG. Our PBT rose to RM284 million for FY2014, a growth of 37.4% from RM207 million for FY2013.

President's Review of Operations

DRILLING OPERATIONS: MALAYSIA, VIETNAM, PHILIPPINES, MYANMAR

NAGA 1

Our jointly-owned rig with JDC Panama Inc., a wholly-owned subsidiary of Japan Drilling Co., Ltd., NAGA 1, a semi-submersible drilling rig capable of operating at water depth of up to 1,000 ft, is on a long-term contract with PETRONAS Carigali. Throughout 2014, NAGA 1 was drilling mainly exploration wells in Jemuduk-1, offshore Sarawak, followed by Kukusan-1, offshore Sabah. Towards the end of 3Q2014, NAGA 1 was deployed to Ye Thurien-A, Block M12, offshore Myanmar. Upon completion, NAGA 1 went on to drill in Sri Aman-1, offshore Sarawak. This long-term contract with PETRONAS Carigali will take NAGA 1 through to August 2018.

In the semi-submersible market, NAGA 1 commands a 25% and 11% market share in Malaysia and SEA, respectively.

On 11 November 2014, NAGA 1 was presented with *One Year Lost Time Incident Free* award from PETRONAS Carigali. NAGA 1 also achieved *One Year Without A Recordable Incident* award on 27 November 2014.

NAGA 1 achieved 416 days without Lost Time Incident ("LTI") and recorded total working manhours of 416,195 since the last LTI on 10 November 2013.

UMW NAGA 2

Leading our first venture into Vietnam, UMW NAGA 2 continued working for PV Drilling, for end-client HLJOC in offshore Vietnam after the contracted six months extension option was exercised in December 2013.

The contract was further extended for four months and a subsequent six months, which will keep UMW NAGA 2 occupied till May 2015. During the FY2014, UMW NAGA 2 was on location at exploration wellhead Platform, CNV-7P and other wells offshore Vietnam.

UMW NAGA 2 achieved 742 days without LTI and recorded total working manhours of 466,068 since the last LTI on 20 December 2012.

UMW NAGA 3

UMW NAGA 3 has been contracted to PETRONAS Carigali since its delivery in 2010 and was further extended until April 2014. Prior to the completion of the contract, UMW NAGA 3 performed drilling services for exploration and production wells in Sabah waters, Sarawak waters as well as in east coast of Peninsular Malaysia waters.

Following our good track record and the successful contracts execution with UMW NAGA 2 and UMW GAIT 3, PV Drilling awarded a two wells contract worth US$24 million to UMW NAGA 3 for the end-client JVPC. UMW NAGA 3 commenced the contract upon the completion of PETRONAS Carigali contract in Malaysia in 2Q2014 and was deployed to offshore Vietnam.

As a testament to our good track record, UMW NAGA 3 secured its second drilling contract with PV Drilling to drill in Vietnamese waters for end-client HLJOC. This four wells contract with one optional well commenced in 4Q2014, in direct continuation from the contract with end-client JVPC.

The option well was subsequently exercised, keeping UMW NAGA 3 busy till May 2015. UMW NAGA 3 was deployed to several wells in offshore Vietnam.

UMW NAGA 3 achieved 1,377 days without LTI and recorded total working manhours of 1,767,658 since it started operations.

UMW NAGA 4

Since its delivery in 2013, UMW NAGA 4 has been servicing a three years contract with PETRONAS Carigali worth approximately US$158 million which will run till April 2016. This contract has an option to extend for another two years until April 2018.

During FY2014, UMW NAGA 4 was drilling for both exploration and development wells at D18-8 and Zuhal East, offshore Sabah.

UMW NAGA 4 achieved 59 days without LTI and recorded total working manhours of 89,280 since 2 November 2014.

UMW NAGA 5

A new addition to our drilling fleet, UMW NAGA 5 is a Keppel FELS B Class type premium jack-up drilling rig, with deeper water capabilities of up to 400 ft and drilling depth of up to 30,000 ft. In addition, the rig is fitted with Keppel FELS' advanced, fully automated high capacity rack-and-pinion elevating system and self-positioning fixation system.

UMW NAGA 5, delivered in April 2014, a month ahead of schedule, secured a contract worth US$7 million with NIDO. The rig was mobilised to Philippines for a six weeks contract after delivery, which was subsequently extended for another five weeks completing in July 2014.

Following UMW GAIT 6's entry into Myanmar under a contract with PTTEPI, UMW NAGA 5 subsequently secured a five wells contract with one optional well worth US$51 million with PTTEPI.

This second contract with PTTEPI in Myanmar will keep UMW NAGA 5 busy until 1Q2015. During FY2014, the rig was mobilised to the Gulf of Mottama, Myanmar, to drill at Block M3, Well ASK-7, ASK-8 and ASK-9, offshore Myanmar.

With our strong track record with PV Drilling, UMW NAGA 5 secured our fifth PV Drilling contract in December 2014 for end-client KNOC. This two wells contract, worth approximately US$19 million, will commence in 2Q2015, after the completion of the PTTEPI contract in Myanmar, which will keep the rig busy until 4Q2015.

UMW NAGA 5 achieved 244 days without LTI and recorded total working manhours of 310,632 since the commencement of operations on 2 May 2014.

President's Review of Operations

UMW NAGA 6

A GustoMSC – CJ46-X100D type, UMW NAGA 6 is a 375 ft premium jack-up drilling rig with a drilling depth of up to 30,000 ft. This rig is fitted with a Pipe-Racking System that improves efficiency whereby less manpower is needed as pipe racking will be done automatically. UMW NAGA 6 was bought together with UMW NAGA 7 (similar specifications) for a total consideration amount of US$434 million from Tianjin Haiheng Shipbuilding & Offshore Engineering Service Co., Ltd. Both rigs were constructed at China Merchants Heavy Industry (Shenzhen) Co., Ltd. shipyard. UMW NAGA 6 was completed and delivered on 29 September 2014, whilst UMW NAGA 7 was delivered on 27 January 2015.

UMW NAGA 6 secured our fourth drilling contract with PV Drilling for end-clients, PETRONAS Carigali Vietnam Limited and PETRONAS Carigali Overseas Sdn. Bhd. These four wells contract with three optional wells is worth an estimated value of US$47 million, for the contract period. UMW NAGA 6 was mobilised to Vietnam immediately after the delivery of the rig end of September 2014. This drilling contract with PV Drilling will take the rig through to 2Q2015 with an extension option till 3Q2015. During FY2014, the rig was at exploration well DM-5P-ST1, offshore Vietnam.

UMW NAGA 6 achieved 92 days without LTI and recorded total working manhours of 115,524 since the commencement of operations on 1 October 2014.

WORKOVER OPERATIONS: MALAYSIA, VIETNAM, THAILAND

UMW GAIT 1

The 340-class hydraulic workover rig was demobilised at the end of September 2013. We are aggressively marketing our workover rig and are considering options available to maximise the value.

UMW GAIT 2

Upon completion of PETRONAS Carigali contract in 3Q2013, the 460-class hydraulic workover rig continued UMW GAIT 3's call-out contract with PVD Trading & Technical Services Joint Stock Company ("PVD") in 2Q2014. This contract will last till 2Q2015. During the financial year, UMW GAIT 2 was working at Su Tu Vang field, offshore Vietnam.

UMW GAIT 3

During the financial year, UMW GAIT 3, which is of similar specifications with UMW GAIT 2, secured a two years contract with one optional year for workover and barge services with PETRONAS Carigali. This contract, worth approximately RM148 million commenced from 1Q2014 and will continue till 1Q2016, with an option until 1Q2017.

As UMW GAIT 3 started working for this PETRONAS Carigali contract in 1Q2014, UMW GAIT 2 was deployed to Vietnam to serve UMW GAIT 3's call-out contract with PVD.

During the financial year, UMW GAIT 3 was on location offshore Malaysia at Bokor A Platform-Well 102, Bokor C Platform, Tukau A Baronia and Tukau C Baronia. UMW GAIT 3 also achieved *One Year No LTI* award from PETRONAS Carigali.

UMW GAIT 5

In 2013, UMW GAIT 5 secured a three years call-out contract, with a one year optional extension with PTT Exploration & Production Public Company Limited ("PTTEP") and PTTEPI in Thailand. This hydraulic workover rig commenced operations in June 2013 until approximately June 2016. During FY2014, UMW GAIT 5 worked in Bongkot, Thailand.

UMW GAIT 6

The latest and more versatile hydraulic workover rig, UMW GAIT 6 was delivered in 3Q2014. This workover rig provided our first entry into Myanmar, servicing PTTEPI in their Myanmar operations for a duration of 300 days with an option of another 200 days. This contract will keep UMW GAIT 6 busy till approximately 2Q2015. During FY2014, UMW GAIT 6 was on location at M9-Zawtika field, offshore Myanmar.

Agency Services

Through UMW Workover Sdn. Bhd., we are also an agent in Malaysia for Dril-Quip, a manufacturer of specialised subsea, surface and offshore production equipment based in the United States. We have a multi-year contract to supply Dril-Quip products and services, awarded by Sabah Shell Petroleum for the Malikai Project to last us until 2016. In 2014, we received two maintenance contracts by Murphy Sabah/Sarawak/Peninsular Malaysia Oil Co. Ltd. to supply wellheads, christmas tree and production riser system, that will keep our orderbook healthy till 2016.

OILFIELD SERVICES OPERATIONS: MALAYSIA, THAILAND, CHINA, TURKMENISTAN

The Oilfield Services business provides a wide range of OCTG threading, inspection and repair services with well-equipped facilities in four countries. Our threading facilities are furnished with quality equipment characterised by high precision and accuracy machines focusing on premium connections. We have a wide range of threading licenses from major international licensors.

We keep our Oilfield Services operations lean and our facilities standards tight. In 2014, our aim was to keep operations at optimum efficiency focusing on quality.

Malaysia – Labuan Facilities

Our two threading facilities under UMW Oilpipe Services Sdn. Bhd., located in Asian Supply Base, Labuan, command approximately 80% of the market share in East Malaysia. Our plants are strategically located to serve the Sabah, Sarawak and Brunei pipe threading needs. Drilling activities in these vicinities have been encouraging as PETRONAS' production sharing contracts with IOCs are aggressively increasing exploration and production programmes. The Limbayong offshore Sabah oil discovery in March 2014 attests to the significant potential in this area and is a positive development for exploration activities in East Malaysia.

With this growth prospective, our long-term relationship with a subsidiary of PETRONAS, PrimeSourcing International Sdn. Bhd. ("PSI") was further strengthened with a new 2-year contract with optional two years extension for the provision of machining services.

With a significant turnaround in our Labuan operations, both plants performed better for FY2014.

Thailand – Sattahip and Songkhla Facilities

Our facilities in Thailand under UOT (Thailand) Limited, have been experiencing positive growth backed by PTTEP's aggressive oil and gas production programme. PTTEP has announced its planned total expenditure of US$24 billion during 2015-2019, with US$5 billion for 2015.

This augurs well for us despite bearish crude oil price outlook. Both of our plants recorded a respectable profit in 2014 as Thailand remains unperturbed and continues to boost exploration activities to meet its nation's oil and gas needs.

President's Review of Operations

China – Tianjin Facility

Our facility in China under UMW Oilfield Services (Tianjin) Co., Limited has seen a shift of threading requirements in the region. Serving major drilling companies since 2003, more customers are requiring local threading premium connections as compared to international threads. Well poised with this development in 2014, our facility is accorded with ISO 9001:2008, API 5CT and API 7-1 accreditations and various premium connection threading licences from both Chinese and international licensors.

China has always been active in looking for energy resources to boost economic growth since opening up the country to foreign investments in the late 1970s. Energy consumption has risen to keep pace with a growing economy as oil and gas demand is expected to increase.

Our China operations recorded a modest profit in 2014 but we are optimistic that with the nation's oil and gas exploration direction in the medium and long-term remains positive, the demand for our services will be sustained.

Turkmenistan – Turkmenbashy Facility

As a strategic entry into Central Asia, our Turkmenbashy facility, run by UMW Oilpipe Services (Turkmenistan) Ltd., supports PETRONAS' oil and gas production programmes in the country. Turkmenistan is ranked fourth among countries with proven gas reserves after Iran, Russia and Qatar, with a reserve of 17.5 trillion cubic metres. To date, PETRONAS has invested US$8 billion in oil and gas exploration projects in this region.

It is worth to note that Turkmenistan is now aggressively following through on its development projects. This bodes well for the financial performance of our machine shop plant, as drilling activities intensifies in this region.

OUTLOOK AND PROSPECTS

The past year saw rapid realisation of the Company's goal of becoming a regional player on its way to become a global player. The progress in some areas even exceeded our expectations especially the rapid development of regional markets in Vietnam and Myanmar.

Moving forward to 2015, the effect of uncertainty in the global oil and gas industry due to lower oil price has started to be felt by industry players. In the near-term, with crude oil price averaging US$62 per barrel in December 2014, we are expecting a softer exploration and production demand globally.

Under this environment, a more competitive landscape is expected with more drilling rigs bidding for lesser number of contracts. This may cause day rates and rig utilisation to be lower than those in 2014, resulting in potentially lower profitability throughout 2015. However, the impact on UMW-OG will be mitigated by leveraging on its wider geographical market to improve rig utilisation.

The outlook for the medium-term, however, remains positive with the expected gradual recovery in oil price as the supply and demand progressively balance itself. As we have seen in the industry trend over the last 50 years, lesser exploration and development now will subsequently result in lesser supply and higher price in the future.

From a company perspective, UMW-OG remains on track with its long-term strategy guided by a 15-year blueprint that covers the development plan of the Company. UMW-OG is fundamentally strong with good contracts with blue chip customers and a relatively young fleet of drilling rigs. Strongly positioned for the future, we have a stable balance sheet and a growth programme to expand the scale and diversity of our business. Undoubtedly, we will continue to face difficult decisions to ensure the continuing competitiveness of our Company, but with consistent and focused execution, UMW-OG's growth and expansion strategy will continue to deliver enhanced shareholders value.

While at present UMW-OG's overseas expansion is focused on the ASEAN and Asia Pacific regions, the Company has started market exploration and tendering in a wider global arena which includes Middle East and beyond. In line with our vision, we hope this will position ourselves as a strong global player in the long run.

ACKNOWLEDGEMENT

The growth of UMW-OG is taking shape with remarkable clarity, in line with our medium and long-term targets. In some areas, the Company is moving ahead of the plan, taking advantage of the opportunity to leverage on market situation to achieve the Company's long-term goal. In achieving such a rapid expansion while

maintaining operational quality, I am greatly indebted to my dedicated management team and our hardworking and motivated employees. It is to their credit that UMW-OG rose to the challenges presented during the financial year and delivered a solid financial performance.

We are grateful to our highly valued customers for their continuing trust in UMW-OG, especially to PETRONAS, PetroVietnam and PTTEP for trusting us to service their international operations. Also our thanks to the IOCs for opening their doors to us to build lasting relationships.

Our success will not be possible without the strong support and guidance from our Chairman and the Board of Directors, who tirelessly work with us on major issues and provide valuable advice. Our deepest appreciation goes to our Chairman and all members of the Board.

Finally, on behalf of all employees of UMW-OG Group, I would like to express our gratitude to our shareholders, our suppliers and subcontractors, our financiers and everybody we worked with, for your continued strong support to the Group and the strategic direction we are pursuing to bring value to everybody in the years to come.

ROHAIZAD BIN DARUS
President

sharing eXpertise and insights

We have invested RM20 million to set up a drilling academy to provide a continuous pipeline of skilled manpower for our drilling rig operations as well as the industry at large. A collaboration between INSTEP and UMW-OG, the UMW-INSTEP Drilling Academy ("UIDA") was launched in 2014.


Think Safety
Act Safely
M.SHUKUR MS

BOARD OF DIRECTORS

Rohaizad bin Darus
President / *Executive Director*

Tan Sri Asmat bin Kamaludin
Chairman / *Non-Independent Non-Executive Director*

Dr. Leong Chik Weng
Non-Independent
Non-Executive Director

Datuk Syed Hisham bin Syed Wazir
Non-Independent
Non-Executive Director

Razalee bin Amin
Independent
Non-Executive Director

Cheah Tek Kuang
Independent Non-Executive Director

Dato' Afifuddin bin Abdul Kadir
Independent Non-Executive Director

Dato' Ibrahim bin Marsidi
Independent Non-Executive Director

Fina Norhizah binti Hj Baharu Zaman
Independent Non-Executive Director

PROFILE OF BOARD OF DIRECTORS

TAN SRI ASMAT BIN KAMALUDIN

71 years
Malaysian
Chairman / Non-Independent Non-Executive Director

Tan Sri Asmat was appointed as Director and Chairman of the Board on 2 May 2013 and retired at the Company's 4th Annual General Meeting held on 16 June 2014 pursuant to Section 129 (6) of the Companies Act, 1965. He was then re-elected to the Board on the same day.

He graduated from the University of Malaya, Malaysia in 1966 with a Bachelor (Honours) degree in Economics. In 1977, he graduated with a Diploma in European Economic Integration (Distinction) from the University of Amsterdam, Netherlands.

Tan Sri Asmat began his career in Malaysia's Civil and Diplomatic Service, where he served in the Domestic Trade Division and the International Trade Division until he moved up to the position of the Secretary General of the Ministry of International Trade and Industry ("MITI"), a position he held for nine years out of his total tenure of thirty five years in MITI.

His stint with the Government also included being the Senior Economic Counsellor in April 1973, to monitor the implications for Malaysia in the formation of the European Economic Community (now referred to as the European Union) as well as organising key events involving Malaysia with several international bodies such as ASEAN, World Trade Organisation and Asia-Pacific Economic Cooperation. His services in the area of trade relations between Japan and Malaysia won him the honour of the Japanese Prime Minister's award for contributions to Japanese-Malaysian ties, in 1995.

In 2014, Tan Sri Asmat was awarded The Order of the Rising Sun, Gold and Silver Star by His Majesty the Emperor of Japan. The Japanese decoration was bestowed in recognition of Tan Sri Asmat's long term contribution to further strengthening the bilateral economic relations between Japan and Malaysia.

He sits on the boards of several private and public limited companies in Malaysia including Perusahaan Otomobil Kedua Sdn. Bhd. ("PERODUA") and JACTIM Foundation as a Governor, the latter being a position he has held for several years.

Tan Sri Asmat is currently the Group Chairman of UMWH and Chairman of Panasonic Manufacturing Malaysia Berhad. He is also a director of Compugates Holdings Berhad and AirAsia X Berhad which are companies listed on Bursa Malaysia Securities Berhad.

He was also a member of a working group in the NEAC ("National Economic Advisory Council"). Tan Sri Asmat was appointed by MITI to the Economic Research Institute for ASEAN and East Asia ("ERIA") as a Governor representing Malaysia on the governing board, a position he has held for six years.

Tan Sri Asmat has attended all, except for two Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder save, for the fact that Tan Sri Asmat is a nominee director of Permodalan Nasional Berhad.

Tan Sri Asmat has never been convicted for any offence within the past ten years.

ROHAIZAD BIN DARUS

50 years
Malaysian
President / Executive Director

Rohaizad was appointed as Director of the Company on 31 January 2012 and retired by rotation at the 4th Annual General Meeting of the Company held on 16 June 2014. He was then re-elected to the Board on the same day.

He obtained a Bachelor of Science in Mechanical Engineering degree from the California State University, Long Beach, United States in 1988. He is also registered with the Board of Engineers, Malaysia and the Institution of Engineers, Malaysia.

Rohaizad began his career with PETRONAS Gas Sdn. Bhd. in 1988. He later joined Texas Instruments (M) Sdn. Bhd., as Mechanization Engineer and held that position until 1990.

In 1990, he joined Esso Production Malaysia, Inc. and rose to the position of Senior Engineer, a position he held until 1995. His responsibilities included analysing and planning Esso Production Malaysia, Inc.'s gas supply requirements and field development schedule. From 1995 to 1998 he joined Huptec Engineering Sdn. Bhd. and was appointed its Managing Director. He was responsible for the overall management of the company's operations including corporate, operational, financial, asset and human resources management.

After 1998, he joined Sarku Engineering Services Sdn. Bhd., (which later became a subsidiary of SapuraCrest Petroleum Berhad ("SapuraCrest"), a predecessor of SapuraKencana Petroleum) as Executive Director and rose to become its Chief Executive Officer/Executive Director until 2003. In SapuraCrest, he held various positions including that of Executive Director of a number of local and foreign subsidiaries of SapuraCrest, which were involved in offshore and onshore soil investigation, marine surveying and hydrographic activities. He was also responsible for overseeing the management of the company's marine vessels and other major assets, which included maintenance work, regulatory compliance, dry-docking activities and work scheduling. He also represented SapuraCrest in overseeing the management and operations of a joint venture company in relation to marine transportation business.

In 2007, Rohaizad was appointed Director of the Offshore Construction Project Division of SapuraCrest. This division performs offshore construction activities including transportation, installation and commissioning of platform, jacket, pipelines and cables as well as topside maintenance and other offshore and onshore modification works.

In 2008, he was appointed Chief Operating Officer of SapuraCrest, a position he held until 2010. He was subsequently appointed Chief Executive Officer of SapuraCrest where he was responsible for the management of the overall operations, financial and support functions of the SapuraCrest group. During his tenure, he was appointed to the board of directors of Tioman Drilling Company Sdn. Bhd., a company involved in all offshore drilling operations under SapuraCrest group. His final appointment before he left SapuraCrest in December 2011 was as Chief Executive Officer of the Oil and Gas Construction Services Division.

Rohaizad is a member of the Board Investment & Risk Management Committee.

Rohaizad has attended all Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder.

Rohaizad has never been convicted for any offence within the past ten years.

DATUK SYED HISHAM BIN SYED WAZIR

60 years
Malaysian
Non-Independent Non-Executive Director

Datuk Syed Hisham was appointed Director of the Company on 1 October 2010 and retired by rotation at the 4th Annual General Meeting of the Company held on 16 June 2014. He was then re-elected to the Board on the same day.

He obtained an Ordinary National Diploma in Engineering in 1974 from Hastings College of Further Education, United Kingdom, a Bachelor of Science in Mechanical Engineering in 1979 from Plymouth University, United Kingdom and a Master of Business Administration from Ohio State University, United States in 1996.

He began his career with HICOM Berhad in 1983 and was later seconded to Perusahaan Otomobil Nasional Berhad ("PROTON") as the Marketing Service Deputy Manager and subsequently as the Senior Manager in the Business Division of PROTON in 1983.

Profile of Board of Directors

Between 1983 to 1995, he held various senior positions in PROTON. In 1995, he was promoted to General Manager of Proton Corporation Sdn. Bhd., a subsidiary of PROTON, engaged in the distribution and marketing of PROTON cars for the domestic and overseas markets. He was subsequently appointed as a Director of Proton Cars (UK) Pte. Ltd. and held the post from 1997 to 1998.

He then served as General Manager of International Business at DRB-HICOM Export Corporations Sdn. Bhd. from 1998 to 2000. In 2001, he became General Manager of the Marketing Division of Honda Malaysia Sdn. Bhd. before being appointed President/Chief Operating Officer in 2003.

In 2005, he was appointed Managing Director of Edaran Otomobil Nasional Berhad where he served until 2009.

Prior to joining the Group, Datuk Syed Hisham served as the Chief Operating Officer of Naza Kia Services Sdn. Bhd. from 2009 to 2010. His appointment as the President and Group Chief Executive Officer of UMWH took effect from 1 October 2010.

Currently, he sits on the board of several private and public limited companies in Malaysia including UMWH, UMW Toyota Motor Sdn. Bhd. and Perodua Manufacturing Sdn. Bhd.

Datuk Syed Hisham is also a member of the Board Audit Committee, Board Investment & Risk Management Committee as well as the Board Whistle-Blowing Committee.

Datuk Syed Hisham has attended all Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder save as disclosed above.

Datuk Syed Hisham has never been convicted for any offence within the past ten years.

DR. LEONG CHIK WENG

52 years
Malaysian
Non-Independent Non-Executive Director

Dr. Leong was appointed Director of the Company on 21 April 2011.

He obtained Executive Training in Product Development & Manufacturing Strategy from the Stanford University, School of Business, United States in 1993, a Bachelor of Science in Chemical Engineering from West Virginia University, United States in 1985 and a Ph.D in Chemical Engineering from University of Massachusetts, United States in 1989.

Dr. Leong began his career with Raychem Corporation in Menlo Park, California, United States from 1989 to 1996. His last position at Raychem was as a Technical Director. In 1997, he was appointed as a consultant to Guidant Corporation, Santa Clara, California, United States, where he developed an advanced chaotic mixing screw technology to produce micro-tubing using polymer alloys. From 1998 to 2000, he joined Universal Search Machine Sdn. Bhd. as Managing Director. He is also the founder and Chief Executive Officer of E-Lock Corporation Sdn. Bhd., a company involved in the provision of information technology services.

Currently, Dr. Leong sits on the boards of several private and public limited companies in Malaysia including UMWH, A-Rank Berhad, Chemical Company of Malaysia Berhad, E-Lock Corporation Sdn. Bhd. and E-Lock Technology Sdn. Bhd.

Dr. Leong is the Chairman of the Board Remuneration Committee as well as the Board Investment & Risk Management Committee. He is also a member of the Board Nomination Committee.

Dr. Leong has attended all, except for one Board meeting held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder save for the fact that Dr. Leong is also a director of UMWH, the major shareholder of the Company.

Dr. Leong has never been convicted for any offence within the past ten years.

RAZALEE BIN AMIN

61 years
Malaysian
Independent Non-Executive Director

Razalee was appointed Director of the Company on 2 May 2013.

He obtained a Bachelor of Economics majoring in Accounting in 1977 from University of Malaya, Malaysia and later obtained a Postgraduate Diploma in Accounting, also from University of Malaya, Malaysia in 1979. He is currently a member of the Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants and a member of the Financial Planning Association of Malaysia.

Razalee began his career with Messrs. Hanafiah Raslan & Mohamad, a Chartered Accountants firm upon graduation. In 1983, he joined Sateras Resources (Malaysia) Berhad, as the Group Financial Controller. He then joined MBf Finance Berhad in 1987 and was appointed as the Senior Vice President in the Investment and Acquisitions Division. He left MBf Finance Berhad and subsequently joined Damansara Realty Berhad in 1994 as the Senior General Manager. In 1996, he started his own Chartered Accountants firm, Razalee & Co. where he is currently its Managing Partner.

Razalee sits on the boards of several private limited companies in Malaysia including, SKMN Insolvency Administrator Sdn. Bhd., RCO Management & Consulting Services Sdn. Bhd., Accountants Online Sdn. Bhd. and RZA Financial Planning Sdn. Bhd.

Razalee is currently the Chairman of the Board Audit Committee and a member of the Board Nomination Committee as well as the Board Whistle-Blowing Committee.

He has attended all Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder.

Razalee has never been convicted for any offence within the past ten years.

DATO' AFIFUDDIN BIN ABDUL KADIR

61 years
Malaysian
Independent Non-Executive Director

Dato' Afifuddin was appointed Director of the Company on 2 May 2013. He is currently the Senior Independent Director of the Board.

He obtained a Diploma in Agriculture in 1975 from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia), Malaysia and a Bachelor of Science in Agribusiness in 1979 also from the same university.

Dato' Afifuddin began his career in 1975 with the Malaysian Agricultural Research and Development Institute ("MARDI") as a Research Assistant in Agricultural Engineering.

He joined the Malaysian Industrial Development Authority ("MIDA") in 1979. From 1982 to 2008, he held various senior positions in the domestic and international offices of MIDA, including the Director of MIDA in Sabah, the Vice Consul Investment/Deputy Director of MIDA in London, the Director/Economic Counsellor of MIDA in Paris and the Director/Consul Investment of MIDA in London. In April 2008, he was promoted to Deputy Director General II of MIDA and three months later, he was promoted to Deputy Director General I/Deputy Chief Executive Officer I of MIDA, a position which he held until his retirement in September 2011.

Dato' Afifuddin currently sits on the boards of SP Multitech Renewable Energy Sdn. Bhd., Lam Soon (M) Berhad, Pelikan International Corporation Berhad and Lion Corporation Berhad.

Dato' Afifuddin is the Chairman of the Board Nomination Committee. He is also a member of the Board Remuneration Committee and Board Whistle-Blowing Committee.

He has attended all Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder.

Dato' Afifuddin has never been convicted for any offence within the past ten years.

Profile of Board of Directors

CHEAH TEK KUANG

67 years
Malaysian
Independent Non-Executive Director

Cheah was appointed Director of the Company on 2 May 2013.

He obtained a Bachelor of Economics in 1970 from University of Malaya, Malaysia.

He began his career with MIDA as Deputy Director in the Planning and Research Unit from 1970 until 1978. He later joined AmInvestment Bank Berhad in October 1978 and served in various senior positions in the bank and was promoted as the Chief Executive Officer/Group Managing Director in 1994, a position he held until December 2004.

In 2005, he joined AMMB Holdings Berhad as the Group Managing Director and retired in 2012. He has been an Independent Non-Executive Director of Bursa Malaysia Securities Berhad for a period of nine years beginning from the demutualisation of the Kuala Lumpur Stock Exchange (currently known as Bursa Malaysia Securities Berhad) up to early 2013.

Currently, Cheah sits on the boards of several private and public limited companies in Malaysia including Danajamin Nasional Berhad, IOI Corporation Berhad, Berjaya Sports Toto Berhad and Eco World International Berhad. He has also been appointed to the board of MOL Global, Inc., a company based in the United States of America. He is also a member of the Investment Panel in Kumpulan Wang Persaraan (Diperbadankan) (Retirement Fund Incorporated).

Cheah is also member of the Board Audit Committee, Board Remuneration Committee and Board Investment & Risk Management Committee.

Cheah has attended all Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder.

Cheah has never been convicted for any offence within the past ten years.

DATO' IBRAHIM BIN MARSIDI

62 years
Malaysian
Independent Non-Executive Director

Dato' Ibrahim Marsidi was appointed Director of the Company on 2 May 2013.

He obtained a Bachelor of Economics (Analytical) in 1979 from University of Malaya, Malaysia.

Dato' Ibrahim joined Malayan Banking Berhad as a Sub Accountant in 1979. Later that year, he joined PETRONAS and held a number of senior managerial positions, which included among others, the Senior Manager of Eastern and Northern Region, the General Manager of Liquefied Petroleum Gas ("LPG") and Retail Business in PETRONAS Dagangan Berhad ("PDB") and the General Manager of Crude Oil Group, PETRONAS before being promoted to become the Managing Director and Chief Executive Officer of PDB, a company listed on Bursa Malaysia Securities Berhad and a leading supplier of petroleum products in Malaysia. He held that position until his retirement in December 2007.

Upon joining PETRONAS in 1979, he was actively involved in the development of domestic marketing activities of PETRONAS which led to the formation of PETRONAS Dagangan Sdn. Bhd. (thereafter known as PDB when the company was listed on Bursa Malaysia Securities Berhad in 1994).

During his tenure as the Managing Director/ Chief Executive Officer of PDB, Dato' Ibrahim spearheaded the transformation of the company including the development of the company's brand strategy, business strategy, development of administrative and electronic payment systems.

He currently sits on the boards of TELEKOM Malaysia Berhad and its subsidiary, Menara Kuala Lumpur Sdn. Bhd.

Dato' Ibrahim is a member of the Board Audit Committee, Board Remuneration Committee and Board Investment & Risk Management Committee.

Dato' Ibrahim has attended all Board meetings held during the financial year.

He has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder.

Dato' Ibrahim has never been convicted for any offence within the past ten years.

FINA NORHIZAH BINTI HJ BAHARU ZAMAN

57 years
Malaysian
Independent Non-Executive Director

Fina was appointed Director of the Company on 15 August 2013.

She obtained a Bachelor of Law Degree from the University of Malaya, Malaysia in 1980, Masters in Law (specialising in maritime and shipping) from the London School of Economics, University of London, United Kingdom in 1985 and a Diploma in Syariah Law & Practice from the International Islamic University ("IIU"), Malaysia in 1987. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1986.

Fina started her legal career in 1980 with the Malaysian Attorney General's Chambers where she had served as a Senior Federal Counsel and as the Legal Advisor to the Ministry of Transport.

In 1984, she joined IIU and was sent to do her Masters in Law at the London School of Economics (LSE), University of London, United Kingdom in 1985 and had subsequently served as a lecturer in the Kulliyah of Laws, IIU. She joined PETRONAS in 1990 and had served the PETRONAS Legal Department in several capacities, including as the General Manager (Legal) of the Logistics and Maritime Business of PETRONAS and as the General Manager of the Legal and Corporate Secretarial Affairs Division of MISC Berhad.

Her last appointment was as the Head/Senior General Manager of Legal and Corporate Secretarial Affairs Division and Company Secretary of MISC Berhad in 2004 until her retirement in 2007. She also served as director and Company Secretary of several of MISC Berhad's subsidiaries and was a member of MISC Berhad's Management Committee.

She is currently the Chairman of Alam Maritim Resources Berhad and is a board member of Kasi Gegar Entertainment Sdn. Bhd.

Fina is the Chairman of the Board Whistle-Blowing Committee as well as a member of the Board Nomination Committee and the Board Investment & Risk Management Committee.

Fina has attended all Board meetings held during the financial year.

She has no conflict of interest with the Company and does not have any family relationships with any Director and/or major shareholder.

Fina has never been convicted for any offence within the past ten years.

KEY MANAGEMENT

Rohaizad bin Darus
President

Wai Thuy Fong
Chief Financial Officer

Noor Azlan bin Adnan
Head, Drilling Services

Abdul Mutalib bin Idris
Head, Oilfield Services

Mohd Nizamuddin bin Mokthar
Head, Legal & Secretarial

Chew Eng Hong
Head, Corporate Development

Syed Rozhan bin Syed Hassan
Head, Human Capital

Abdul Hadi bin Abdul Bari
Head, Business Development

Aminudin bin Hambali
Head, QHSE

Zulazli bin Hashim
Head, Supply Chain

CORPORATE SOCIAL RESPONSIBILITY

UMW-OG firmly believes in giving back to the communities it operates within, and is constantly striving to give back through its Corporate Social Responsibility ("CSR") initiatives and activities. Our commitment to serving people reflects a deep-rooted sense of CSR that underlines our actions.

Our CSR initiatives takes into consideration the economic, social, and environmental impact of the Company. It is reflected in our policies and strategies, our conduct with employees, clients and other stakeholders, as well as in our commitment to support the Government in promoting its social and national development agenda. UMW-OG's CSR initiatives are streamlined into three main categories; EDUCATION, SAFETY and ENVIRONMENT.

EDUCATION

In 2014, UMW-OG embarked on its PINTAR programme education initiative by engaging with selected schools in the state of Selangor.

PINTAR is a school adoption programme inspired by Khazanah Nasional Berhad and run by Government-Linked Companies ("GLCs") as well as some private corporations in Malaysia. The PINTAR Foundation aims to improve socio-economic standards through educational achievement. It redefines school adoption programmes in line with the Government's call under the Ninth Malaysia Plan ("9MP") and 2006 Budget for public-private partnerships to aid sustainable development. The programme creates awareness among students from low-income households with the power for academic excellence to break out of the poverty cycle.

Sekolah Kebangsaan Jeram Batu 20, in Kuala Selangor, is the first school to be added to UMW-OG's list of adopted schools under the PINTAR programme. The Company has allocated funds to all the schools involved to conduct various activities over a 3-year period commencing from 2014.

To kick-off UMW-OG's involvement in the PINTAR programme, the Company has been actively involved in planning and organising initiatives for the benefit of the students and teachers of the participating schools. Among the initiatives are tuition classes tailor-made to suit the students to prepare them for public examinations, and also a book donation drive to further improve and update the school's existing library collection – where some books date back to the early 1980s! The Company has also maintained a healthy presence at the school and during its excellence awards day '*Hari Anugerah Kecemerlangan*', the Company sponsored gifts and hampers to students who performed well academically.

Corporate Social Responsibility

SAFETY

As a major player in the oil and gas industry, UMW-OG has a unique role to play in the PINTAR programme by advocating and promoting safety-related activities. Thus in November 2014, the Company launched its first Safe School Campaign at Sekolah Kebangsaan Jeram Batu 20, Kuala Selangor. The activities include safety-themed activities and talks, and also the appointment of 20 UMW-OG Safety Ambassadors among the students. With the rise in reported cases of accidents and crimes, the programme serves as a general guide not only for the students, but also for the teachers and parents in self-preservation against such unfortunate incidents. Partners also include PETROSAINS and National Institute of Occupational Safety and Health ("NIOSH"). One of the activities conducted by the representatives from PETROSAINS highlighted the importance of wearing a crash helmet when riding a motorcycle – something that has often been taken for granted, especially by rural communities. The Do-It-Yourself ("DIY") session, although fun on the surface, touched on the safety-related issues and capitalising one's potential to achieve success, regardless of the lack of materials they had.

In the final session of the programme, students were given a demonstration on how to avoid becoming a victim of crime and also addressed ways to react positively to bullies in schools. Based on the encouraging responses from those involved, UMW-OG plans to replicate the programme to all our PINTAR schools in the coming years.

To date, the school has received a total of eight first aid kit boxes and ten fire extinguishers; a much needed contribution to replace expired units at the school, on top of the installation of evacuation signages at designated areas around the school. This initiative further complements UMW-OG's safety-related efforts.

ENVIRONMENT

At UMW-OG, we aim to minimise the environmental impact of our operations by complying with all applicable environmental laws and pursuing green initiatives. Our businesses are operated in ways that foster sustainable use of the world's natural resources. Apart from that, UMW-OG also actively partakes in environment-conservation activities to promote green awareness and knowledge of various environmental issues through an experiential approach.

In December 2014, more than 40 employees from UMW-OG participated in a Mangrove Rehabilitation Programme at the Environment Interpretive Centre ("EIC") in Sepang, Selangor. Organised in collaboration with the Malaysian Nature Society ("MNS"), the primary goal of the programme was to increase the participants' understanding and appreciation on the importance of mangrove trees, and its role in the environment.

Called "forests of the sea," mangrove forests are constantly and rapidly decreasing through various man-made activities. The one-day programme saw the planting of close to 200 mangrove saplings of the *Rhizophora Apiculata* '*bakau minyak*', *Rhizophora stylosa* '*bakau pasir*' and *Ceriops Tagal* '*tengar*' species by UMW-OG staff around the EIC compound, located parallel to the Sepang Besar river.

As a direct result of the rehabilitation programme, we have helped to achieve environmental protection, disaster prevention and also raised environmental awareness. Through the collaboration with MNS, UMW-OG will receive scheduled progress updates on the current state of the saplings.

Corporate Social Responsibility

OTHER COMMUNITY INITIATIVES

The Company also contributes to various humanitarian causes.

UMW-OG has been playing an active role in contributing to various care homes and orphanages, both financially and through engaging activities, as well as helping other worthy causes. Apart from its usual visits and treats to selected orphanages, UMW-OG continued to spread cheer during the month of Ramadhan, to children from Pusat Jagaan Rumah Kesayangan in Petaling Jaya. The residents were treated to a Hari Raya shopping spree, a UMW-OG festive trademark at AEON Mid Valley, Kuala Lumpur, followed by a gathering for the breaking of fast at a hotel in the city. The President of the Company also gave out more treats in the form of '*duit raya*' and a donation to the home itself to further support its operations.

UMW-OG also played a part in relief efforts in various areas in the East Coast affected by the massive floods last December, by contributing RM10,000 in cash via the Malaysian Oil & Gas Services Council ("MOGSC") which will be disbursed to recipients identified by MOGSC. Representatives from UMW-OG's wholly-owned subsidiary, UMW Workover Sdn. Bhd., also went on ground to visit its employees and their family members whose homes which were also badly affected by the floods.

In Vietnam, backed by the spirit of giving, the crew of UMW NAGA 2 organised a donation drive in which they managed to raise more than 100 million Vietnamese Dong which was presented to the Poor Patients, Disabled People and Orphans Support Association, Ba Ria Vungtau Province. It is hoped that this donation will go a long way in ensuring a better life for many of the home's occupants as well as empowering to reach out even further to those who need a helping hand.

UMW-OG is committed to continuing its CSR efforts and contributing to those in need, affirming its role as a socially responsible corporate citizen.

QUALITY, HEALTH, SAFETY & ENVIRONMENT

UMW-OG endeavours to achieve the highest standards of Quality, Health, Safety & Environment ("QHSE"). By incorporating the principles of QHSE best practices, the Group aims to attain operational excellence for continued business success and sustainability.

QHSE excellence is an integral part of the Group's business goals. It prevents risk of injury, occupational illness, damage to property and the environment. The Group's QHSE goal: "**Nobody Gets Hurt, No Damage to the Environment**".

The Group believes that its demonstrated QHSE performance is one that it can be proud of, and must be sustained. The Group's uncompromising stand on QHSE is implemented through comprehensive system controls, awareness programmes, responsible governance, and strict compliance.

QHSE considerations are top priorities in the Group's daily operations. High emphasis on safety and strict compliance to QHSE standards are essential for it to deliver excellence in QHSE performance throughout the organisation. Upholding QHSE policies and ensuring a safe workplace are the responsibilities of every individual at UMW-OG Group. Safety takes precedence over business operations at the Group. Some of the main programmes that are continuously being implemented includes Stop Work Policy, Red Zone Policy, Green Handle Policy and Drop Object Prevention Scheme ("DROPS").

Stop Work Policy: This policy empowers employees at any level, contractors and visitors to intervene and to "STOP WORK" and to report when unsafe acts or conditions are observed.

Red Zone Policy: Specific areas are marked and identified as Red Zone, which is out of bounds to everybody except those with specific permission to enter. This will minimise unnecessary exposure to personnel who are not involved in the specific work in high risk areas.

Green Handle Policy: Components of the assets or equipment that are safe to touch and to operate are painted in green to ensure our operational personnel do not touch or hold items that can expose them to safety risks.

DROPS: A programme to educate and train our employees to recognise potential hazards that might result in dropped objects, which may cause injuries or fatalities, and how to rectify the hazards.

The Group constantly stays abreast on the latest QHSE developments across the industry to drive continuous improvement within the Group. Regular QHSE meetings are conducted to provide a platform for all to share and review the Group's experiences. In addition, the Group's *Safety Alerts* play a significant role in creating awareness, understanding and instilling a safety-focused culture across the Group.

The Corporate QHSE Steering Committee ("Committee") initiates, develops and monitors all QHSE policies and performance principles and also provides guidance to the business units on QHSE related matters. Under the guidance of the Committee, audits and improvement activities are performed at offices, onshore bases and offshore drilling rigs. These activities not only raise health, safety and environmental awareness among employees, but also increase the level of protection from safety and health exposures in all work areas.

As the Group continues to expand its operations, the Group recognises that a sustainable QHSE performance relies on solid QHSE competency, culture and mindset. QHSE knowledge management and the dissemination of QHSE information is actively practiced in the Group. These include senior management visits to offshore and onshore work locations, structured induction courses, safety talks and various QHSE focused get-together and team building activities.

Quality, Health, Safety & Environment

QHSE PROGRAMMES AND CAMPAIGNS

Throughout the year, the Group organised and implemented various QHSE programmes to promote awareness and instill safety as a daily work culture among the employees. These include QHSE Day, QHSE Poster Competition, Safety Corporate Social Responsibility ("CSR") and Fire Prevention Seminar.

QHSE Day: Aimed at promoting and educating safe and healthy lifestyles to all employees. A Blood Donation Drive was also organised in conjunction with the QHSE Day.

QHSE Poster Competition: Organised to encourage and instill QHSE awareness among staff.

Safety CSR: Focuses on inculcating good safety culture among the young students which includes the Safe School Campaign, a part of UMW-OG - PINTAR School Adoption Programme.

Fire Prevention Seminar: Educating staff on fire safety management and fire prevention techniques, both in the office and at home. As part of the Group's commitment in promoting high QHSE culture and awareness, every employee was given a fire extinguisher for personal use.

INTEGRATED QHSE MANAGEMENT SYSTEM CERTIFICATION

The Group obtained certifications for its Integrated QHSE Management System, further cementing its commitment in upholding QHSE policies and ensuring a safe workplace. Among the certifications attained, include the following:

- ISO 9001: 2008 Quality Management System
- ISO 14001: 2004 Environmental Management System
- OHSAS 18001: 2007 Occupational Health & Safety Management System
- ISO/TS 29001: 2010 Quality Management System for Petroleum, Petrochemical and Natural Gas Industries

The certificates were awarded to the Company, UMW Offshore Drilling Sdn. Bhd. and UMW Workover Sdn. Bhd. and were certified by DNV-GL to the above international standards on 26 February 2015.

SAFETY LEADERSHIP TRAINING

The Group understands that in order to achieve the goal of "**Nobody Gets Hurt, No Damage to the Environment**", a comprehensive safety culture is essential. The Group has engaged an internationally renowned company, Check-6, to provide consultation and training to assist in developing and ingraining safety culture among the employees on the Group's offshore rigs. The trainings emphasised Safety Leadership and refining the Group's safety culture through Planned Based Execution ("PBE"). PBE focuses heavily on the planning and execution of the tasks to ensure sufficient focus is given on how to get the objectives carried out safely. Staff are encouraged to attend safety meetings and debriefs and to be knowledgeable on proper procedures as part of the Group's safety culture. Throughout 2014, numerous safety leadership training programmes were conducted for staff working on UMW NAGA 2, UMW NAGA 4, UMW NAGA 5 and UMW GAIT 3.

QHSE PERFORMANCE

In 2014, the Group recorded a Total Recordable Case Frequency ("TRCF") of 0.22 which is well within the industry standard of 1.00. In addition, only one case of Lost Time Incident ("LTI") was recorded in the same year. This is a testament of the Group's commitment to excellent QHSE performance. Going forward, the Group aims to further improve its performance in quality, health, safety and environmental protection with various programmes and trainings to be on par with, or to exceed, international standards.

HUMAN CAPITAL AND PEOPLE DEVELOPMENT

UMW-OG's Human Capital division continues to be a strategic partner in the Group by ensuring proper planning and the implementation of a holistic people agenda, integrating the current and future needs of the Group.

With the expansion of new assets in 2014, and as the Group continues to expand its presence across new territories in its pursuit of becoming both shallow and deepwater services provider in ten years' time, attracting diverse talents on a global platform, and capability building, continue to be its core initiatives throughout the year.

To ensure all Human Capital initiatives are in full alignment with the Group's strategic roadmap, a 15-year Human Capital Blueprint has also been developed and approved in 2014. This blueprint incorporates all major action plans required to complement, support and ensure the achievement of the Group's strategic roadmap.

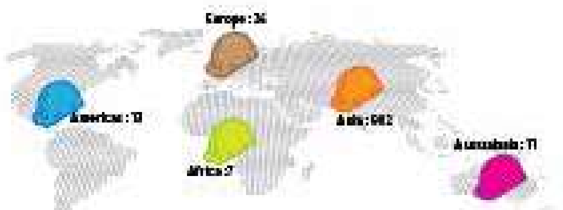
ATTRACTING DIVERSE GLOBAL TALENTS

The Group prides itself in successfully attracting competent and diverse talents from the global drilling talent pool while its overseas locations in the Oilfield Services division continue to attract local talents in the country where it operates. As at 31 December 2014, the Group has employees from 29 different nationalities in five continents serving in its workforce. Women comprise 15% of the total workforce of 959. UMW-OG Group is no longer only known within the Southeast Asia region as far as talent is concerned; potential talents from all over the world continue to express their interest in joining UMW-OG.

The Group continues to be very selective in recruiting talents globally as all key positions on the drilling rigs require certification by either International Well Control Forum ("IWCF") or International Association of Drilling Contractors ("IADC"), the two main international certification bodies for the drilling industry.

While the Group continues to attract talents on a global platform, the Group also aspires to develop local talents to become competent professionals to manage its growing number of assets moving forward. This is also a key item in the Human Capital Blueprint.

Employees' Nationalities as at 31 December 2014



959
total staff

29
nationalities

BUILDING CAPABILITIES

Drilling Skill Development Programme

UMW-INSTEP Drilling Academy

Deeply-focused on the need to continue building capabilities and competencies of its talent in drilling services, UMW-INSTEP Drilling Academy ("UIDA"), a collaboration between UMW Drilling Academy Sdn. Bhd. and PETRONAS Technical Training Sdn. Bhd. was officially launched in March 2014. This training centre resides within the INSTEP complex at Batu Rakit, Terengganu.

UIDA, the pioneer dedicated drilling academy in Malaysia, was established with the aim of addressing the shortage of local talents in the drilling industry. It provides the platform for the Group to train and develop skilled drilling personnel for business expansion, bridging the internal competency gap and succession planning.

UIDA is equipped with state-of-the-art facilities, offering structured training programmes in drilling operations and certification programmes, utilising an actual training land rig, and drilling simulator experience using DS600 simulator.

The wide range of programmes offered include Structured Drilling Apprenticeship, Drilling Competency Enhancement, Drilling Short

Courses and Drilling Certifications conducted by instructors certified and recognised by IADC and IWCF.

For its first year of operations, UIDA has successfully conducted various sessions of drilling training courses to UMW-OG and PETRONAS. Moving forward, UIDA is gearing up to provide additional training courses to other operators, drilling contractors and the public, both locally and internationally.

Apprenticeship Programme for Drilling

Another continuing initiative to address the shortage of skilled Malaysian talents in the drilling industry is conducted via the Group's Apprenticeship Programme for Drilling. This programme commenced in March 2014, and to date, a total of 34 apprentices with tertiary education background in engineering have been recruited. After completing a 3-month classroom and hands-on equipment training at UIDA, the apprentices will undergo a 1-year on-the-job training ("OJT") on our jack-up drilling rigs.

Trainee Roughneck Programme for Workover

This programme has been initiated to support our workover operations. This 1-year programme, which commenced in October 2014, provides opportunities for Malaysians to join the workover operations and later progress to become Superintendents and Supervisors on the hydraulic workover units ("HWUs").

A total number of 15 trainees, mainly with electrical and mechanical trades background, have been recruited under this programme. They have completed basic training at UIDA, and also at UMW Workover's Operation Centre at Kemaman Supply Base, Terengganu. They are currently undergoing their OJT on the HWUs.

Moving forward, the Group will embark on new people development programmes for the support crew in marine operations, maintenance and material management for the drilling and workover operations, as well as skill upgrading and selected certification programmes for the Oilfield Services division. The core objective remains to cater for the growing needs of talent for the Group's operations, which ultimately will benefit the nation by providing fellow Malaysians opportunities for skill development, and employment in the drilling industry.

Young Graduate Development Programme

UMW Graduate Enhancement Programme: Skim Latihan 1Malaysia

As part of the Group's corporate responsibilities in supporting the Government's initiative for Skim Latihan 1Malaysia, the Group offers opportunities to dynamic and competitive individuals to join the Group's Graduate Enhancement Programme ("GEP"). This programme is initiated to develop and improve the marketability of the new graduates.

GEP provides various trainings in developing soft skills and expose the unemployed graduates to the real working environment. In total, the programme takes eight months to complete; two months of soft skills training with another six months of OJT in various companies within the Group.

To date, a total of 21 trainees have successfully completed this programme with UMW-OG.

Human Capital and People Development

College and University Students Internship Programme

The Internship Programme is a dynamic platform designed to provide undergraduates from all disciplines with on-the-job experience within the Group.

The Group sponsored a total of 19 students with a four to six months internship experience at its Head Office at Plaza Sentral, Kuala Lumpur and also at the various operation sites of the Group in 2014.

Leadership Development Programme

This initiative forms an integral part of the Group's talent management process to ensure ample talent pool for leadership roles and operational sustainability. Potential talents in all of these initiatives are exposed to various development programmes, either external or OJT, to ensure they have complete understanding of the business, Group expectations, and how they can contribute towards the Group's further growth. Potential talents under these initiatives are generally equipped in the core areas of leadership and general management, financial management, change management, organisational development, entrepreneurship as well as project management.

Leadership Talent Review

This programme is to identify and develop potential future leaders for critical leadership roles within the Group. Talents undergo rigorous assessments and evaluation sessions before commencing their planned annual development programmes. Growth development of each talent is subjected to annual reviews; reflecting the changing needs and direction of the Group.

Succession Planning

To ensure the Group's growth and expansion plans are realised and is sustainable, having ready and competent talent pool for key positions is crucial. Once relevant key positions have been confirmed, the process of selecting potential talents to match the position commences, followed by a detailed gap assessment study and talents' development needs, and implementation over a period of time.

EMPLOYEE ENGAGEMENT AND RETENTION

While major initiatives in 2014 have been in acquiring and developing talents, the Group also emphasises on having an engaged and committed workforce. In addition to the traditional town hall sessions and site visits by the management team, the Group embarked on other various programmes in 2014 to foster better employee relations.

- **Management visits to both Drilling and Oilfield Services locations**
  These scheduled site visits demonstrate management's strong commitment and visibility to uplift QHSE standards, employee engagement, culture building and informal communications. Due to the multiple operational sites within the Group, members from the Management Committee visited as many different sites each year to meet the employees.

- **Focus Group Discussion Sessions**
  Following the 'Closer 2U' Employee Engagement Survey 2013, group discussions with employees were organised, with the aim of engaging with the employees on their concerns and issues at their workplace. These provided an avenue for action plans to be formulated and taken to address the highlighted concerns.

- **Luncheons with the President**
  A casual welcome luncheon for new employees to meet and engage with the President. These luncheons provide the opportunity for employees to gain insights to the Group's strategic direction and expectations.

- **2014 UMW-OG Treasure Hunt in Pangkor**
  The Group's version of the *Amazing Race* filled with fun and thrills, enabling the employees to take a break from their daily working lives and to spend quality time with their family and colleagues.

- **2014 UMW-OG Family Day in Port Dickson**
  The Group's Family Day received overwhelming response and participation from the staff. This outing aims to strengthen bonds between employees and their families, as well as enhance relationships between co-workers.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of UMW-OG views high standards of Corporate Governance as fundamental to the culture and business practices of the Company and its subsidiaries ("Group"). A sound corporate governance practice is fundamental towards enhancing long-term shareholder value and protecting shareholders' interests.

The Board is committed to maintaining the highest standards of good governance and this statement describes how best the Company and the Group have applied the principles and adopted the best practices as laid down in the Malaysian Code on Corporate Governance 2012 ("the Code") to achieve high standards of corporate governance in effectively discharging its responsibilities to protect and enhance shareholder value.

The commitment of the Board, management and employees of the Group in upholding the highest standards of good corporate governance is affirmed and remains resolute at all times. The Group adopts the recommendations, requirements and guidelines of the relevant authorities such as Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s Main Market Listing Requirements ("MMLR"), Corporate Governance Guide ("CG Guide"), the Code, the Green Book on Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Company ("GLC") High Performance and international best practices and standards on corporate governance.

In addition, the Group also subscribes to internal guidelines on Corporate Disclosure Policies and Procedures based on the best practices recommended by Bursa Malaysia, to provide the Group with appropriate guidance in discharging its disclosure obligations and to ensure that the Group moves beyond making the minimum mandatory disclosure requirements. As the Group has significant presence in the countries it operates, it also abides by the guidelines of the relevant regulators and authorities.

The Board is pleased to share the manner in which the principles of the above guidelines have been applied in the Group. Set out below is a statement on how the Group has applied the principles and adopted the best practices as laid down in the Code to achieve high standards of corporate governance.

GOVERNANCE FRAMEWORK

The Board will continue to review, deliberate and enhance the Group's Corporate Governance Framework to ensure its relevance and ability to meet future challenges.

<table>
<tr><td colspan="5">STAKEHOLDERS</td></tr>
<tr><td colspan="5">BOARD OF DIRECTORS OF UMW-OG</td></tr>
<tr><td>BOARD AUDIT COMMITTEE</td><td>BOARD NOMINATION COMMITTEE</td><td>BOARD REMUNERATION COMMITTEE</td><td>BOARD INVESTMENT & RISK MANAGEMENT COMMITTEE</td><td>BOARD WHISTLE-BLOWING COMMITTEE</td></tr>
<tr><td colspan="5">PRESIDENT</td></tr>
<tr><td colspan="5">MANAGEMENT COMMITTEE</td></tr>
<tr><td colspan="5">VARIOUS MANAGEMENT SUB-COMMITTEES</td></tr>
<tr><td colspan="5">CORE BUSINESS OF THE GROUP
• DRILLING SERVICES • OILFIELD SERVICES</td></tr>
</table>

The Corporate Governance Framework is supported by the Financial Limit Authority Guidelines ("FLAG") which sets out the respective authority limits including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the President, the Management Committee and management.

The Board reserves full decision making powers on the following matters:

1. Material acquisitions and disposal of assets;
2. Investments in major projects;
3. Authority levels;
4. Treasury policies;
5. Risk management policies;
6. Key human resource issues; and
7. Conflict of interest issues relating to a substantial shareholder or a Director.

The Group's Corporate Governance Framework provides an overview of the corporate governance processes and responsibilities within the Group. It mirrors the way we manage our strategic and operational activities.

Statement On Corporate Governance

The roles of the stakeholders, the Board and the various Board Committees and management are distinctly different but complementary to one another in attaining core objectives of the Group.

Besides Malaysia, the Group has presence in the following countries:

- ASEAN
  - Singapore
  - Thailand
  - Vietnam
  - Philippines
  - Myanmar
- ASIA
  - China
  - Turkmenistan

BOARD OF DIRECTORS

The Board is committed to establishing and enhancing shareholder value in the long term and is pleased to report that the Group has, to its best efforts and knowledge complied with the Principles and Best Practises of the Code throughout the financial year under review. The Board continues to enhance its role in improving governance practices effectively and raising the standard of governance to safeguard the interests of the shareholders as well as the stakeholders. To this end, the Board oversees and sets the tone for, the Group's overall strategy, acquisition and divestment policies, capital expenditure, annual budget, review of financial and operational performance, and internal controls as well as investment and risk management processes. The Group's overall strategic direction, development, implementation and control remain of primary importance to the Board.

Management presents to the Board its recommended strategies, short-, medium-, and long-term business plans at dedicated sessions for the Board's review and approval.

The Board and also its Committees consistently challenge management in the development of the Group's long-term strategic roadmap and Business Plan that aligns with the Group's mission. The Board and the Board Committees actively monitor management's execution of approved strategic plans as well as the transparency and adequacy of internal and external communication of the strategy.

The Board constantly monitors the progress of initiatives identified in the Group Business Plan and provides advice on determining the Group's long-term goals to ensure successful realisation of strategies and sustainability.

BOARD COMPOSITION AND BALANCE

The Board comprises members with relevant expertise and experiences drawn from business, financial and technical backgrounds. In this respect, the Board has given due consideration to the required mix of skills, experience, core competencies, other qualities and diversity in terms of gender, ethnicity and age which Non-Executive Directors bring to the Board.

Currently, the Board consists of nine members, with the Chairman (being a Non-Independent Non-Executive Director), two Non-Independent Non-Executive Directors, five Independent Non-Executive Directors and one Executive Director, who is the President of the Company himself. This balance of independent and non-independent directors is designed to ensure that no one individual or small group of individuals can dominate the Board's decision making.

As the Chairman is a Non-Independent Director and in line with the recommendations of the Code's Best Practices relating to board membership, the composition for the Board comprises a majority of Independent Directors. Five out of the nine or more than 55% of its composition comprises Independent Directors.

The Independent Directors take on a crucial role as far as corporate accountability is concerned by providing independent view, advice and judgment to ensure a balanced and unbiased decision-making process. The Board recognises the importance of the role of the Independent Directors, particularly in ensuring that strategies proposed by management are fully deliberated on and examined objectively, taking into account, amongst others, the long-term interests of shareholders as well as other stakeholders and the community at large.

In line with the recommendations of the Code, the Board has implemented a 9-year tenure limit for Independent Directors, which has been incorporated in the Board Charter, whereupon the completion of a cumulative term of nine years, the Independent Director may continue to serve the Board subject to the Director's redesignation as a Non-Independent Director or remain designated as an Independent Director with shareholders' approval. At present, none of the Independent Directors has served more than nine years on the Board.

The Non-Executive Directors are independent of management and are free from any business relationship which could materially interfere with the exercise of their independent judgment.

The Directors collectively play an active role in the Board's decision-making process, bringing with them vast experience and knowledge, and acting in the best interests of the Group.

The profiles of the Directors are set out on pages 66 to 71 of this Annual Report.

REMUNERATION OF DIRECTORS

The Board, upon recommendation of the Board Remuneration Committee ("REMCOM"), sets the remuneration of Executive and Non-Executive Directors. The Non-Executive Directors' remuneration/fees are set at a level to attract and retain individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role.

The remuneration of the President who is the Executive Director is structured to link rewards to corporate and individual performance through Key Performance Indicators ("KPIs") comprising fixed and performance-based rewards. His remuneration is reviewed by the REMCOM.

DIRECTORSHIPS OUTSIDE THE GROUP

To maintain good corporate governance and to avoid potential conflict of interest, the Board has set a policy with respect to accepting appointments as directors outside the Group.

When a Director is appointed a director of another company outside the Group, the Director is expected to immediately disclose the same to the Company via the Company Secretary, whereupon the Board Nomination Committee will assess and determine whether the appointment would give rise to potential conflict of interest.

INDEPENDENCE AND CONFLICT OF INTEREST

The Directors are required to declare potential or actual conflict of interest in any transaction prior to any deliberation on matters before the Board. Where issues involve conflict of interest, the interested Directors shall abstain from discussion and voting on the matter.

SENIOR INDEPENDENT DIRECTOR

Dato' Afifuddin bin Abdul Kadir is the Senior Independent Director to whom concerns pertaining to the Group may be conveyed by the shareholders and the public. He has the role of supporting the Chairman and ensuring that all the Independent Directors have an opportunity to provide their views and comments on the affairs of the Group. All concerns relating to the Group can be conveyed to him via his email address at: **afi.abdulkadir@gmail.com**

Statement On Corporate Governance

SEPARATION OF DUTIES AND RESPONSIBILITIES OF CHAIRMAN AND PRESIDENT

The Board believes in and practices a separation of duties and responsibilities between the Chairman and the President to ensure a clear segregation of responsibility and accountability, proper balance of authority and greater capacity for independent decision-making.

The roles and responsibilities of the Chairman and the President are clearly defined in ensuring the smooth running of the Company's business and operations.

The Chairman's primary role is to lead the Board. He sets the tone for Board discussions and at the same time ensures high integrity and effectiveness of the Board as a whole. He conducts Board meetings and ensures that meetings proceed in an orderly manner. The Chairman encourages active participation of Board members in discussions and provides reasonable time for discussion of complex issues under review.

Decisions reached at meetings reflect the consensus of the whole Board and not the views of any individual or group.

The Chairman ensures and facilitates the flow of information between management and the Board and that information relating to issues on the agenda is disseminated to all Directors well before deliberation at Board meetings.

The President on the other hand is responsible for ensuring the implementation of broad policies as approved by the Board and reports to and discusses material matters including regulatory developments and strategic projects with the Board. The President is responsible for the day-to-day management of the business and operations of the Group. The President is supported by the Management Committee which meets regularly and other committees established under the Governance Framework.

There is therefore, a natural separation of management and governance leading to a balance of responsibility and authority. Though separated, their respective functions are mutually interdependent for efficient and effective execution of duties and responsibilities respectively.

As part of the Company's commitment towards ensuring consistent good business practices and governance, the Board has developed the FLAG for the Group. The FLAG was established to standardise authority limits, as well as to provide clarity on authority limits amongst operating companies and authority limits for different categories of the operating expenditure.

The FLAG is applicable to all companies within the Group.

BOARD MEETINGS

The Board meets on a regular and scheduled basis throughout the year. Additional meetings or special Board meetings are convened whenever necessary when there are urgent and important decisions to be made.

During the financial year ended 31 December 2014, the Board met ten times, details of which are as shown below:

Name Of Directors	Designation	Date Of Appointment	Date Of Resignation	Meeting Attendance	Percentage
Tan Sri Asmat bin Kamaludin	Chairman Non-Independent Non-Executive Director	2 May 2013	N/A	8 / 10	80%
Rohaizad bin Darus	President Executive Director	31 January 2012	N/A	10 / 10	100%
Datuk Syed Hisham bin Syed Wazir	Non-Independent Non-Executive Director	1 October 2010	N/A	10 / 10	100%
Dr. Leong Chik Weng	Non-Independent Non-Executive Director	21 April 2011	N/A	9 / 10	90%
Razalee bin Amin	Independent Non-Executive Director	2 May 2013	N/A	10 / 10	100%
Dato' Afifuddin bin Abdul Kadir	Independent Non-Executive Director	2 May 2013	N/A	10 / 10	100%
Cheah Tek Kuang	Independent Non-Executive Director	2 May 2013	N/A	10 / 10	100%
Dato' Ibrahim bin Marsidi	Independent Non-Executive Director	2 May 2013	N/A	10 / 10	100%
Fina Norhizah binti Hj Baharu Zaman	Independent Non-Executive Director	15 August 2013	N/A	10 / 10	100%

All the Directors have complied with the requirements of Bursa Malaysia in relation to attendance at Board meetings, in particular Paragraph 15.05 (3) of the MMLR which states that the office of a Director will become vacant if the Director is absent for more than 50% of the total Board meetings held during a financial year.

Before the start of the financial year, Board meetings and the various Board Committee meetings for the Group are planned and fixed for the whole year. An annual meetings calendar is prepared and circulated to the Board before the beginning of each year. It contains the scheduled dates for meetings of the Board and respective Board Committees.

Statement On Corporate Governance

SUPPLY OF INFORMATION

The Company Secretary is always on hand to provide the Directors with the appropriate advice and services and also to ensure that the relevant procedures are followed and rules and regulations are complied with. The Board is, from time to time, updated on changes in the law, governance and other regulatory requirements.

The President also provides the Board with information pertaining to the Group's business affairs to enable the Board to discharge its responsibilities effectively.

The agenda, board papers and minutes of previous meetings of the Board and Board Committees including minutes of Board meetings of subsidiary companies are circulated in advance to the Board, before meetings. The agenda for every meeting permits the Board members to review the contents of meetings and enable the Chairman to better and more efficiently conduct the proceedings at Board meetings.

Senior management and key personnel as well as professional and external advisors are from time to time invited to attend Board meetings to brief the Board and clarify issues on the subject matter concerned. They are also responsible for providing the Board with the required information in an appropriate and timely manner.

BOARD CHARTER

The Board Charter, which was adopted by the Board on 30 April 2014, sets out the roles and responsibilities of the Board in accordance with the principles outlined in the Code and ensures that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings. The Board Charter provides references for Directors in relation to the Board's role, powers, duties and functions. It also outlines the Board's rights to establish committees to assist in the discharge of its duties and its meetings' requirements.

A copy of the Board Charter is available on the Company's official website at: **www.umw-oilgas.com**

APPOINTMENT OF DIRECTORS

The Board Nomination Committee ("NOMCOM") is responsible for identifying, evaluating and recommending to the Board, suitable candidates to fill Board vacancies at the Company level as well as the Group. The NOMCOM considers the required mix of skills, experience and diversity, including gender, ethnicity and age, where appropriate. Nominations may come from a wide variety of sources, including current Directors, senior employees of the Group, customers, shareholders, industry associations, recruiting firms and others.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

New Directors are required to undergo familiarisation programmes and briefings to get a better understanding of the Group's operations and the overall industry.

RE-ELECTION OF DIRECTORS

All Directors including the President/Executive Director are subject to retirement by rotation at least once in every three years and are eligible for re-election. In accordance with Article 107 of the Articles of Association of the Company, at least 1/3 of the Directors shall retire from office at each annual general meeting, PROVIDED ALWAYS that all Directors shall retire from office once at least in each three years as stipulated under Paragraph 7.26(2) of the MMLR. The retiring Directors being eligible for re-election, may offer themselves for re-election.

Any new Director appointed during the financial year to fill a casual vacancy or as an addition to the existing Directors shall only hold office until the next Annual General Meeting ("AGM") of the Company and shall then be eligible for re-election as stipulated under Article 113.

Directors who are over 70 years of age are required to submit themselves for retirement annually at the AGM and are eligible to be re-appointed by way of special resolution passed at the said AGM in accordance with Section 129 (6) of the Companies Act, 1965.

At the forthcoming AGM of the Company, the following Directors will retire and are eligible for re-election:

i. Pursuant to Section 129 (6) of the Companies Act, 1965
   - Tan Sri Asmat bin Kamaludin

ii. Pursuant to Article 107 of the Company's Articles of Association
   - Razalee bin Amin
   - Dato' Afifuddin bin Abdul Kadir
   - Cheah Tek Kuang

The Board agreed with the NOMCOM's recommendation that the above Directors are eligible to stand for re-election and re-appointment based on the results of their individual assessment.

BOARD COMMITTEES

The Board has delegated some of its responsibilities to Committees of the Board.

The Board has established five Board Committees, namely the Board Audit Committee, Board Nomination Committee, Board Remuneration Committee, Board Investment & Risk Management Committee and the Board Whistle-Blowing Committee, the primary functions of which are to assist the Board in overseeing the affairs of the Group and these Committees have been entrusted with specific responsibilities and authority.

The authority and the functions of these Board Committees are clearly defined in their respective Terms of Reference ("TOR"), which are available on the Company's website at: **www.umw-oilgas.com**

The abovementioned Board Committees are authorised to examine specific issues and report to the Board with their recommendations. The responsibility of making decisions on all matters ultimately lies with the Board as a whole.

The Board receives regular reports on the respective Board Committees' proceedings and deliberations. On matters reserved for the Board and where Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board's deliberation and endorsement.

Details of composition of the various Board Committees and a summary of the respective Committees' TOR are as follows:

BOARD AUDIT COMMITTEE

The Board Audit Committee ("BAC") was established with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, and management and financial reporting practices of the Group.

Details on the report for the BAC can be found on page 119 of this Annual Report.

Statement On Corporate Governance

BOARD NOMINATION COMMITTEE

The Board Nomination Committee ("NOMCOM") is responsible for identifying, evaluating and recommending to the Board suitable candidates to fill board vacancies at the Company level as well as within the Group. The NOMCOM is also responsible for the appointment, dismissal, transfer and promotion for senior-most executives in the Group (Job Grades CSM-22 and above). Apart from assisting the Board to carry out annual reviews on the mix of skills and experience and other qualities, including core competencies, which the Non-Executive Directors bring to the Board, the NOMCOM also carries out the process of evaluating the effectiveness of the Board as a whole, the performance and contribution of the Chairman and individual Directors, including Independent Non-Executive Directors, as well as the President and identify areas for improvement.

Nominations may come from a wide variety of sources, including current Directors, senior employees of the Group, customers, shareholders, industry associations, recruiting firms and others.

The NOMCOM is made up entirely of Non-Executive Directors, with the majority consisting of Independent Non-Executive Directors. The NOMCOM comprises three Independent Directors and one Non-Independent Director.

The NOMCOM met six times during the financial year.

The composition of the NOMCOM and the respective attendance record of meetings for the financial year ended 31 December 2014 are as follows:

Name	Designation	Date Of Appointment	Date Of Resignation	Meeting Attendance
Dato' Afifuddin bin Abdul Kadir	Chairman Independent Non-Executive Director	13 May 2013	N/A	6/6
Dr. Leong Chik Weng	Non-Independent Non-Executive Director	13 May 2013	N/A	6/6
Razalee bin Amin	Independent Non-Executive Director	13 May 2013	N/A	6/6
Fina Norhizah binti Hj Baharu Zaman	Independent Non-Executive Director	15 August 2013	N/A	6/6

Functions

The functions of the NOMCOM are as follows:

1. To identify and recommend to the Board, nominee(s) to fill in board positions for the Group, whether to be filled by board members, shareholders or executives. The NOMCOM also considers candidates for directorships proposed by the President and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
2. In addition to the above, the NOMCOM also evaluates and makes recommendations to the Board pertaining to the following:

   - Directors to fill seats on Board Committees;
   - Review of the re-appointment of Non-Executive and Executive Directors retiring by rotation pursuant to the provisions of the Articles of Association of the Company and in respective compliance with the regulations of the MMLR of Bursa Malaysia;

- Review re-appointment of Non-Executive Directors at the conclusion of a specified term of office as recommended under the Code; and
- Review the re-appointment of Non-Executive Directors upon attainment of the age of 70 years pursuant to Section 129 (6) of the Companies Act, 1965.

3. To assist the Board in annually reviewing the required mix of skills, experience, core competencies, other qualities and diversity in terms of gender, ethnicity and age, which Non-Executive Directors should bring to the Board.

4. To annually carry out the process for evaluating the effectiveness of the Board as a whole, the performance and contribution of the Chairman and individual Directors, including Independent Non-Executive Directors and the President (in his capacity as Executive Director) and to identify areas for improvement.

   In reviewing the performance of the Board as a whole and the contribution of the Chairman, individual Directors and the President (in his capacity as Executive Director), performance was assessed and measured against, amongst others, the Group's strategic plan, principal duties expected of the Board, the Chairman, individual Directors, and the President (in his capacity as Executive Director), obligations to support management, available expertise, governance factors, commitment, knowledge of the industry and team contribution. Board self-assessment allows the Board to collectively identify opportunities to improve processes.

   The evaluation process takes into account whether:

   - Adequate time has been allocated by Non-Executive Directors on matters pertaining to the Group's operations;
   - Full consideration to succession planning has been given, taking into account challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;
   - Review of the structure, size and composition (including skills, knowledge, experience and diversity in terms of gender, ethnicity and age) of the Board has been undertaken and changes recommended, where necessary;
   - Appropriate recommendations are made to the Board for the re-election/re-appointment of Non-Executive Directors (who have served a term of office of cumulative nine years) or those who have reached the age of 70 years; and
   - Review of the leadership needs of the Group, executive and non-executive, has been undertaken to ensure continued ability of the Group to compete effectively in the market place.

5. To review management's proposals for the appointment, dismissal, transfer and promotion of the senior-most executives in the Group (Job Grades CSM-22 and above).

Selection Process

The following selection process applies:

1. Potential candidates are referred to the NOMCOM for consideration and recommendation to the Board.

2. The NOMCOM will determine appropriate means for seeking additional candidates, including engagement of outside consultants to assist the NOMCOM in the identification of candidates.

3. Shareholders who wish to suggest candidates should submit their suggestions in writing to the Chairman of the Board, NOMCOM, President or Company Secretary, providing relevant information about the candidates.

4. The NOMCOM shall decide on the appropriate means for the review and approval of individual candidates. In the event of a vacancy, the members of the NOMCOM shall initiate efforts to identify appropriate candidates.

Statement On Corporate Governance

5. In formulating its recommendation, the NOMCOM will consider not only the findings and conclusions of its evaluation process, but also the current composition of the Board, the attributes and qualifications that should be represented on the Board and whether the candidate can provide such additional attributes, capabilities or qualifications.

Meetings, Quorum And Procedures

1. The NOMCOM shall comprise a minimum of four members, all of which shall be Non-Executive Directors of the Board.

2. The Chairman of the NOMCOM shall be appointed by the Board of Directors.

3. Meetings may be held as and when necessary. The quorum for each meeting shall be two members.

4. The NOMCOM may invite the President and/ or any officers of the Group to attend meetings.

5. The NOMCOM will decide its own procedures and other administrative arrangements.

Reports/Minutes

Minutes of each meeting are kept by the Company Secretary as evidence that the NOMCOM has discharged its functions.

The Chairman of NOMCOM reports to the Board after each NOMCOM meeting. The approved minutes of NOMCOM meetings are forwarded to Board members for information and significant issues are discussed at Board meetings.

Summary of Activities

The NOMCOM carried out the following activities during the financial year ended 31 December 2014:

1. Reviewed and recommended the following for Board approval:

    - New contract of service and renewal of contract of service for senior-most executive positions;
    - Directors retiring by rotation and re-election to the Board;
    - Establishment of a Board Whistle-Blowing Committee;
    - Appointment of Directors to Board Committees;
    - Appointment of Directors on the Boards of companies within the Group;
    - Procedures to be adhered when a Director is appointed as director outside the Group;
    - Setting KPIs for the President and other senior management;
    - Assessment of the performance of the President and other senior-most executive personnel of the Group (Job Grades CSM-22 and above); and
    - Proposals on the appointment, extension of contract and promotion of senior-most executive personnel of the Group (Job Grades CSM-22 and above).

2. Conducted an assessment of the performance of the individual retiring directors.

BOARD REMUNERATION COMMITTEE

The Board Remuneration Committee ("REMCOM") on the other hand is responsible for developing the Group's remuneration policy framework and determining the remuneration package of Directors and members of the senior management of the Group.

The REMCOM met twice during the financial year.

The composition of the REMCOM and the respective attendance record of meetings for the financial year ended 31 December 2014 are as follows:

Name	Designation	Date Of Appointment	Date Of Resignation	Meeting Attendance
Dr. Leong Chik Weng	Chairman Non-Independent Non-Executive Director	13 May 2013	N/A	2/2
Dato' Afifuddin bin Abdul Kadir	Independent Non-Executive Director	13 May 2013	N/A	2/2
Cheah Tek Kuang	Independent Non-Executive Director	13 May 2013	N/A	2/2
Dato' Ibrahim bin Marsidi	Independent Non-Executive Director	13 May 2013	N/A	2/2

Functions

The REMCOM's primary functions include:

1. To review and recommend to the Board the remuneration of the President/Executive Director and all senior-most executive personnel of the Group (Job Grades CSM-22 and above), including the extension of service and compensation and benefits package of senior-most executive personnel of the Group (Job Grades CSM-22 and above) who have attained the retirement age of 60 years.

2. To recommend to the Board after reviewing management's proposals on the following:

    - framework of remuneration for Directors, covering fees, allowances and benefits-in-kind for their work as Directors of all boards and committees;
    - overall annual salary increment guidelines/ limits for employees within the Group;
    - annual bonus/guidelines/limits for employees within the Group; and
    - remuneration, benefits and other terms and conditions of employment, which have to be introduced as part of the Group's overall human resource development plan which includes matters such as pegging the employees' salaries in line with industry standards and major changes in benefits package.

Meetings, Quorum And Procedure

1. Meetings may be held as and when necessary.

2. The quorum for each meeting is two.

3. The REMCOM may invite the President and/or the officers of the Group to attend meetings.

4. The REMCOM will decide its own procedures and other administrative arrangements.

Statement On Corporate Governance

Reports/Minutes

Minutes of each meeting are kept by the Company Secretary as evidence that the REMCOM has discharged its functions.

The Chairman of the REMCOM reports to the Board after each meeting. The approved minutes of REMCOM meetings are forwarded to the Board for information and significant issues are discussed at Board meetings.

Directors' Remuneration

The REMCOM is responsible for reviewing the performance of the President/Executive Director and all senior-most executive personnel of the Group (Job Grades CSM-22 and above), and recommending to the Board the remuneration package and reward structure. The Board as a whole determines the remuneration of the Executive and Non-Executive Directors. Directors do not participate in any discussions or decisions concerning each individual's remuneration.

In the case of the President/Executive Director, the remuneration is structured to link rewards to corporate and individual performance through key performance indicators comprising fixed and performance-based rewards. The remuneration of the President/Executive Director includes salary and emoluments, bonus and benefits-in-kind.

The level of remuneration of the Non-Executive Directors reflects the experience and level of responsibilities undertaken by the Director concerned. The Non-Executive Directors are paid annual fees and attendance allowances (in accordance with the number of meetings attended). In addition, the Non-Executive Directors are also provided with benefits-in-kind.

Non-Executive Directors' fees are approved through an ordinary resolution in a general meeting. Unless such amount so fixed is subsequently varied by an ordinary resolution, such amount shall be applicable for all calendar years subsequent to the passing of the ordinary resolution approving the determination of such amount. Where already determined, such Directors' fees will not be increased except by an ordinary resolution in a general meeting.

The REMCOM carries out reviews when appropriate and refers to remuneration surveys and consultants to assist in determining the appropriate level of reward, which is competitive and consistent with the corporate objectives. This is necessary in order to attract and retain professionals with the qualities needed to manage the Group successfully.

Details of the total remuneration of the Directors of the Company for the financial year ended 31 December 2014 are as follows:

Remuneration	Number Of Directors		
Range Of Total Remuneration (RM)	Executive	Non-Executive	Total
100,001 – 150,000	-	6	**6**
300,001 – 350,000	-	1	**1**
2,850,001 – 2,900,000	1	-	**1**
Total	**1**	**7**	**8**

Note: Datuk Syed Hisham bin Syed Wazir, a nominee director of UMWH did not receive any remuneration from the Company during the financial year ended 31 December 2014.

Indemnification of Directors and Officers

Directors and Officers (D&O) have the benefit of Directors & Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as D&O of the Company. However, the said insurance policy does not indemnify the Director or Officer, if he or she is proven to have acted fraudulently or dishonestly, or intentionally in breach of his or her duty, trust or any law.

BOARD INVESTMENT & RISK MANAGEMENT COMMITTEE

The Board Investment & Risk Management Committee ("IRMC") is responsible for reviewing project feasibility and financials in detail with management and shall support the Board in the review, evaluation and recommendation on matters pertaining to Investment / Divestment, Risk Management, and Quality, Health, Safety and Environment.

Composition

The IRMC comprises six Directors, the majority of whom are Non-Executive Directors.

Chairman

The Chairman shall be elected from amongst the members of the IRMC. In the absence of the Chairman, any Non-Executive Director / member of the IRMC present, may elect someone from amongst themselves to chair the meeting.

Secretary

The Company Secretary shall be the secretary of the IRMC.

The IRMC met ten times during the financial year.

The composition of the IRMC is as follows:

Name	Designation	Date Of Appointment	Date Of Resignation	Meeting Attendance
Dr. Leong Chik Weng	Chairman Non-Independent Non-Executive Director	6 December 2013	N/A	10/10
Datuk Syed Hisham bin Syed Wazir	Non-Independent Non-Executive Director	6 December 2013	N/A	10/10
Cheah Tek Kuang	Independent Non-Executive Director	6 December 2013	N/A	10/10
Dato' Ibrahim bin Marsidi	Independent Non-Executive Director	6 December 2013	N/A	10/10
Fina Norhizah binti Hj Baharu Zaman	Independent Non-Executive Director	6 December 2013	N/A	10/10
Rohaizad bin Darus	President Executive Director	6 December 2013	N/A	10/10

Statement On Corporate Governance

Scope

The IRMC's scope of responsibilities are as follows:

i. Reviewing project feasibility and financials in detail with management prior to submission to the Board for approval;
ii. Assisting the Board in monitoring the performance of projects against original targets; and
iii. Reviewing possible risk factors affecting projects and recommending measures to mitigate such risks;

but excludes the following:

a. Signing of Memorandum of Understanding, Letter of Intent, and any other agreements which have no financial or legal impact contractually; and
b. Any project feasibility studies.

The following are within the jurisdiction of the IRMC:

- Capital expenditures approval, other than acquisition of drilling rigs (of any kind) and workover units (of any kind);
- Requests for inter-company advances for working capital, except those request made by wholly-owned subsidiaries. However, approval on requests by joint venture/ non-controlling companies must be obtained at a physical IRMC meeting;
- Financing facilities – to approve issuance of Letter of Comfort, Letter of Indemnity or undertaking of new loans for the amount from US$10 million to US$50 million;
- Release of Profit Guarantee – all Profit Guarantees can only be released with the prior approval of the IRMC; and
- Variations to the original investment – any variation to original intention of investment or shareholders' agreement will require IRMC approval.

Meetings and Quorum

The IRMC shall meet on a need basis, subject to a minimum of once every quarter.

The quorum for each meeting shall be as follows:

i. For all matters with transaction value of less than US$25 million, the quorum shall be any three members who are Non-Executive Directors; and
ii. For all matters with transaction value of US$25 million and more, the quorum shall be all members of the IRMC.

Reports / Minutes

Minutes of the IRMC meetings are kept by the Company Secretary as evidence that the IRMC has discharged its functions. The approved minutes of IRMC meetings are forwarded to the Board members for information and significant issues are discussed at Board Meetings.

The full text of the TOR for the IRMC is available on the Company's website at: **www.umw-oilgas.com**

BOARD WHISTLE-BLOWING COMMITTEE

The primary objectives of the Board Whistle-Blowing Committee ("WBC") include:

i. Reviewing, investigating and disposing complaints (in consultation with the Chairman and the President) received against any member of the Board of Directors of the Group, senior-most executive personnel of the Group (Job Grades 20 and above) and all Heads of Division and Heads of Strategic Business Units (irrespective of their job-grade).
ii. Reviewing and disposing all complaints received against all other employees of the Group, upon receiving recommendation or report from the Management Whistle-Blowing Committee ("WMC").

Composition

The WBC shall be appointed by the Board from amongst its Directors and shall comprise no fewer than three members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.

The WBC was established on 21 July 2014 and comprises four Directors, the majority of whom are Non-Executive Directors. The WBC did not meet during the financial year.

The composition of the WBC is as follows:

Name	Designation	Date Of Appointment	Date Of Resignation	Meeting Attendance
Fina Norhizah binti Hj Baharu Zaman	Chairman Independent Non-Executive Director	21 July 2014	N/A	N/A
Datuk Syed Hisham bin Syed Wazir	Non-Independent Non-Executive Director	21 July 2014	N/A	N/A
Razalee bin Amin	Independent Non-Executive Director	21 July 2014	N/A	N/A
Dato' Afifuddin bin Abdul Kadir	Independent Non-Executive Director	21 July 2014	N/A	N/A

Authority

The WBC shall have authority to:

1. Carry out its duties and responsibilities as guided by the Whistle-Blowing Policy and General Guidelines of the Group;

2. Seek, obtain and access any information it requires from any employee of the Group in order to perform its duties;

3. Obtain external legal or professional advice on any matter within its terms of reference;

4. Call any employee to be questioned at a meeting of the WBC as and when required; and

5. To lodge reports on its own or to authorise the Investigating Officer or any member of the WMC to lodge reports with the relevant authorities.

Where it involves matters relating to complaints against any member of the Board of Directors of the Group, senior-most executive employees of the Group (Job Grades 20 and above) and all Heads of Division and Heads of Strategic Business Units (irrespective of their job-grade), the WBC shall act and dispose of the investigation, in consultation with the Chairman of the Board and the President.

Meetings And Quorum

The Chairman of the WBC shall call for a meeting as and when necessary.

The quorum for the WBC shall be a majority of the members of the WBC. Each member of the WBC is entitled to one vote on all matters deliberated at the meeting. In case of an equality of votes, the Chairman of the WBC shall be entitled to a second or casting vote.

Statement On Corporate Governance

DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn. Bhd. as required by Bursa Malaysia.

In addition to the MAP, the Directors are also encouraged to attend training programmes conducted by highly competent professionals which are relevant to the Group's operations and business. The Company, generally, and the Directors specifically continue to identify and attend appropriate seminars and courses to keep abreast of changes in legislation and regulations affecting the Group.

Members of the Board have attended various training programmes, seminars and luncheon talks in areas of operations, governance, leadership, financial, legal and other programmes organised internally and externally.

Director	Training Programme	Date Held	Organiser	Total
Tan Sri Asmat bin Kamaludin	2014 MASB Roundtable on Financial Reporting	6 February 2014	Malaysian Accounting Standards Board ("MASB")	Nine
	Strategy and Risks – Managing Uncertainty	12 - 13 March 2014	Malaysian Directors Academy	
	ICAAP Meeting (Internal Capital Adequacy Assessment Process)	21 March 2014	Institute of Bankers Malaysia	
	Introduction to Drilling Activities	24 March 2014	UMW-OG	
	Advocacy Session on Corporate Disclosure	6 May 2014	Bursa Malaysia Berhad	
	Dialog Session with Nomination Committee Members	20 May 2014	Bank Negara Malaysia	
	Global Competitiveness and the Malaysian Experience	8 September 2014	Permodalan Nasional Berhad	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	
	Investment Series	10 October 2014	Permodalan Nasional Berhad	

Director	Training Programme	Date Held	Organiser	Total
Rohaizad bin Darus	PNB Nominee Directors Convention 2014	18 February 2014	Permodalan Nasional Berhad	Eleven
	Mandatory Accreditation Programme for Directors of Public Listed Companies	5 - 6 March 2014	Bursa Malaysia Berhad	
	Introduction to Drilling Activities	24 March 2014	UMW-OG	
	Maybank Investment Malaysia Oil & Gas Conference	28 April 2014	Maybank Investment Bank	
	Anti Money Laundering And Anti Terrorism Financing 2014	9 - 10 June 2014	Permodalan Nasional Berhad	
	Invest Malaysia 2014	9 - 10 June 2014	Bursa Malaysia Berhad	
	Effective Media Handling & Crisis Communication Skills Training	23 June 2014	UMWH	
	Maybank Investment Corporate Day	26 June 2014	Maybank Investment Bank	
	Roundtable on Malaysian Code for Institutional Investors 2014 Dialogue	27 June 2014	Minority Shareholder Watchdog Group & Securities Commission	
	Advocacy Session on Corporate Disclosure for Directors of Listed Issuers	2 July 2014	Bursa Malaysia Berhad	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	

Statement On Corporate Governance

Director	Training Programme	Date Held	Organiser	Total
Datuk Syed Hisham bin Syed Wazir	PNB Nominee Directors' Convention 2014	18 February 2014	Permodalan Nasional Berhad	Nine
	Advocacy on Corporate Disclosure	18 March 2014	Bursa Malaysia Berhad	
	Introduction to Drilling Activities	24 March 2014	UMW-OG	
	Corporate Directors Advanced Programmes – Financial Language in the Boardroom	9 - 10 June 2014	UMW-OG	
	Business Leaders Dialogue with the Prime Minister	28 August 2014	Securities Commission Malaysia	
	Board Risk Intelligence 2014	3 - 4 September 2014	UMW-OG	
	Asean Business Club Seminar	8 - 10 September 2014	Asean Business Club	
	Annual Asean Corporate Governance Summit 2014	1 - 2 October 2014	Malaysian Institute of Corporate Governance & Federation of Public Listed Companies	
	Asean Business Club Seminar	1 December 2014	Asean Business Club	
Dr. Leong Chik Weng	Introduction to Drilling Activities	24 March 2014	UMW-OG	Four
	Offshore Technology Conference 2014	5 - 8 May 2014	MATRADE and Malaysia Petroleum Resources Corporation	
	Great Companies Deserve Great Boards Leading the Way for Highly Innovative Companies	8 October 2014	Permodalan Nasional Berhad	
	5th International Greentech & Eco Products and Exhibition & Conference Malaysia	17 October 2014	IGEM2014 Project Secretariat	

Director	Training Programme	Date Held	Organiser	Total
Razalee bin Amin	Introduction to Drilling Activities	24 March 2014	UMW-OG	Five
	Persidangan Cukai Malaysia 2014	3 - 4 June 2014	MATA & Malaysian Institute of Accountants	
	Corporate Governance Statement Reporting Workshop	19 August 2014	Securities Industry Development Corporation	
	Board Risk Intelligence	3 - 4 September 2014	Asian World Summit	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	
Dato' Afifuddin bin Abdul Kadir	Crisis Communication & Handling – Building Resilience and Robustness for Corporate Governance	16 January 2014	Lion Group Berhad	Seven
	Advocacy Session on Corporate Disclosure for Directors of Listed Issuers	18 March 2014	Bursa Malaysia Berhad	
	Introduction to Drilling Activities	24 March 2014	UMW-OG	
	Risk Management & Internal Control Workshop for Audit Committee Members	3 June 2014	Bursa Malaysia Berhad	
	Islamic Finance For Public Listed Companies – Islamic And Alternative Markets	17 June 2014	Lion Group Berhad	
	Board Risk Intelligence	3 - 4 September 2014	Asian World Summit	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	

Statement On Corporate Governance

Director	Training Programme	Date Held	Organiser	Total
Cheah Tek Kuang	Anti Money Laundering for Board of Directors	20 February 2014	AmBank Group	Ten
	Personal Data Protection Act 2010	24 March 2014	AmBank Group	
	Introduction to Drilling Activities	24 March 2014	UMW-OG	
	Leadership Master Class with Professor Linda A Hill	1 April 2014	International Centre for Leadership in Finance ("ICLIF")	
	International Conference on Human Resource Development for Nuclear Power Programmes – Building and Sustaining Capacity	12-16 May 2014	International Atomic Energy Agency ("IAEA")	
	Roundtable Discussion on Financial Reporting	7 August 2014	Malaysian Accounting Standards Board	
	FIDE Forum – Board Strategic Leadership in Managing Cybersecurity Risk in Financial Institutions	27 August 2014	FIDE Forum	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	
	Programme Leadership Series by Khairy bin Jamaluddin	12 November 2014	Kumpulan Wang Persaraan	
	Goods And Services Tax ("GST") and Personal Data Protection Act 2010	27 November 2014	PricewaterhouseCoopers	

Director	Training Programme	Date Held	Organiser	Total
Dato' Ibrahim bin Marsidi	Strategic Retreat: CIMB's Customer Experience Journey	11 June 2014	Telekom Malaysia Berhad	Eight
	COMMUNICASIA 2014	17 June 2014	Singapore Exhibition Services Pte. Ltd.	
	Minda Breakfast Talk: Building Excellent, Ethical, and Enduring Organisation	18 June 2014	Malaysian Directors Academy	
	Advocacy Session on Corporate Disclosure for Directors of Listed Issuers	2 July 2014	Bursa Malaysia Berhad	
	Nominating Committee Programme	28 August 2014	Bursa Malaysia Berhad	
	Board Risk Intelligence	3 - 4 September	Asian World Summit	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	
	Briefing on Goods and Services Tax ("GST") and its Impact to Directors	8 October 2014	Telekom Malaysia Berhad	
Fina Norhizah binti Hj Baharu Zaman	Sidang Kemuncak Tahunan Ke-6 Tadbir Urus Korporat Malaysia 2014	4 - 5 March 2014	Asian World Summit Sdn. Bhd.	Six
	Introduction to Drilling Activities	24 March 2014	UMW-OG	
	GST – What's it All About and How to Go About	26 & 28 May 2014	Alam Maritim Resources Berhad/Malaysian Institute of Corporate Governance	
	Advocacy Session on Corporate Disclosure for Directors of Listed Issuers	2 July 2014	Bursa Malaysia Berhad	
	Introduction to UMW NAGA 6	29 September 2014	UMW-OG	
	International Audit Conference	13 - 14 October 2014	Institute of Internal Auditing	

Statement On Corporate Governance

FINANCIAL REPORTING

The Board is committed to providing a balanced, clear and meaningful assessment of the financial performance and prospects of the Group to shareholders, the investing community and the regulatory authorities. Shareholders and other stakeholders are kept abreast of the Group's performance through the timely announcement of the quarterly financial results and accompanying press releases.

The BAC assists the Board to oversee the financial reporting processes and the quality of its financial reporting. Quarterly financial results and annual financial statements are reviewed by the BAC to ensure adequacy and completeness of information prior to the Board's approval.

DIRECTORS RESPONSIBILITY STATEMENT

The Board is required by the Companies Act, 1965, to ensure that financial statements prepared for each financial year have been made out in accordance with the applicable approved financial reporting standards and give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cashflow of the Company and the Group for the financial year.

The Board is responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy, the financial position of the Company and the Group and that the financial statements comply with the Companies Act, 1965.

In preparing the financial statements the Board has:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable financial reporting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations in the foreseeable future.

INTERNAL CONTROLS

The Board acknowledges its overall responsibility for maintaining a system of internal controls that provides assurance of effective and efficient operations and compliance with laws and regulations and also its internal procedures and guidelines. The size and complexity of the operations may give rise to risks of unanticipated or unavoidable losses.

The system of internal controls is designed to provide reasonable but not absolute assurance against the risk of material errors, frauds or losses occurring. The BAC reviews the effectiveness of the system of internal controls, which covers financial, operational and compliance controls, and also risk management.

A detailed illustration of the Internal Controls is contained in the Statement on Risk Management & Internal Control on pages 113 to 118 of this Annual Report.

RELATIONSHIP WITH AUDITORS

The BAC maintains an appropriate transparent relationship with both the external auditors and internal auditors. The BAC undertakes an assessment of the suitability and independence of the external auditors.

The external auditors are invited to attend BAC meetings and present their audit findings when the Company's annual financial results are considered. The BAC meets with the external auditors twice a year without the presence of the President/Executive Director and management.

Services provided by the external auditors include statutory audit and non-audit services. The terms of engagement for services of the external auditors are reviewed by the BAC and approved by the Board.

DIALOGUE BETWEEN THE COMPANY AND SHAREHOLDERS/INVESTORS

The Board recognises the importance of maintaining transparency and accountability to its shareholders and investors and to disseminate the Group's performance and any significant developments to ensure that they are informed of all material business matters in a timely manner. Different channels of communication are optimised to ensure that clear, relevant and effective communication is facilitated. Presently, the Board and management of the Company communicate regularly with its shareholders and stakeholders through the following mediums:

1. **Bursa Malaysia Securities Berhad Announcements**
   The Board ensures timely announcements of financial results and corporate developments are made to Bursa Malaysia.

2. **Analyst Briefings and Press Conferences**
   Press conferences and analyst briefings are held periodically, either quarterly or half yearly and full yearly, in relation to the announcements of financial results to Bursa Malaysia. Chaired by the President, the briefings are to keep the investors informed of the various activities and initiatives undertaken by the Group and to provide clearer understanding of the Group's financial and operational performance.

3. **Press Releases**
   Press releases are made to the media on all significant corporate developments and business initiatives.

4. **One-to-One Meetings**
   The Company aims to communicate with fund managers, investors and analysts upon request. Regular one-to-one meetings with analysts and fund managers are held to provide updates on the Group's strategy and financial performance.

5. **Website for the Group**
   The Group has a website: www.umw-oilgas.com which provides information on the Group for all shareholders and the general public.

6. **Contact for Investor Relations matters**
   Name: Ms. Chew Eng Hong
   Designation: Head, Corporate Development
   Contact Details: +603 - 2096 8788
   chew.eng.hong@umw-oilgas.com

ANNUAL GENERAL MEETING

The Company's 5th Annual General Meeting ("AGM") will be held on Tuesday, 19 May 2015 at 10.00 am.

The Annual Report is an important medium of information to the shareholders where comprehensive information on the Group's financials, operations and activities is contained. The contents of the Annual Report are consistently enhanced to reflect transparency and accountability in line with the best corporate governance practices.

Further, the AGM is the main forum for communication and dialogue with the shareholders. Shareholders are encouraged to actively participate and interact through the 'questions and answers' session where they are accorded both opportunity and the time to raise questions on the Group's performance, future growth prospects and strategies and other matters on the agenda during the meeting. The Board and members of the senior management as well as the external auditors are on hand to provide explanations to any queries raised by the shareholders. A comprehensive report on the Group's operations and financial performance is made at every AGM.

In accordance with Bursa Malaysia's MMLR and the Articles of Association of the Company, the notice of AGM together with the Annual Report are sent to the shareholders at least 21 days prior to the date of the meeting.

At the AGM, the Chairman highlights administrative matters including the procedures for demand for a poll before proceeding with the business of the AGM.

Statement On Corporate Governance

DIVERSITY

The Group does not practice gender, age or ethnicity discrimination, neither at the management level nor at the Board level. There is already women representation on the Company's Board of Directors as well as on management and the Boards of subsidiary companies. The wide spectrum of skills, experiences and diversity in terms of gender, ethnicity and age has given an added strength in terms of leadership and management.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has in place a Code of Business Conduct and Ethics. This code consists of established specific rules and regulations to govern the conduct of its employees relating to his/her employment. Employees are expected to obey all laws in conducting business and to always act with honesty, integrity, loyalty, trustworthiness, fairness and responsibility.

Such code may be modified, added to, substituted for or otherwise amended from time to time as the Board deems fit. Infringement of this code may lead to disciplinary action.

WHISTLE-BLOWING POLICY

In promoting the highest level of professionalism and ethics in the conduct of the Group's businesses, it is the Group's policy to welcome disclosures of suspected wrongdoings that include mismanagement, malpractices, corrupt practices, fraud, conflict of interest, abuse of authority or breach of any laws and regulations by any member of its staff and management.

The Group encourages employees to disclose genuine concerns on any suspected wrongdoings. He/she may elect to make disclosures to any of the management representatives who have been appointed as the Group's listening posts while at the same time ensuring the whistle-blowers that they will be protected and that they will not be at risk from any form of retribution.

The Whistle-Blowing Policy which was approved by the Board on 19 May 2014, provides employees with an accessible avenue to report wrongdoings at the earliest opportunity, in an appropriate manner and without fear of reprisal.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

For The Financial Year Ended 31 December 2014

INTRODUCTION

Pursuant to the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the requirements of the Malaysian Code on Corporate Governance 2012, the Board of Directors ("Board") is committed to maintaining sound systems of risk management and internal control in UMW-OG and its subsidiaries ("Group") to manage risks and to report on internal controls and regulatory compliance so as to safeguard shareholders' investment and the Group's assets.

Set out below is the Board's Statement on Risk Management & Internal Control for the financial year ended 31 December 2014 which was prepared in accordance with the Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia pursuant to Paragraph 15.26(b) of the MMLR. This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations except for associated company.

RESPONSIBILITY

The Board recognises the importance of establishing and maintaining sound systems of risk management and internal control in the Group and as such, affirmed their commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, organisational and compliance controls, and for reviewing the adequacy and integrity of these systems.

Whilst the Board is ultimately responsible for these systems, it has delegated the implementation of these control systems to the management who regularly reports on risks identified and actions or steps taken to mitigate and/or minimise the risks. The oversight of these critical areas are carried out by the Board Audit Committee ("BAC") and the Board Investment & Risk Management Committee ("IRMC") comprising of the Board members.

The Group's risk management and internal control systems are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, provide information for accurate reporting and ensure compliances with regulatory and statutory requirements. The processes for the identification, evaluation, monitoring and managing of significant risks that may materially affect the Group's business objectives had been in place throughout the financial year under review and were regularly appraised by the Board.

However, in view of the limitations inherent in any system, it should be appreciated that these systems are designed to manage and mitigate, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. These systems can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Group's concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

RISK MANAGEMENT FRAMEWORK

The Group has in place an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach group-wide. It outlines the ERM methodology

Statement On Risk Management & Internal Control

which is in line with the Principles and Guidelines of ISO31000: Risk Management - Principles and Guidelines, mainly promoting the risk ownership and continuous monitoring of key risks identified.

During the financial year, UMW-OG has implemented its ERM framework and processes throughout the Group. The ERM framework has incorporated a well-structured systematic process to identify, analyse, treat, monitor and review risks to an acceptable level for the achievement of UMW-OG's strategic objectives.

Briefings on the ERM were conducted for senior management as part of the Group's efforts to instil a proactive risk management culture and implement a proper ERM framework in the Group.

The context within which the Group manages the risks and key focus of accountability is as follows:

Strategic risks are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board and the President. The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by external event that calls for significant change.

Operational risks are inherent in the on-going activities within the different Strategic Business Units ("SBUs") and Corporate Divisions of the Group. Typically, some of the risks cover foreign exchange, credit, competency, technology, etc. Accountability for managing operational risks rests specifically with the Heads of SBUs and Corporate Divisions who regularly identify and manage operational risks.

In this context, ERM aligns UMW-OG's strategy, processes, people, technology and knowledge with the purpose of identifying, evaluating and managing the risks that the Group faces as it creates value.

Members of the Risk Management Committee ("RMC") comprise of the President and certain senior management staff of UMW-OG. The principal responsibilities of the RMC include the following:

- Communicate requirements of the ERM Policy and ensure continuous enhancement of ERM;
- Formulate and implement ERM mechanism to accomplish requirements of the ERM Policy;
- Articulate and challenge risk ratings, control effectiveness, risk treatment options and risk action plans identified by risk owners; and
- Ensure that the ERM reports prepared are submitted to the Board in a timely manner, and flash reports are submitted in the event of any risk(s) that require urgent attention.

The RMC is assisted by the Risk Management and Insurance Division ("RMID") in discharging its risk management responsibilities. RMID facilitates the risk assessment process by providing independent enquiry on risk identification and risk ratings determination by the respective process owners (line managers) based on the risk appetite set by the Board. RMID also provides guidance and support to the SBUs and Corporate Divisions in the development of risk action plans and key risk indicators to mitigate and monitor key risks of the Group. Heads of SBUs and Corporate Divisions are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting all risks to the RMC.

The RMC has noted the key risks faced by the Group, the potential impact and likelihood of risks occurring, the effectiveness of existing controls and the risk action plans being taken to manage the risks to the desired levels. These key risks are reviewed by the IRMC and the recommendations of IRMC are reviewed and approved by the Board of Directors on a quarterly basis.

As part of the Group's efforts to remain resilient in times of crisis, RMID has been tasked to oversee and coordinate the business continuity management activities within the Group.

During the financial year, status of key risk action plans of the Group, the respective SBUs and Corporate Divisions were presented to the IRMC on a quarterly basis for its review. The IRMC assumes the oversight and strategic role for ERM and its role, amongst others are:

i. To monitor the consistent enforcement of ERM policy across the Group;
ii. To review and endorse the risk parameters, risk appetite, risk profiles, risk treatment options, risk action plans and key risk indicators;
iii. To provide guidance and advice on appropriateness of risk treatment option selected and risk action plans development; and
iv. To provide half yearly reports to the Board on ERM.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group was outsourced to the Group Internal Audit Division ("GIAD") of UMWH, which had been performing the internal audit reviews of the Group prior to its listing on 1 November 2013. GIAD is independent of the Group's business operations and has a mandate set out in its Internal Audit Charter. GIAD is a corporate member of the Institute of Internal Auditor Malaysia ("IIAM") and subscribes to the standards issued by IIAM.

During the financial year, GIAD had carried out its functions in accordance with the 2014 internal audit plan approved by the BAC. The internal audit plan defined the scope of audit work and addressed resources needed to perform such work at a mutually agreed fee. The internal audit plan was designed using a risk-based approach, based on the risks identified and assessed by the management. The GIAD had conducted internal audit on principal areas of operation within the Group. It also checked that the Group's system of internal control remains effective, efficient, adequately monitored and is enhanced where required. The audit also covered the Group's major information systems and applications. The reports of the GIAD were presented to the BAC at the 2014 quarterly meetings. The Head of GIAD attended all the quarterly BAC meetings held in 2014 where internal audit matters were tabled.

In addition, GIAD also monitored the implementation of action plans designed to improve on areas where control deficiencies were identified during the financial year. On a quarterly basis, GIAD submitted its reports on major findings and significant control issues observed during the audit reviews, together with management's response and proposed action plans, to the BAC for its review and where needed, to recommend appropriate actions to strengthen controls.

The BAC evaluates and monitors the performance of the internal audit function to assess its effectiveness in discharging its defined duties and responsibilities.

INTERNAL CONTROL FRAMEWORK

The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks of the Group. Such process is applied consistently throughout the Group and is constantly reviewed by the Board with the assistance of GIAD. The key elements of the Group's internal control structure and environment are described below:

a. Board Committees

The Board is the pillar of the Group's risk management and internal control practices. The Board is committed in maintaining a sound system of internal control and continues to uphold and implement a strong culture and environment for the proper conduct of the Group's business operations. The Board, in discharging its duties, has established several Committees namely the BAC, the Board Nomination Committee, the Board

Statement On Risk Management & Internal Control

Remuneration Committee, IRMC and the Board Whistle-Blowing Committee. The Board Committees operate within clearly defined terms of reference, procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure that they are relevant and up-to-date.

The Board, BAC and IRMC meetings are held on a quarterly basis during the financial year. However, additional meetings may be convened as Special Meetings where situations require. The other Board Committees meet as and when required, to examine specific areas and issues and report to the Board on their deliberations together with recommendations.

b. Organisation Structure and Reporting Lines

The Group has a well-defined organisation structure that is aligned to business requirements with clearly defined delegation of responsibilities by the Board to its Committees and management that promotes accountability for appropriate risk management and control procedures. Apart from the Board Committees, the Board is supported operationally by the Management Committee and several management working committees including but not limited to Banking Committee, Tender Committee, Risk Management Committee and Management Audit Committee which consist of the President and/or senior management staff.

The Management Committee convenes monthly meetings to discuss its strategic business agenda thus channeling appropriate inputs to the Board for its oversight of the Group's operations and maintenance of effective control over the entire operations. The organisation structure and delegation of responsibilities are communicated throughout the Group which set out, amongst others, authorisation levels, segregation of duties and other risk and control procedures.

c. Management Audit Committee

The Management Audit Committee ("MAC") is established by the BAC with the primary objective of assisting the BAC in fulfilling its fiduciary responsibilities relating to the adequacy and effectiveness of internal controls, risks management and governance processes for the Group. MAC's functions are:

- To review internal audit reports with management of the Company under audit and internal auditors;
- To assess the adequacy and effectiveness of internal controls, risks management and governance processes;
- To assess the level of compliance with approved company policies, procedures and legal requirements;
- To review effectiveness or appropriateness of action plans recommended to address control deficiencies identified;
- To agree on the corrective actions to be taken and its implementation;
- To follow-up on status of the implementation of the agreed action plans; and
- To report to BAC on meetings held, actions agreed upon and status of implementation.

The composition of the committee is:

i. Chief Financial Officer (Chairperson);
ii. Manager of RMID (permanent member);
iii. Senior management of the company being audited; and
iv. Representative(s) from GIAD headed by a Senior Manager and/or Head of GIAD.

The MAC met on a quarterly basis to carry out its functions with additional meetings called from time to time as and when necessary. The MAC had its meeting(s) prior to the quarterly BAC meetings.

d. Comprehensive Budgeting and Forecasting System

For the development of its 2014 operating and capital budgets, the Group performed a comprehensive annual budgeting and forecasting exercise. The exercise included industry and market studies, formulation of business strategies and establishment of key performance indicators ("KPIs") which were deliberated and approved by the Board in December 2013.

During the business planning session, each operating unit performs a critical self-assessment which involves analysis of strengths, weaknesses, opportunities, problems and threats together with action plans to address issues identified.

Budgets prepared by operating units are regularly compared with the actual results and explanations on variances are incorporated in management reports which are prepared and reported on a quarterly basis to the Board. These management reports analyse and explain variances against plan and report on the achievement of the KPIs after taking into account the changes in market conditions and significant business risks. The Group employs a reward and recognition framework based on the achievement of KPIs that measures the goals and targets for each individual operating unit in alignment with the Group's business objectives and strategies.

e. Policies and Procedures

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations and has put in place the following:

i. Written Policies and Procedures

Clearly defined and documented internal policies and guidelines have been established through the relevant charters, terms of reference, organisational structures and appropriate authority limits. The Group's policies and guidelines have been communicated throughout the Group including via UMW-OG SharePoint for implementation and compliance. These policies and guidelines are approved by the Board and regularly updated to reflect changing business requirements.

ii. Limits of Authority and Responsibility

Clearly defined and documented lines and limits of authority, responsibilities and accountability have been established by the Group in the form of Financial Limit Authority Guidelines ("FLAG").

The FLAG outlines the authority of the Board and its Committees and that of management for all transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organisation remains structured to ensure appropriate segregation of duties. The FLAG is also regularly updated to reflect changing risks or to address operational deficiencies.

f. Monitoring, Reporting and Reviewing

The effectiveness of the Group's systems of risk management and internal control are monitored through monthly management review of financial and operating results, business processes, the state of internal controls and business risk profile by the respective Heads of SBUs and Corporate Divisions and reported to the Management Committee. In addition to the monthly reporting, the Budget Review Committee chaired by the President performed post mortem and mid-term reviews on all operating units and initiate corrective measures where needed. Apart from that, regular internal visits are also made to the operating units by senior management to monitor compliance with policies and to assess performance. The Board is updated on the business performance on a quarterly basis.

Statement On Risk Management & Internal Control

In addition, these reviews are supplemented by a comprehensive review undertaken by GIAD on controls implemented at each individual business units and operations. Reports on the reviews carried out by GIAD are submitted on a regular basis to management and the BAC. These reports assess the impact of control issues and recommend appropriate actions to be taken to strengthen controls. The President and Chief Financial Officer report to the BAC on the status of management's action plans to address issues highlighted by the GIAD on a quarterly basis.

The Board does not regularly review the internal control systems of associated company, as the Board does not have any direct control over their operations. Notwithstanding the above, the Group's interests are served through representation on the Board of the associated company, receipt and review of management and audited financial statements, and enquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investment based on the performance of the associated company. The representation also enables the Group to exercise influence over the financial and operating policies of the associated company.

The monitoring, reviewing and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations. The Board believes that the system of internal controls is adequate and effective in achieving the Group's business objectives.

ASSURANCE TO THE BOARD

In line with the Guidelines, the Board has received assurance from the President and Chief Financial Officer of UMW-OG stating that the Group's risk management and internal control systems have operated adequately and effectively to a large extent, in all material aspects, for the financial year ended 31 December 2014 up to the date of this Statement.

The Board is of the view that there is a continuous process in identifying, evaluating, monitoring and managing the significant risks faced by the Group and that during the financial year under review there were no significant weaknesses in the risk management and internal control systems of the Group which had resulted in material losses, contingencies or uncertainties requiring disclosure in the Annual Report. The Board is satisfied that the systems of risk management and internal control in the Group are sound and sufficient to safeguard shareholders' investment and the Group's assets for the financial year under review and up to the date of the Annual Report.

The Board remains committed to ensure that appropriate initiatives and active measures are taken to improve and enhance the Group's risk management and internal control systems so that shareholders' investment and the Group's assets are consistently safeguarded.

REVIEW OF THIS STATEMENT

The External Auditors, Messrs. Ernst & Young, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, 'Assurance Engagement Other Than Audits or Reviews of Historical Financial Information' and Recommended Practice Guide 5 (Revised), 'Guidance for Auditors on Engagements to Report on the Statement on Risk Management & Internal Control' included in the Annual Report.

Messrs. Ernst & Young have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 23 February 2015.

BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee ("BAC") was established with the primary objective of assisting the Board of Directors of UMW-OG in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, and management and financial reporting practices of UMW-OG Group of Companies ("Group").

The BAC comprises of four Non-Executive Directors, with the majority being Independent Directors in compliance with the provisions of Paragraph 15.09 (1) of the Main Market Listing Requirements ("MMLR"). The Chairman of the BAC, Razalee bin Amin, is a member of the Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants and a member of the Financial Planning Association of Malaysia.

The BAC met seven times during the course of the financial year.

The composition of the BAC and the respective attendance record of meetings for the financial year ended 31 December 2014 are as follows:

Name	Designation	Date Of Appointment	Date Of Resignation	Meeting Attendance
Razalee bin Amin	Chairman Independent Non-Executive Director	13 May 2013	N/A	7/7
Datuk Syed Hisham bin Syed Wazir	Non-Independent Non-Executive Director	13 May 2013	N/A	6/7
Cheah Tek Kuang	Independent Non-Executive Director	13 May 2013	N/A	7/7
Dato' Ibrahim bin Marsidi	Independent Non-Executive Director	13 May 2013	N/A	7/7

In accordance with its Terms of Reference ("TOR"), the BAC undertook the following activities for financial year ended 31 December 2014:

1. Assisted the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and the Group in accordance with Malaysian Financial Reporting Standards;

2. Reviewed the external audit terms of engagement, the audit strategy, the proposed audit fee and the achievement of the agreed upon reporting timeframes for the audit of the financial statements;

3. Reviewed the external audit reports and discussed any problems and reservations arising thereon;

4. Met with the external auditors twice during the year without the presence of the management of the Company and/or the Group;

5. Obtained a written assurance from the external auditors confirming that they are, and have been independent throughout the conduct of the audit of the financial statements of the Company and the Group for the financial year ended 31 December 2014 in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants;

Board Audit Committee Report

6. Reviewed the internal audit plan, methodology, functions and resources;

7. Reviewed major internal audit findings and management's response;

8. Reviewed the related party transactions entered into by the Group with related parties;

9. Reviewed the Financial Limit Authority Guidelines; and

10. Reviewed the quarterly and annual financial statements of the Group.

The salient TOR of the BAC is set out below.

Functions

The BAC's functions are to review, evaluate and report to the Board on the following matters:

1. Consider and recommend the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

2. Discuss with the external auditors before the audit commences, the nature and scope of the audit plan, and ensure coordination where more than one audit firm is involved;

3. Review the quarterly and annual financial statements for recommendation to the Board for approval, focusing particularly on:

    - any changes in accounting policies and practices;
    - significant adjustments arising from the audit;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements.

4. Discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary), and to review the external auditors' management letter and management's response;

5. Ensure that the internal audit function which is outsourced to UMWH is adequately resourced and has appropriate standing within the Group, and to review its terms of reference;

6. Review the annual audit plan and all reports generated by internal auditors and to issue instructions for further action to be taken by internal auditors, and provide general guidance accordingly;

7. Consider the major findings of internal investigations and management's response;

8. Review the adequacy and effectiveness of the Group's accounting procedures and policies, the adequacy and effectiveness of its risk management and internal control systems as well as the financial reporting standards of the Group; and

9. Consider any related party transactions that may arise within the Group.

Without limiting the generality of the above functions, the BAC may consider such other matters as directed or defined by the Board, from time to time.

Meetings, Quorum And Procedures

1. The BAC meets on a quarterly basis to carry out its functions although additional meetings may be called at any time as and when necessary.

2. The quorum for each meeting shall be three persons, with the majority of members present forming a quorum in respect of such meetings shall be Independent Non-Executive Directors.

3. The BAC may invite such other senior management of the Company, including but not limited to the President, the Chief Financial Officer and the Internal Auditor to attend the meeting, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the meeting to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the BAC on significant audit and accounting areas which they noted in the course of their audit.

4. The BAC shall meet with the external auditors, a minimum of two times during the year under review and without the presence of the management of the Company and/or the Group.

5. The BAC shall decide on its own administrative procedures to effectively discharge its responsibilities.

Reports/Minutes

Minutes of each meeting are kept by the Company Secretary as evidence that the BAC has discharged its functions.

The Chairman of the BAC reports to the Board after each meeting. The approved minutes of BAC meetings are forwarded to Board members for information and significant issues are discussed at Board of Directors meetings.

Internal Audit

The Group outsources the function of internal audit to the Group Internal Audit Division ("GIAD") of UMWH to accomplish its internal audit requirements. The GIAD audits internal control practices and reports significant findings to the BAC together with recommended corrective actions. Management is responsible for ensuring that corrective actions are undertaken within an appropriate time frame.

All findings by GIAD are treated in strictest confidence. GIAD is independent of the activities it audits and performs with impartiality and due professional care.

The BAC approves the internal audit plan of GIAD for the Group each year. The scope of the internal audit covers the audit of principal areas of operations within the Group.

During the year, the GIAD ensured that internal control measures were adequate and effective in mitigating key risks and that these are monitored. The monitoring process will form the basis for continually improving the risk management process in the context of the Group's overall goals.

The total costs incurred by the Group for internal audits on its business units for the financial year ended 31 December 2014 amounted to RM967,992.

Further details on the internal audit function are set out in the Statement on Risk Management & Internal Control on page 113 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

Status of utilisation of IPO proceeds as at 31 March 2015:

Purpose	Proposed Utilisation	Actual Utilisation to date	Timeframe for Utilisation from 1 November 2013	Deviation in Amount & %
	RM million	RM million	Month	
Acquisition of rigs and Hydraulic Workover Unit ("HWU")	986.6	475.9	36	N/A
Upgrading of rigs and HWU	20.1	20.1	18	Nil
Acquisition / upgrading of machineries for oilfield services	10.4	8.1	30	N/A
Mobilisation and demobilisation costs for drilling rigs	50.0	33.7	30	N/A
Repayment to UMWH	597.4	597.4	6	Nil
IPO / Listing expenses	48.5	41.2	6	* RM7.3m or 15.1%
Total	**1,713.0**	**1,176.4**		

* *The unutilised listing expenses of RM7.3 million will be used to meet mobilisation and demobilisation costs for drilling rigs.*

2. SHARE BUY-BACK

There was no share buy-back by the Company during the financial year under review.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year under review.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR Programme during the financial year under review.

5. IMPOSITION OF SANCTIONS / MATERIAL PENALTIES

There were no sanctions and/or material penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

6. NON-AUDIT FEES

The amount of non-audit fees paid to the Company's external auditors for services rendered to the Group for the financial year ended 31 December 2014 was RM369,000 (2013: RM2,711,000).

7. VARIATION IN RESULTS

For the financial year ended 31 December 2014, the audited results differs from the unaudited results by less than 10%.

8. PROFIT GUARANTEES

The Company did not give any profit guarantee during the financial year.

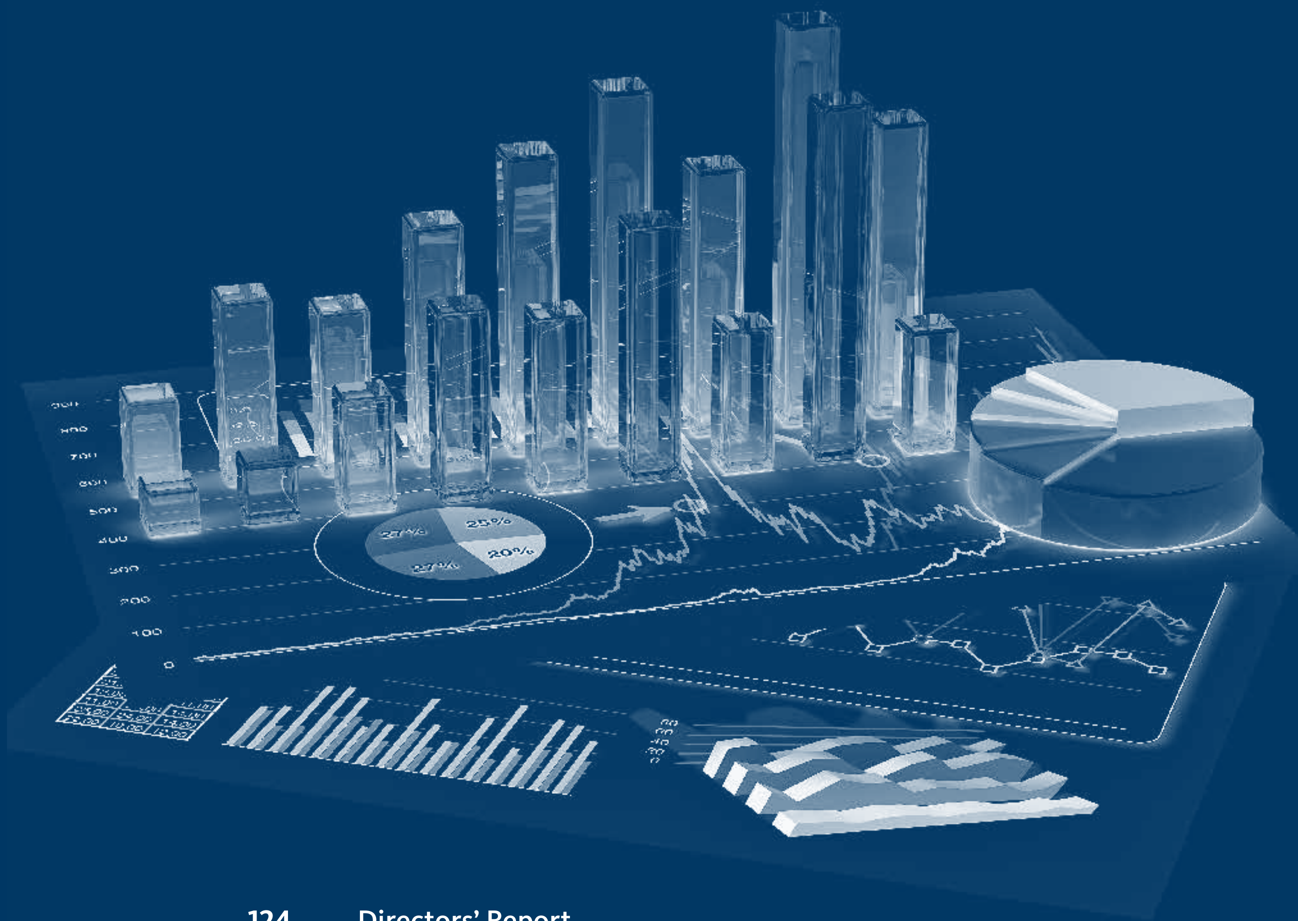
9. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors or Major Shareholders, either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Please refer to the information stated in the Circular to Shareholders dated 27 April 2015.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group and the Company are referred to in Note 1 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

The results of the Group and of the Company for the financial year ended 31 December 2014 are as follows:

	Group RM'000	Company RM'000
Profit for the year	253,758	84,126
Attributable to:		
Equity holders of the Company	251,996	84,126
Non-controlling interests	1,762	-
	253,758	84,126

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material or unusual nature.

Directors' Report

DIVIDENDS

The amount of dividend paid or declared by the Company since 31 December 2013 was as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
Interim single-tier dividend of 2% or 1 sen on 2,162,000,000 ordinary shares declared on 24 November 2014 and paid on 15 January 2015	21,620

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2014.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Asmat bin Kamaludin
Rohaizad bin Darus
Datuk Syed Hisham bin Syed Wazir
Dr. Leong Chik Weng
Razalee bin Amin
Dato' Afifuddin bin Abdul Kadir
Cheah Tek Kuang
Dato' Ibrahim bin Marsidi
Fina Norhizah binti Hj Baharu Zaman

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company or a related corporation as shown in Note 24 and Note 25 to the financial statements, respectively) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the directors in office at the end of the financial year did not have any interest in the shares of the Company or in the shares of the holding company, UMW Holdings Berhad or its related corporations except for the following:

	Number of Ordinary Shares of RM0.50 Each			
	1 January 2014	Bought	Sold	31 December 2014
The Company				
Direct interest				
Tan Sri Asmat bin Kamaludin	300,000	-	-	300,000
Rohaizad bin Darus	1,000,000	-	-	1,000,000
Datuk Syed Hisham bin Syed Wazir	500,000	-	50,000	450,000
Dr. Leong Chik Weng	150,000	-	-	150,000
Razalee bin Amin	300,000	-	97,000	203,000
Dato' Afifuddin bin Abdul Kadir	300,000	-	25,000	275,000
Cheah Tek Kuang	150,000	-	30,000	120,000
Dato' Ibrahim bin Marsidi	210,000	-	180,000	30,000
Fina Norhizah binti Hj Baharu Zaman	-	20,000	-	20,000
Indirect interest				
Tan Sri Asmat bin Kamaludin	4,000	-	-	4,000
Cheah Tek Kuang	6,000	-	-	6,000
The Holding Company				
Indirect interest				
Tan Sri Asmat bin Kamaludin	15,000	3,000	-	18,000

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment on receivables has been made; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the allowance for impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any material contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in the financial statements, the significant events during the year are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2015.

TAN SRI ASMAT BIN KAMALUDIN | **ROHAIZAD BIN DARUS**

STATEMENT BY DIRECTORS

pursuant to section 169(15) of the Companies Act, 1965

We, **TAN SRI ASMAT BIN KAMALUDIN** and **ROHAIZAD BIN DARUS,** being two of the directors of **UMW OIL & GAS CORPORATION BERHAD,** do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 132 to 222 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2015.

TAN SRI ASMAT BIN KAMALUDIN

ROHAIZAD BIN DARUS

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **WAI THUY FONG,** being the officer primarily responsible for the financial management of **UMW OIL & GAS CORPORATION BERHAD,** do solemnly and sincerely declare that the accompanying financial statements set out on pages 132 to 223 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **WAI THUY FONG**
at Kuala Lumpur in the Federal Territory
on 13 April 2015

WAI THUY FONG

Before me,

COMMISSIONER FOR OATHS
No. W 530
TAN SEOK KETT
MALAYSIA

Lot 350, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

to the members of UMW Oil & Gas Corporation Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of UMW Oil & Gas Corporation Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 132 to 222.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

to the members of UMW Oil & Gas Corporation Berhad
(Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 34 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 223 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

AHMAD ZAHIRUDIN BIN ABDUL RAHIM
No. 2607/12/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
13 April 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**4,021,981**	2,247,177
Land use rights	5	**2,291**	2,248
Intangible assets	6	**11,291**	11,291
Investment in associate	8	**1,950**	2,392
Deferred tax assets	9	**880**	1,242
		4,038,393	2,264,350
Current assets			
Inventories	11	**116,584**	64,354
Other investments	12	**-**	1,061,581
Receivables	13	**411,593**	310,900
Tax recoverable		**7,829**	7,677
Derivative assets	10	**-**	32
Due from related companies	14	**3,519**	6,827
Deposits, cash and bank balances	15	**1,178,046**	174,948
		1,717,571	1,626,319
TOTAL ASSETS		**5,755,964**	3,890,669

Consolidated Statement of Financial Position

as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	9	**3,702**	4,834
Long term borrowings	16	**1,010,978**	548,335
		1,014,680	553,169
Current liabilities			
Taxation		**1,480**	546
Short term borrowings	18	**1,243,871**	311,257
Payables	19	**263,083**	181,842
Due to related companies	14	**2,863**	4,747
Derivative liabilities	10	**541**	-
Dividend payable	31	**21,620**	-
		1,533,458	498,392
Total liabilities		**2,548,138**	1,051,561
Equity			
Equity attributable to equity holders of the Company			
Share capital	20	**1,081,000**	1,081,000
Share premium	20	**1,372,819**	1,372,819
Other reserves	21	**232,480**	96,165
Retained profits		**513,527**	283,151
		3,199,826	2,833,135
Non-controlling interests		**8,000**	5,973
Total equity		**3,207,826**	2,839,108
TOTAL EQUITY AND LIABILITIES		**5,755,964**	3,890,669

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Continuing operations			
Revenue	22	**1,014,903**	737,752
Other operating income	23	**11,209**	37,891
Changes in inventories		**(280)**	62
Finished goods purchased		**(1,216)**	(1,250)
Raw materials and consumables used		**(77,252)**	(66,544)
Employee benefits	24	**(183,273)**	(137,352)
Depreciation, impairment and amortisation		**(133,106)**	(89,383)
Other operating expenses	25	**(353,335)**	(258,762)
Profit from operations		**277,650**	222,414
Finance costs	26	**(26,092)**	(23,740)
Investment income	27	**32,048**	7,690
Share of results of associate		**550**	485
Profit before tax		**284,156**	206,849
Income tax expense	28	**(30,398)**	(14,791)
Profit from continuing operations, net of tax		**253,758**	192,058
Discontinued operations			
Loss from discontinued operations, net of tax	29	**-**	(5,263)
Profit for the year, net of tax		**253,758**	186,795
Other comprehensive income:			
Foreign currency translation, representing other comprehensive income for the year, net of tax		**136,580**	19,026
Total comprehensive income for the year		**390,338**	205,821

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Profit attributable to:			
Equity holders of the Company			
- from continuing operations		**251,996**	190,547
- from discontinued operations		**-**	(1,400)
		251,996	189,147
Non-controlling interests			
- from continuing operations		**1,762**	1,511
- from discontinued operations		**-**	(3,863)
		1,762	(2,352)
		253,758	186,795
Total comprehensive income attributable to:			
Equity holders of the Company			
- from continuing operations		**388,311**	209,412
- from discontinued operations		**-**	(1,400)
		388,311	208,012
Non-controlling interests			
- from continuing operations		**2,027**	1,672
- from discontinued operations		**-**	(3,863)
		2,027	(2,191)
		390,338	205,821
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)			
- from continuing operations	30	**11.66**	11.53
- from discontinued operations	30	**-**	(0.08)
		11.66	11.45

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	I--------------------	--------------------	--------------------	-------------------- Non-distributable	--------------------	--------------------	--------------------	--------------------I	Distributable			
	Share capital RM'000 (Note 20)	Share premium RM'000 (Note 20)	Share options reserve RM'000 (Note 21)	Capital reserve RM'000 (Note 21)	Gain on derecognition of intercompany financial liabilities RM'000 (Note 21)	Foreign currency translation reserve RM'000 (Note 21)	Merger deficit RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2013	*	-	3,243	1,647	-	(4,786)	-	149,929	94,004	244,037	7,078	251,115
Total comprehensive income	-	-	-	-	-	18,865	-	-	189,147	208,012	(2,191)	205,821
Transactions with owners												
Acquisition of combined entities	-	-	-	-	-	-	(689,673)	689,673	-	-	-	-
Merger deficit set off against other reserves	-	-	-	-	-	-	689,673	(689,673)	-	-	-	-
Issue of ordinary shares pursuant to:												
- Internal reorganisation	775,100	-	-	-	-	-	-	(149,929)	-	625,171	-	625,171
- Initial Public Offering ("IPO")	305,900	1,407,140	-	-	-	-	-	-	-	1,713,040	-	1,713,040
IPO expenses	-	(34,321)	-	-	-	-	-	-	-	(34,321)	-	(34,321)
Settlement of intercompany financial liabilities	-	-	-	-	78,145	-	-	-	-	78,145	-	78,145
Disposal of subsidiaries	-	-	-	(949)	-	-	-	-	-	(949)	862	(87)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	224	224
Total transactions with owners	1,081,000	1,372,819	-	(949)	78,145	-	-	(149,929)	-	2,381,086	1,086	2,382,172
At 31 December 2013	1,081,000	1,372,819	3,243	698	78,145	14,079	-	-	283,151	2,833,135	5,973	2,839,108

* The Group had an issued and paid-up share capital of RM2 as at and prior to 1 January 2013.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital RM'000 (Note 20)	Share premium RM'000 (Note 20)	Share options reserve RM'000 (Note 21)	Capital reserve RM'000 (Note 21)	Gain on derecognition of intercompany financial liabilities RM'000 (Note 21)	Foreign currency translation reserve RM'000 (Note 21)	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	I---------- Non-distributable					----------I	Distributable			
At 1 January 2014	1,081,000	1,372,819	3,243	698	78,145	14,079	283,151	2,833,135	5,973	2,839,108
Total comprehensive income	-	-	-	-	-	136,315	251,996	388,311	2,027	390,338
Transactions with owners										
Dividends (Note 31)	-	-	-	-	-	-	(21,620)	(21,620)	-	(21,620)
Total transactions with owners	-	-	-	-	-	-	(21,620)	(21,620)	-	(21,620)
At 31 December 2014	1,081,000	1,372,819	3,243	698	78,145	150,394	513,527	3,199,826	8,000	3,207,826

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax for continuing operations	**284,156**	206,849
Loss before tax for discontinued operations	**-**	(4,078)
	284,156	202,771
Adjustments for:		
Depreciation, impairment and amortisation		
- Continuing operations	**133,106**	89,383
- Discontinued operations	**-**	485
Interest expense	**26,092**	23,740
Investment income	**(32,048)**	(7,690)
Gain on disposal of non-current assets held for sale	**-**	(30,614)
Net (gain)/loss on disposal of property, plant and equipment	**(724)**	214
Property, plant and equipment written off	**211**	7,841
(Reversal of impairment)/net impairment losses on receivables (Note 13(a))	**(2,623)**	3,542
Share of results of associate	**(550)**	(485)
Share of results of joint venture (Note 29)	**-**	354
Net fair value loss/(gain) on derivatives	**539**	(574)
Net fair value gain on investments in mutual funds	**(485)**	(296)
Net gain on disposal of subsidiaries (Note 34)	**-**	(6,448)
Loss on disposal of joint venture (Note 36)	**-**	1,570
Net unrealised foreign exchange losses	**2,065**	5,840
Operating profit before working capital changes	**409,739**	289,633
Increase in receivables	**(96,505)**	(92,044)
Increase in inventories	**(52,230)**	(8,625)
Increase/(decrease) in payables	**82,245**	(165,965)
Net changes in related companies balances	**1,424**	124,285
Net cash generated from operations	**344,673**	147,284
Interest paid	**(32,657)**	(27,415)
Taxes paid	**(30,359)**	(17,419)
Net cash generated from operating activities	**281,657**	102,450

Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	2014 RM'000	2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**30,216**	7,690
Net cash outflow on acquisition of a subsidiary (Note 34)	**-**	(216,875)
Net cash outflow on acquisition of subsidiaries pursuant to internal reorganisation	**-**	(44,450)
Purchase of property, plant and equipment	**(1,769,634)**	(563,991)
Proceeds from disposal of non-current assets held for sale	**-**	50,689
Proceeds from disposal of property, plant and equipment	**1,277**	1,313
Proceeds from disposal of a joint venture (Note 36)	**-**	19,150
Net proceeds from disposal of subsidiaries (Note 34)	**-**	10,473
Proceeds from disposal of mutual funds	**1,071,624**	32,076
Dividend received from an associate	**1,152**	-
Cash outflow on investment in mutual funds	**(9,558)**	(1,093,360)
Net cash used in investing activities	**(674,923)**	(1,797,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	**-**	1,758,040
Cash outflow on IPO expenses incurred	**(3,244)**	(37,979)
Repayment of borrowings	**(409,711)**	(148,776)
Drawdown of borrowings	**1,804,968**	223,313
Advances from holding company	**-**	536,288
Repayment to holding company	**-**	(597,400)
Net cash generated from financing activities	**1,392,013**	1,733,486
NET INCREASE IN CASH AND CASH EQUIVALENTS	**998,747**	38,651
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**174,948**	129,742
EFFECTS OF EXCHANGE RATE CHANGES	**4,351**	6,555
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,178,046**	174,948
Cash and cash equivalents comprise:		
Cash and bank balances (Note 15)	**202,629**	103,010
Deposits with licensed banks (Note 15)	**975,417**	71,938
	1,178,046	174,948

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**2,493**	1,507
Investment in subsidiaries	7	**1,608,257**	1,541,083
		1,610,750	1,542,590
Current assets			
Other investments	12	**-**	1,061,581
Receivables	13	**2,453**	297
Tax recoverable		**490**	-
Due from related companies	14	**1,066,235**	79,990
Deposits, cash and bank balances	15	**939,755**	21,230
		2,008,933	1,163,098
TOTAL ASSETS		**3,619,683**	2,705,688

Statement of Financial Position

as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES			
Non-current liabilities			
Long term borrowings	16	**14**	61
		14	61
Current liabilities			
Short term borrowings	18	**1,002,573**	168,609
Payables	19	**6,898**	9,802
Due to related companies	14	**2,118**	3,262
Dividend payable	31	**21,620**	-
		1,033,209	181,673
Total liabilities		**1,033,223**	181,734
Equity			
Equity attributable to equity holders of the Company			
Share capital	20	**1,081,000**	1,081,000
Share premium	20	**1,372,819**	1,372,819
Other reserves		**78,145**	78,145
Retained profits/(accumulated losses)		**54,496**	(8,010)
Total equity		**2,586,460**	2,523,954
TOTAL EQUITY AND LIABILITIES		**3,619,683**	2,705,688

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Continuing operations			
Revenue	22	**84,425**	59,900
Other operating income	23	**8,344**	4,851
Employee benefits	24	**(24,876)**	(20,869)
Depreciation		**(693)**	(423)
Other operating expenses	25	**(13,059)**	(18,836)
Profit from operations		**54,141**	24,623
Finance costs	26	**(12,186)**	(3,654)
Investment income	27	**44,253**	9,600
Profit before tax		**86,208**	30,569
Income tax expense	28	**(2,082)**	-
Profit for the year, representing total comprehensive income for the year		**84,126**	30,569

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital RM'000 (Note 20)	Share premium RM'000 (Note 20)	Gain on derecognition of financial liabilities RM'000 (Note 21)	Retained profits/ (accumulated losses) RM'000	Total equity RM'000
	I------- Non-distributable		-------I	Distributable	
At 1 January 2013	*	-	-	(38,579)	(38,579)
Total comprehensive income	-	-	-	30,569	30,569
Transactions with owners					
Issue of ordinary shares pursuant to IPO	1,081,000	1,372,819	-	-	2,453,819
Settlement of intercompany financial liabilities	-	-	78,145	-	78,145
Total transactions with owners	1,081,000	1,372,819	78,145	-	2,531,964
At 31 December 2013	1,081,000	1,372,819	78,145	(8,010)	2,523,954
At 1 January 2014	**1,081,000**	**1,372,819**	**78,145**	**(8,010)**	**2,523,954**
Total comprehensive income	**-**	**-**	**-**	**84,126**	**84,126**
Transactions with owners					
Dividends (Note 31)	**-**	**-**	**-**	**(21,620)**	**(21,620)**
Total transactions with owners	**-**	**-**	**-**	**(21,620)**	**(21,620)**
At 31 December 2014	**1,081,000**	**1,372,819**	**78,145**	**54,496**	**2,586,460**

* The Company had an issued and paid-up share capital of RM2 as at and prior to 1 January 2013.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**86,208**	30,569
Adjustments for:		
Depreciation of plant and equipment	**693**	423
Interest expense	**12,186**	3,654
Investment income	**(44,253)**	(9,600)
Net unrealised foreign exchange losses	**1,119**	3,374
Reversal of impairment losses on amount due from related companies	**-**	(1,086)
Net fair value gains on investments in mutual funds	**(485)**	(296)
Dividend income	**(68,452)**	(47,846)
Loss on disposal of plant and equipment	**94**	-
Operating loss before working capital changes	**(12,890)**	(20,808)
(Increase)/decrease in other receivables	**(415)**	1,313
Increase in other payables	**178**	6,445
Net changes in related companies balances	**(54,344)**	(23,883)
Cash used in operating activities	**(67,471)**	(36,933)
Tax paid	**(2,572)**	-
Net cash used in operating activities	**(70,043)**	(36,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**42,512**	9,626
Subscription of ordinary shares in a subsidiary	**(20,000)**	-
Subscription of redeemable preference shares in a subsidiary	**(47,174)**	-
Net cash outflow on acquisition of subsidiaries pursuant to internal reorganisation	**-**	(44,450)
Purchase of plant and equipment	**(2,055)**	(580)
Proceeds from disposal of plant and equipment	**282**	-
Net cash outflow on acquisition of a subsidiary	**-**	(221,006)
Proceeds from disposal of mutual funds	**1,071,624**	32,076
Cash outflow on investment in mutual funds	**(9,558)**	(1,093,360)
Dividends received from subsidiaries	**68,452**	16,133
Net cash generated from/(used in) investing activities	**1,104,083**	(1,301,561)

Statement of Cash Flows

for the year ended 31 December 2014

	2014 RM'000	2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from holding company	**-**	74,062
Advances to subsidiaries	**(934,164)**	(16,488)
Repayment to holding company	**-**	(597,400)
Proceeds from issuance of ordinary shares	**-**	1,758,040
Repayment of borrowings	**(316,878)**	(52,481)
Drawdown of borrowings	**1,150,795**	221,006
Cash outflow on IPO expenses incurred	**(3,244)**	(37,979)
Interest paid	**(12,024)**	(3,485)
Net cash (used in)/generated from financing activities	**(115,515)**	1,345,275
NET INCREASE IN CASH AND CASH EQUIVALENTS	**918,525**	6,781
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**21,230**	14,449
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**939,755**	21,230
Cash and cash equivalents comprise:		
Deposits with licensed banks (Note 15)	**890,139**	16,650
Cash and bank balances (Note 15)	**49,616**	4,580
	939,755	21,230

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

UMW Oil & Gas Corporation Berhad ("UMW-OG") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of UMW-OG is located at Level 18, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.

The holding company of the Company is UMW Holdings Berhad, a public limited liability company incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia.

The principal activity of the Company is to carry on the business of an investment holding company and to provide full corporate management, administrative and professional services as well as financial support to its subsidiary companies. The principal activities of the subsidiaries, associate and joint venture are described in Notes 34, 35 and 36, respectively.

The Group is principally engaged in:

(a) the provision of drilling services for exploration, development and production wells and workover services to the upstream sector of the oil and gas industry;

(b) the provision of threading, inspection and repair services for Oil Country Tubular Goods ("OCTG") in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells; and

(c) acting as agent in Malaysia for international companies providing specialised drilling equipment and services.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 April 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

On 1 January 2014, the Group and the Company adopted the Amendments to MFRSs and IC Interpretation (collectively referred to as "pronouncements") issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the financial periods beginning on or after 1 January 2014 as described fully in Note 2.3.

MASB has also issued new and revised MFRS which are not yet effective for the Group and the Company and therefore, have not been implemented by the Group and the Company in these financial statements as set out in Note 2.4.

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies

(a) Basis of consolidation, subsidiaries, associate and joint arrangement

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the effective date of acquisition, being a date on which the Group obtains control, and continue to be consolidated until the date that such control ceases, being the effective date of disposal.

Intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation. The consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation, subsidiaries, associate and joint arrangement (cont'd.)

(i) Basis of consolidation (cont'd.)

Loss of control

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary and any goodwill outstanding (net of any non-controlling interest) at the date the Group loses control, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost, is regarded as the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Business combinations, other than business combinations under common control, are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of acquiree's identifiable net assets. For business combinations after 1 January 2011, acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation, subsidiaries, associate and joint arrangement (cont'd.)

(i) Basis of consolidation (cont'd.)

Business combinations (cont'd.)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.2(h).

Business combinations under common control

Business combinations under common control are accounted for in the consolidated accounts retrospectively from the date the ultimate holding company obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statements of the ultimate holding company. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity.

Non-controlling interests

Non-controlling interests in the consolidated statements of comprehensive income and consolidated statements of financial position represent the portion of profit or loss or net assets in subsidiaries not held by the Group. Non-controlling interests in the consolidated statements of financial position consist of the non-controlling interests' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movement in the acquiree's equity since then.

Acquisitions of non-controlling interests are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised directly in equity.

(ii) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation, subsidiaries, associate and joint arrangement (cont'd.)

(iii) Associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(a)(v).

(iv) Joint arrangement

A joint arrangement is an arrangement of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affects the arrangement's return.

A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. Whilst, a joint arrangement is classified as a joint venture when the Group has rights only to the net assets of the arrangements. The Group has classified its joint arrangement as joint venture and accounted for its interest in joint venture using the equity method as described in Note 2.2(a)(v).

(v) Equity method of accounting

Under the equity method, the investments in associate and joint venture are carried in the consolidated statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate and joint venture. The Group's share of the net profit or loss of the associate and joint venture is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss. An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss in the year in which the investment is acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation, subsidiaries, associate and joint arrangement (cont'd.)

(v) Equity method of accounting (cont'd.)

When the Group's share of losses in the associate or joint venture equals or exceeds its interest in the associate or joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The most recent available audited financial statements of the associate or joint venture is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year of the Group. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(vi) Separate financial statements

In the separate financial statements of the Company and the Group's subsidiaries, investments in subsidiaries and associate and joint venture are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment (including spare parts and standby-equipment) is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively.

Periodic survey and drydocking costs are incurred in connection with obtaining regulatory certification to operate the rigs on an ongoing basis. Costs associated with the certification are deferred and amortised on a straight-line basis over the period between surveys and drydocking. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment (cont'd.)

Assets-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Rigs and hydraulic workover units ("HWUs")	10 - 30 years
Drilling equipment	2 - 30 years
Buildings	10 - 20 years
Plant and machinery	4 - 30 years
Office equipment, furniture and fittings	3 - 13 years
Motor vehicles	5 years
Renovation and improvements	5 - 6 years

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the period the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(r).

(c) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Upon the disposal of land use rights, the difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

When an indication of impairment exists, the carrying amount of the land use rights is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(r).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(d) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and loans and receivables. The Group does not have any financial assets designated as available-for-sale or held-to-maturity investments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other expenses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through amortisation process.

Loans and receivables are classified as current assets, except for those with maturity dates later than 12 months from the reporting date are classified as non-current.

Loans and receivables of the Group comprise of trade and other receivables (other than deferred expenses, accrued income and prepayments), due from related companies, deposits and cash and bank balances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(d) Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

(e) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has occurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio that passed the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(f) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and deposits at call with licensed banks with a maturity of three months or less.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at net realisable value, due allowance has been made for obsolete and slow-moving items.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Finished goods, raw materials, spares and consumables - Weighted average

Cost of finished goods, raw materials, spares and consumables represent cost of purchase.

(h) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. On disposal of an entity, the carrying amount of goodwill is taken into account in determining gains and losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's Cash-Generating Units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair value of the operation disposed of and the portion of the CGU retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(i) Foreign currencies

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in currencies other than the Company's and its subsidiaries' functional currency ("foreign currencies") are initially converted into functional currency at rates of exchange ruling at the transaction dates.

Non-monetary items

At each financial reporting date, foreign currency non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate when the fair values were determined.

Monetary items

At each reporting date, monetary items denominated in foreign currencies are translated into functional currency at exchange rates ruling at that date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are taken directly to the foreign currency translation reserve within other comprehensive income until the disposal of the foreign operations, at which time they are recognised in profit or loss.

(iii) Foreign operations

Financial statements of foreign subsidiaries which are consolidated are translated at year-end exchange rates with respect to the assets and liabilities, and at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions with respect to profit or loss. All resulting translation differences are included in the foreign currency translation reserve within other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(i) Foreign currencies (cont'd.)

(iii) Foreign operations (cont'd.)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operation and are recorded in the functional currency of the foreign operation and translated at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign operation before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the exchange rate ruling at the date of the transaction.

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's other financial liabilities include trade payables, other payables (other than deferred income and provisions), loans and borrowings and amounts due to related companies.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(j) Financial liabilities (cont'd.)

(ii) Other financial liabilities (cont'd.)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(n) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associate and interest in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except in respect of deductible temporary differences associated with investments in subsidiaries, associate and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Revenue from provision of drilling and workover services and related expenses

Revenue from the provision of drilling and workover services include minimum lease payments from customers under day-rate based contracts and other services. Revenue generated from day-rate based contracts, which are classified as operating leases by the Group, are recognised over the period the service is rendered.

Day-rate based contracts may include lump-sum fee for mobilisation and demobilisation which are recognised based on the policies stated in Note 2.2(o)(ii) and (iii). Fees received from customer under contract for upgrade to the rig is deferred and recognised over the contract term.

Additional payments for meeting or exceeding certain performance targets are recognised when it is probable that the economic benefits associated with the transaction will flow to the entity.

(ii) Lump sum mobilisation fees received

Lump sum mobilisation fees received on drilling and workover services contracts are deferred and recognised on a straight-line basis over the period that the related drilling services are performed.

Mobilisation costs incurred as part of a contract are deferred and recognised as expense over the contract period. The costs of relocating drilling rigs that are not under a contract are expensed as incurred.

(iii) Demobilisation fees received

Demobilisation costs are costs related to the transfer of a drilling rig to a safe harbour or different geographical area and are expensed as incurred.

Demobilisation fees on drilling and workover services contracts are recognised as and when services are rendered, or at the point when it becomes known and certain that demobilisation fee can be charged to the customer.

(iv) Sale of goods

Revenue from sale of goods is recognised net of sales discounts when transfer of significant risks and rewards of ownership has been completed. Revenue is recognised net of sales tax and service tax and includes excise duties.

(v) Rendering of services

Revenue from services rendered is recognised net of service tax on accrual basis as and when services are performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(o) Revenue recognition (cont'd.)

(vi) Rental income

Rental income from operating leases are accounted for on a straight-line basis over the lease terms.

(vii) Dividend income

Dividend income is recognised when the shareholders' rights to receive payment is established.

(viii) Interest income

Interest income is recognised using the effective interest method.

(ix) Management fees

Management fees are recognised when services are rendered.

(p) Leases

(i) As lessee

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Finance lease assets are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments, at the inception of the lease. The corresponding lease obligations, net of finance charges are included in borrowings. The interest rate implicit in the lease is used as the discount factor in calculating the present value of the minimum lease payments. Initial direct costs incurred are included as part of the asset.

The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability for each period.

The depreciation policy for assets held under finance leases is consistent with that for depreciable property, plant and equipment as described in Note 2.2(b).

Lease rental payments on operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.2(o)(vi).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(q) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contribution to their respective countries' statutory pension schemes. The contributions are recognised as an expense in profit or loss as incurred.

(r) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(r) Impairment of non-financial assets (cont'd.)

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on nature of services which are managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the President who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Discontinued operations

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets are not depreciated and are measured at the lower of carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

(u) Fair value measurement

MFRS 13, Fair Value Measurement prescribed that fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(u) Fair value measurement (cont'd.)

Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

The adoption of the above standards and interpretations is not expected to have a material impact on the financial statements in the period of initial application except for those discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group and the Company will assess the impact of these amendments and intends to adopt the new standard on the effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The Group and the Company will assess the impact of these amendments and intends to adopt the new standard on the effective date.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

3.1 Significant accounting estimates and assumptions

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT'D.)

3.1 Significant accounting estimates and assumptions (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis or at other times when such indicators exist. This requires an estimation of the value-in-use of the CGU to which goodwill are allocated.

Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of goodwill on consolidation are disclosed in Note 6.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised tax losses, capital allowances and reinvestment allowances of the Group are as disclosed in Note 9.

(iii) Useful lives of rigs, HWUs, drilling equipment, and plant and machinery

The cost of rigs, HWUs, drilling equipment, and plant and machinery is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 30 years based on the common life expectancies applied in the respective industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's rigs, HWUs, drilling equipment, and plant and machinery at the reporting date is disclosed in Note 4.

(iv) Impairment loss on receivables

The allowance for impairment loss on receivables is based on the evaluation of the receivables on an individual basis and the amount of outstanding allowances. The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of trade dispute, default or significant delay in payments.

The information on allowance for impairment loss on receivables is as disclosed in Note 13.

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Rigs, HWUs and drilling equipment RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
Group						
Cost						
At 1 January 2013	11,368	1,202,781	42,521	399,472	15,353	1,671,495
Exchange differences	9	85,184	1,006	21,221	266	107,686
Additions	1,723	125,468	6,665	431,972	2,621	568,449
Acquisition of a subsidiary (Note 34(a))	-	-	-	216,875	-	216,875
Write-offs	(20)	(10,083)	(554)	-	(607)	(11,264)
Disposals	-	(1,665)	-	-	(308)	(1,973)
Disposal of subsidiaries	-	-	(2,536)	-	(3,263)	(5,799)
Reclassification	16,093	800,727	-	(815,324)	(1,496)	-
At 31 December 2013	29,173	2,202,412	47,102	254,216	12,566	2,545,469
At 1 January 2014	**29,173**	**2,202,412**	**47,102**	**254,216**	**12,566**	**2,545,469**
Exchange differences	**740**	**144,358**	**717**	**9,436**	**318**	**155,569**
Additions	**527**	**680,977**	**4,132**	**1,082,412**	**8,326**	**1,776,374**
Write-offs	**-**	**(78)**	**(1,228)**	**-**	**(395)**	**(1,701)**
Disposals	**-**	**(418)**	**-**	**-**	**(1,034)**	**(1,452)**
Reclassification	**-**	**1,015,927**	**14,589**	**(1,031,222)**	**706**	**-**
At 31 December 2014	**30,440**	**4,043,178**	**65,312**	**314,842**	**20,487**	**4,474,259**

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Buildings RM'000	Rigs, HWUs and drilling equipment RM'000	Plant and machinery RM'000	Assets-in-progress RM'000	**Other assets RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation and impairment losses						
At 1 January 2013	5,548	155,687	32,027	-	8,660	201,922
Exchange differences	3	12,144	621	-	140	12,908
Charge for the year						
Discontinued operations	-	-	109	-	283	392
Continuing operations	55	84,919	2,758	-	1,606	89,338
Write-offs	(12)	(2,356)	(551)	-	(504)	(3,423)
Disposals	-	(445)	-	-	(1)	(446)
Disposal of subsidiaries	-	-	(687)	-	(1,712)	(2,399)
Reclassification	-	315	-	-	(315)	-
At 31 December 2013	5,594	250,264	34,277	-	8,157	298,292
At 1 January 2014	**5,594**	**250,264**	**34,277**	**-**	**8,157**	**298,292**
Exchange differences	**39**	**22,497**	**571**	**-**	**208**	**23,315**
Charge for the year	**863**	**125,088**	**4,332**	**-**	**2,777**	**133,060**
Write-offs	**-**	**-**	**(1,198)**	**-**	**(292)**	**(1,490)**
Disposals	**-**	**(395)**	**-**	**-**	**(504)**	**(899)**
Reclassification	**-**	**3,842**	**(3,554)**	**-**	**(288)**	**-**
At 31 December 2014	**6,496**	**401,296**	**34,428**	**-**	**10,058**	**452,278**
Net carrying amount						
At 31 December 2014	**23,944**	**3,641,882**	**30,884**	**314,842**	**10,429**	**4,021,981**
At 31 December 2013	23,579	1,952,148	12,825	254,216	4,409	2,247,177

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	****Other assets RM'000**	**Assets-in-progress RM'000**	**Total RM'000**
Company			
Cost			
At 1 January 2013	1,884	201	2,085
Additions	425	155	580
Disposals	(261)	-	(261)
Reclassification	356	(356)	-
At 31 December 2013	2,404	-	2,404
Additions	**1,876**	**179**	**2,055**
Disposals	**(449)**	**-**	**(449)**
Reclassification	**18**	**(18)**	**-**
At 31 December 2014	**3,849**	**161**	**4,010**
Accumulated depreciation			
At 1 January 2013	535	-	535
Charge for the year	423	-	423
Disposals	(61)	-	(61)
At 31 December 2013	897	-	897
Charge for the year	**693**	**-**	**693**
Disposals	**(73)**	**-**	**(73)**
At 31 December 2014	**1,517**	**-**	**1,517**
Net Carrying Amount			
At 31 December 2014	**2,332**	**161**	**2,493**
At 31 December 2013	1,507	-	1,507

** *Included in the other assets are office equipment, furniture and fittings, motor vehicles, renovation and improvements.*

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) The net book values of property, plant and equipment held under finance lease arrangements as at 31 December 2014 for the Group and the Company was RM48,000 (2013: RM69,000).

(b) During the financial year, the Group had capitalised within property, plant and equipment:

(i) Finance cost of RM6,740,000 (2013: RM4,458,000), as disclosed in Note 26.

(ii) Employee benefits of RM12,990,000 (2013: RM3,562,000), as disclosed in Note 24.

5. LAND USE RIGHTS

	Short term leasehold land RM'000
Group	
Cost	
At 1 January 2013	2,152
Exchange differences	222
At 31 December 2013	2,374
Exchange differences	**98**
At 31 December 2014	**2,472**
Accumulated amortisation	
At 1 January 2013	72
Exchange differences	9
Charge for the year	45
At 31 December 2013	126
Exchange differences	**9**
Charge for the year	**46**
At 31 December 2014	**181**
Net carrying amount	
At 31 December 2014	**2,291**
At 31 December 2013	2,248

6. INTANGIBLE ASSETS

	Group	
	2014 RM'000	**2013 RM'000**
Goodwill on consolidation		
At 1 January	**11,291**	18,474
Disposal of a subsidiary	**-**	(7,183)
At 31 December	**11,291**	11,291

(a) Impairment tests for goodwill

Goodwill has been allocated to the Group's CGU identified according to business segment as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Drilling services	**5,073**	5,073
Oilfield services	**6,218**	6,218
	11,291	11,291

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated based on maintainable cash flows into perpetuity using pre-tax discount rate and at zero growth rate. The pre-tax discount rates used for value-in-use calculations are as follows:

	Group	
	2014	**2013**
Pre-tax discount rates (%)		
Drilling services	**10 - 14**	10 - 17
Oilfield services	**11**	11

6. INTANGIBLE ASSETS (CONT'D.)

(b) Sensitivity to changes in assumption

(i) Drilling services segment

For the drilling services segment, its recoverable amount exceeds its carrying amount by RM9.8 million (2013: RM11.5 million). The key assumptions used in determining its recoverable amount are sensitive to the utilisation and time chartered rates of the rigs.

Typically, the utilisation and time chartered rates for the rigs are affected by 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. In addition, periodic surveys or inspections and major maintenance also affect the utilisation rates of rigs.

A reduction of 6% (2013: 15%) in utilisation rates of the rigs would give a recoverable amount equal to the carrying amount of the segment.

(ii) Oilfield services segment

For the oilfield services segment, its recoverable amount exceeds its carrying amount by RM12.6 million (2013: RM11.1 million). The key assumptions used in determining its recoverable amount are sensitive to the sales volume generated by the oilfield services segment.

Generally, sales volume is affected by the level of activity in the oil and gas industry as the customers within the oilfield services segment operate mainly in the oil and gas industry.

A reduction in 5% (2013: 8%) of the projected sales volume would result in recoverable amount that equals to the carrying amount of the segment.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM'000	**2013 RM'000**
Unquoted shares, at cost		
In Malaysia	**1,585,355**	1,518,181
Outside Malaysia	**22,902**	22,902
	1,608,257	1,541,083

Acquisition, disposal or liquidation of investment in subsidiaries in the current and previous financial years are disclosed in Note 34 to the financial statements.

Details of the subsidiaries are set out in Note 34.

8. INVESTMENT IN ASSOCIATE

	Group	
	2014 RM'000	**2013 RM'000**
Unquoted shares, at cost	**1,090**	1,090
Share of post-acquisition reserves	**860**	1,302
	1,950	2,392

The Group's share of results of the associate is based on the management financial statements of the associate for the years ended 31 December 2014 and 2013.

Details of the associate are disclosed in Note 35.

The financial statements of the associate disclosed in Note 35 are not coterminous with that of the Group as its financial year end is 30 June. For the purpose of applying the equity method of accounting, the management accounts for the 12-month period ended 31 December 2014 and 2013 of the associate have been used.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group is as follows:

	2014 RM'000	**2013 RM'000**
Assets and liabilities:		
Current assets	**12,896**	9,957
Non-current assets	**1,437**	3,554
Total assets	**14,333**	13,511
Current liabilities, representing total liabilities	**5,398**	2,366
Results		
Revenue	**16,668**	17,718
Profit for the year, representing total comprehensive income	**2,750**	2,425

8. INVESTMENT IN ASSOCIATE (CONT'D.)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

	2014 RM'000	2013 RM'000
Net assets at 1 January	**11,145**	8,720
Profit for the year	**2,750**	2,425
Dividend paid	**(5,759)**	-
Exchange differences	**799**	-
Net assets at 31 December	**8,935**	11,145
Share of net assets	**1,787**	2,229
Goodwill	**163**	163
Carrying value of Group's interest in associate	**1,950**	2,392

9. DEFERRED TAXATION

	Group	
	2014 RM'000	2013 RM'000
At 1 January	**3,592**	(558)
Recognised in profit or loss (Note 28)	**(743)**	3,827
Disposal of subsidiaries (Note 34)	**-**	426
Exchange differences	**(27)**	(103)
At 31 December	**2,822**	3,592

	Group	
	2014 RM'000	2013 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(880)**	(1,242)
Deferred tax liabilities	**3,702**	4,834
	2,822	3,592

9. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2014	**4,253**	**879**	**5,132**
Recognised in profit or loss	**4,646**	**(734)**	**3,912**
Exchange differences	**8**	**42**	**50**
At 31 December 2014	**8,907**	**187**	**9,094**
At 1 January 2013	4,775	1,316	6,091
Recognised in profit or loss	(528)	-	(528)
Exchange differences	6	12	18
Disposal of subsidiaries	-	(449)	(449)
At 31 December 2013	4,253	879	5,132

Deferred tax assets:

	Unabsorbed capital allowances RM'000	Unabsorbed reinvestment allowances RM'000	Unutilised tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2014	**(16)**	**-**	**(519)**	**(1,005)**	**(1,540)**
Recognised in profit or loss	**(4,644)**	**(52)**	**528**	**(487)**	**(4,655)**
Exchange differences	**4**	**-**	**(9)**	**(72)**	**(77)**
At 31 December 2014	**(4,656)**	**(52)**	**-**	**(1,564)**	**(6,272)**
At 1 January 2013	(1,372)	(2,254)	(1,624)	(1,399)	(6,649)
Recognised in profit or loss	1,234	2,254	1,177	(310)	4,355
Disposal of subsidiaries	123	-	-	752	875
Exchange differences	(1)	-	(72)	(48)	(121)
At 31 December 2013	(16)	-	(519)	(1,005)	(1,540)

9. DEFERRED TAXATION (CONT'D.)

Deferred tax assets (cont'd.):

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Unutilised tax losses	**44,429**	45,112	**42,352**	42,970
Unabsorbed capital and reinvestment allowances	**13,673**	12,320	**2,562**	1,149
Others	**5,114**	4,067	**5,114**	4,067
	63,216	61,499	**50,028**	48,186

The unutilised tax losses, unabsorbed capital and reinvestment allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits of the applicable Group entities will be sufficient to allow the benefits to be realised.

10. DERIVATIVES

	Group		
		Fair value	
	Notional amount RM'000	**Asset RM'000**	**Liability RM'000**
Forward currency contracts			
At 31 December 2014	**10,543**	**-**	**541**
At 31 December 2013	2,495	32	-

The Group uses forward currency contracts to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the applicable Group entities. These forward currency contracts have maturities of less than one year from the reporting date.

As hedge accounting is not applied for these forward currency contracts, any changes in fair values of these derivatives are recognised in profit or loss.

During the financial year, the Group recognised a loss of RM539,000 (2013: gain of RM574,000) arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 38.

11. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
At cost:		
Raw materials, spare parts and consumables	**116,584**	64,354

The cost of inventories recognised as an expense during the year amounted to RM78,748,000 (2013: RM67,732,000).

12. OTHER INVESTMENTS

	Group and Company	
	2014 RM'000	2013 RM'000
Investments at fair value through profit or loss		
Investment in mutual funds, at fair value	**-**	1,061,581

13. RECEIVABLES

	Group	
	2014 RM'000	2013 RM'000
Trade receivables (Note (a))	**364,786**	292,272
Other receivables (Note (b))	**46,807**	18,628
Total trade and other receivables	**411,593**	310,900
Total trade and other receivables	**411,593**	310,900
Less:		
Accrued income (Note (a))	**(131,692)**	(77,444)
Prepayments (Note (b))	**(20,710)**	(9,479)
Deferred expenses (Note (b))	**(16,721)**	-
	242,470	223,977
Add:		
Due from related companies (Note 14)	**3,519**	6,827
Deposits, cash and bank balances (Note 15)	**1,178,046**	174,948
Total loans and receivables	**1,424,035**	405,752

13. RECEIVABLES (CONT'D.)

(a) Trade receivables

	Group	
	2014 RM'000	**2013 RM'000**
Trade receivables (Note (i))	**233,103**	219,299
Allowance for impairment (Note (ii))	**(9)**	(4,471)
	233,094	214,828
Accrued income	**131,692**	77,444
	364,786	292,272

The Group's normal trade credit terms for the financial year ended 31 December 2014 range from 30 days to 60 days (2013: 30 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are non-interest bearing and are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The Group has concentration of credit risk in the form of outstanding balances due from 4 (2013: 2) debtors representing 86% (2013: 91%) of the total net trade receivables.

(i) Aged analysis of trade receivables

	Group	
	2014 RM'000	**2013 RM'000**
Not past due nor impaired	**99,539**	101,662
Past due but not impaired:		
1 - 60 days past due but not impaired	**114,428**	61,410
61 - 120 days past due but not impaired	**3,732**	47,519
121 - 180 days past due but not impaired	**1,399**	4,236
More than 180 days past due but not impaired	**13,996**	1
	133,555	113,166
Impaired	**9**	4,471
Total trade receivables	**233,103**	219,299

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

13. RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

(ii) Receivables that are impaired

	Group	
	2014 RM'000	2013 RM'000
Individually impaired		
Trade receivables	**9**	4,471
Less: Allowance for impairment	**(9)**	(4,471)
	-	-
Movement in allowance for impairment		
At 1 January	**4,471**	1,096
Charge during the year	**-**	4,095
Disposal of subsidiaries	**-**	(167)
Written off	**(2,106)**	-
Reversal of impairment loss	**(2,623)**	(553)
Exchange differences	**267**	-
At 31 December	**9**	4,471

Trade receivables that are individually determined to be impaired at the reporting date relate to trade disputes. These receivables are not secured by any collateral or bank guarantee.

13. RECEIVABLES (CONT'D.)

(b) Other receivables

	Group 2014 RM'000	Group 2013 RM'000
Deposits	**3,112**	2,244
Prepayments	**20,710**	9,479
Deferred expenses	**16,721**	-
Sundry receivables	**6,264**	6,905
	46,807	18,628

Prepayments mainly comprise of insurance premium and advance payments to vendors in respect of certain purchases.

Deferred expenses relate to mobilisation expenses incurred on drilling and workover contracts that are deferred and recognised on a straight-line basis over the term of the contract.

	Company 2014 RM'000	Company 2013 RM'000
Deposits	**380**	225
Prepayments	**238**	40
Sundry receivables	**1,835**	32
Total other receivables	**2,453**	297
Total other receivables	**2,453**	297
Less:		
Prepayments	**(238)**	(40)
Add:		
Due from subsidiaries (Note 14)	**1,065,222**	78,519
Due from fellow subsidiaries (Note 14)	**1,013**	1,471
Deposits, cash and bank balances (Note 15)	**939,755**	21,230
Total loans and receivables	**2,008,205**	101,477

14. DUE FROM/(TO) RELATED COMPANIES

	Group	
	2014 RM'000	**2013 RM'000**
Current:		
Due from holding company	-	3,800
Due from fellow subsidiaries	**3,519**	3,027
	3,519	6,827
Due to holding company	**(25)**	(211)
Due to fellow subsidiaries	**(2,838)**	(4,536)
	(2,863)	(4,747)

The amounts due from/(to) holding company and fellow subsidiaries are unsecured, non-interest bearing (2013: 7.60% per annum), and are repayable on demand.

	Company	
	2014 RM'000	**2013 RM'000**
Current:		
Due from subsidiaries	**1,065,222**	78,519
Due from fellow subsidiaries	**1,013**	1,471
	1,066,235	79,990
Due to holding company	**(25)**	(211)
Due to fellow subsidiaries	**(2,093)**	(3,051)
	(2,118)	(3,262)

The amounts due from subsidiaries are unsecured, bear interest at 1.33% - 4.39% per annum (2013: 7.60% per annum) and are repayable on demand.

The amounts due from/(to) fellow subsidiaries and holding company are unsecured, non-interest bearing and are repayable on demand.

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	**975,417**	71,938	**890,139**	16,650
Cash and bank balances	**202,629**	103,010	**49,616**	4,580
	1,178,046	174,948	**939,755**	21,230

Included in deposits with licensed banks are deposits of RM850,187,000 (2013: RM Nil) which are not available for general use by the Group and the Company due to restrictions by the lenders in respect of the revolving credits of RM334,409,000 (2013: RM Nil) and Murabahah term financing of RM512,107,000 (2013: RM Nil) obtained by the Group and the Company as disclosed in Note 18.

In addition, deposit of RM1,077,000 (2013: RM1,034,000) was pledged to an approved financial institution by a foreign subsidiary of the Group for the utilisation of its banking facilities.

The range of interest rates per annum of deposits as at the reporting date was as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Deposits with licensed banks	**0.04 - 3.85**	0.04 - 3.10	**0.5 - 3.4**	3.10

The range of maturities of deposits as at the reporting date was as follows:

	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Deposits with licensed banks	**1 - 90**	7 - 90	**1 - 30**	7

Notes to the Financial Statements

16. LONG TERM BORROWINGS

	Group 2014 RM'000	Group 2013 RM'000
Secured (Fixed rate)		
Finance lease liabilities (Note 17)	**14**	61
Unsecured (Floating rate)		
Term loan	**1,179,554**	674,447
Less: Amount payable within one year (Note 18)	**(168,590)**	(126,173)
	1,010,964	548,274
Total long term borrowings	**1,010,978**	548,335

The maturity of the Group's total long term and short term borrowings as at the respective reporting dates are as follows:

	Within 1 year RM'000 (Note 18)	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2014					
Secured					
- Fixed rate	**46**	**14**	**-**	**-**	**60**
Unsecured					
- Floating rate	**1,243,825**	**281,453**	**326,745**	**402,766**	**2,254,789**
	1,243,871	**281,467**	**326,745**	**402,766**	**2,254,849**
31 December 2013					
Secured					
- Fixed rate	68	46	15	-	129
Unsecured					
- Floating rate	311,189	221,349	246,608	80,317	859,463
	311,257	221,395	246,623	80,317	859,592

The range of weighted average effective interest rates per annum at the reporting date for secured and unsecured borrowings are disclosed in Note 17 and 18, respectively.

16. LONG TERM BORROWINGS (CONT'D.)

	Company 2014 RM'000	Company 2013 RM'000
Secured (Fixed rate)		
Finance lease liabilities (Note 17)	**14**	61
Total long term borrowings	**14**	61

The maturity of the Company's total long term and short term borrowings as at the respective reporting dates are as follows:

	Within 1 year RM'000 (Note 18)	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2014					
Secured					
- Fixed rate	**46**	**14**	**-**	**-**	**60**
Unsecured					
- Floating rate	**1,002,527**	**-**	**-**	**-**	**1,002,527**
	1,002,573	**14**	**-**	**-**	**1,002,587**
31 December 2013					
Secured					
- Fixed rate	68	46	15	-	129
Unsecured					
- Floating rate	168,541	-	-	-	168,541
	168,609	46	15	-	168,670

The range of weighted average effective interest rates per annum at the reporting date for secured and unsecured borrowings are disclosed in Note 17 and 18, respectively.

17. FINANCE LEASE LIABILITIES

	Group and Company	
	2014 RM'000	**2013 RM'000**
Minimum lease payments:		
Not later than 1 year	**49**	80
Later than 1 year and not later than 2 years	**14**	49
Later than 2 years and not later than 5 years	**-**	15
	63	144
Less: Future finance charges	**(3)**	(15)
Present value of minimum lease payments	**60**	129
Present value of payments:		
Not later than 1 year	**46**	68
Later than 1 year and not later than 2 years	**14**	46
Later than 2 years and not later than 5 years	**-**	15
	60	129
Analysed as:		
Due within 12 months (Note 18)	**46**	68
Due after 12 months (Note 16)	**14**	61
	60	129

The interest rate as at 31 December 2014 for the finance lease liabilities was 13.42% to 14.32% (2013: 13.42% to 14.32%) per annum.

18. SHORT TERM BORROWINGS

	Group	
	2014 RM'000	2013 RM'000
Secured (Fixed rate)		
Finance lease liabilities (Note 17)	**46**	68
Unsecured (Floating rate)		
Revolving credits	**563,128**	16,475
Murabahah term financing	**512,107**	168,541
Term loans payable within one year (Note 16)	**168,590**	126,173
	1,243,825	311,189
Total short term borrowings	**1,243,871**	311,257

The range of weighted average effective interest rates per annum at the reporting date for borrowings were as follows:

	Group	
	2014 %	2013 %
Revolving credits	**1.15 - 3.70**	1.61 - 4.26
Murabahah term financing	**1.45 - 1.68**	1.84 - 1.87
Term loans	**1.54 - 2.83**	2.30 - 2.88

	Company	
	2014 RM'000	2013 RM'000
Secured - Fixed rate		
Finance lease liabilities (Note 17)	**46**	68
Unsecured - Floating rate		
Revolving credits	**490,420**	-
Murabahah term financing	**512,107**	168,541
	1,002,527	168,541
Total short term borrowings	**1,002,573**	168,609

18. SHORT TERM BORROWINGS (CONT'D.)

The range of weighted average effective interest rates per annum at the reporting date for borrowings were as follows:

	Company	
	2014 %	**2013 %**
Revolving credits	**1.15 - 1.65**	-
Murabahah term financing	**1.45 - 1.68**	1.84 - 1.87

19. PAYABLES

	Group	
	2014 RM'000	**2013 RM'000**
Trade payables:		
Trade payables	**108,432**	115,485
Accruals	**72,644**	26,866
	181,076	142,351
Other payables:		
Accruals	**40,751**	24,128
Provision for unutilised leave	**717**	872
Deferred income	**17,187**	1,499
Deposits received	**42**	80
Sundry payables	**23,310**	12,912
	82,007	39,491
	263,083	181,842
Total trade and other payables	**263,083**	181,842
Less:		
Deferred income	**(17,187)**	(1,499)
Provision for unutilised leave	**(717)**	(872)
Add:		
Due to holding company (Note 14)	**25**	211
Due to fellow subsidiaries (Note 14)	**2,838**	4,536
Long term borrowings (Note 16)	**1,010,978**	548,335
Short term borrowings (Note 18)	**1,243,871**	311,257
Total financial liabilities carried at amortised costs	**2,502,891**	1,043,810

Trade payables are non-interest bearing and are normally settled within 30 days to 60 days (2013: 30 days to 60 days) terms.

Other payables are non-interest bearing and are normally settled within 30 days to 90 days (2013: 30 days to 90 days) terms.

19. PAYABLES (CONT'D.)

Deferred income relates to mobilisation fees received on drilling and workover contracts that are deferred and recognised on a straight-line basis over the term of the respective contracts.

	Company	
	2014 RM'000	**2013 RM'000**
Other payables:		
Accruals	**2,201**	5,600
Provision for unutilised leave	**473**	422
Sundry payables	**4,224**	3,780
	6,898	9,802
Total other payables	**6,898**	9,802
Less:		
Provision for unutilised leave	**(473)**	(422)
Add:		
Due to holding company (Note 14)	**25**	211
Due to fellow subsidiaries (Note 14)	**2,093**	3,051
Long term borrowings (Note 16)	**14**	61
Short term borrowings (Note 18)	**1,002,573**	168,609
Total financial liabilities carried at amortised costs	**1,011,130**	181,312

20. SHARE CAPITAL AND SHARE PREMIUM

	Group and Company	
	Number of ordinary shares '000	**Amount RM'000**
(a) Authorised:		
1 January 2013 (@ RM1.00 each)	10,000	10,000
Share split (2:1)	10,000	-
Created during the year	4,980,000	2,490,000
At 31 December 2013/ 1 January 2014/ 31 December 2014 (@ RM0.50 each)	**5,000,000**	2,500,000

20. SHARE CAPITAL AND SHARE PREMIUM (CONT'D.)

(b) Issued and paid up:

	Group and Company			
	Number of ordinary shares of RM0.50 each '000	Share capital RM'000	Share premium RM'000	Total share capital and share premium RM'000
At 1 January 2013	*	*	-	*
Issued pursuant to:				
Internal reorganisation	1,550,200	775,100	-	775,100
IPO	611,800	305,900	1,407,140	1,713,040
Share issuance expenses	-	-	(34,321)	(34,321)
At 31 December 2013/ 1 January 2014/31 December 2014	**2,162,000**	**1,081,000**	**1,372,819**	**2,453,819**

* The Group had an issued and paid-up share capital of RM2 as at and prior to 1 January 2013.

21. OTHER RESERVES

(a) Share options reserve

Share options reserve represents the equity-settled share options granted by the ultimate holding company to the employees of the Group.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(c) Capital reserve

Capital reserve relates to statutory reserves of an overseas subsidiary.

(d) Gain on derecognition of intercompany financial liabilities

The gain on derecognition of financial liabilities arose as part of the settlement of intercompany liabilities due to the holding company pursuant to the internal reorganisation in prior year.

22. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Drilling and workover services	**924,221**	650,593	**-**	-
Sale of goods	**16,140**	23,517	**-**	-
Rendering of services	**73,878**	63,162	**-**	-
Gross dividend income from subsidiaries	**-**	-	**68,452**	47,846
Management fees from subsidiaries	**-**	-	**15,973**	12,054
Others	**664**	480	**-**	-
	1,014,903	737,752	**84,425**	59,900

23. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net realised foreign exchange gains	**3,768**	1,864	**3,680**	-
Net fair value gains on derivatives	**-**	574	**-**	-
Reversal of allowance for impairment on amount due from related companies	**-**	2,954	**-**	1,086
Net fair value gains on mutual funds	**485**	296	**485**	296
Gain on disposal of non-current assets held for sale	**-**	30,614	**-**	-
Gain on disposal of property, plant and equipment	**826**	16	**-**	-
Reversal of impairment losses on receivables	**2,623**	-	**-**	-
Rental income	**500**	449	**1,375**	1,478

Notes to the Financial Statements

24. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Wages and salaries	**149,081**	113,302	**19,677**	16,201
Social security costs	**437**	453	**58**	44
(Reversal of)/provision for unutilised leave	**(131)**	338	**51**	190
Pension costs - defined contribution plan	**9,311**	8,213	**3,105**	2,562
Other employee related expenses	**37,565**	18,608	**1,985**	1,872
	196,263	140,914	**24,876**	20,869
Less: Employee benefits capitalised				
- Property, plant and equipment (Note 4(b)(ii))	**(12,990)**	(3,562)	**-**	-
	183,273	137,352	**24,876**	20,869

Included in employee benefits cost is executive director's remuneration as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Salaries and other emoluments	**2,363**	1,905	**2,355**	1,895
Pension costs - defined contribution plan	**365**	292	**365**	292
Benefits-in-kind	**164**	133	**164**	133

25. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-executive directors' remuneration:				
- fees	**640**	467	**640**	462
- meeting allowances	**184**	90	**184**	90
- other emoluments	**171**	145	**171**	145
Rental of premises	**8,649**	6,935	**3,088**	2,011
Rental of equipment, barge and rig	**78,695**	60,190	**611**	633
Repair and maintenance of equipment and rigs	**62,913**	24,861	**36**	55
Auditors' remuneration:				
Statutory audit				
- auditors of the Company	**800**	682	**176**	186
- other auditors	**13**	31	**-**	-
Other services				
- auditors of the Company	**369**	2,711	**134**	2,538
Management fees payable to a related company	**1,096**	1,400	**1,096**	1,400
IPO expenses*	**(377)**	7,279	**(377)**	7,279
Losses on disposal of property, plant and equipment	**102**	230	**94**	-
Property, plant and equipment written off	**211**	7,841	**-**	-
Net impairment losses on receivables	**-**	3,542	**-**	-
Net fair value loss on derivatives	**539**	-	**-**	-
Net unrealised foreign exchange losses	**2,065**	5,840	**1,119**	3,374

* In prior year, total expenses incurred by the Group and of the Company pursuant to the IPO amounted to RM41,223,000, out of which RM34,321,000 have been recognised into equity as disclosed in Note 20(b) to the financial statements.

The number of directors of the Company whose total remuneration falls within the respective bands are as follows:

	Group		Company	
	2014	2013	2014	2013
Executive director:				
RM2,300,001 - RM2,350,000	**-**	1	**-**	1
RM2,850,001 - RM2,900,000	**1**	-	**1**	-
Non-executive directors:				
Up to RM50,000	**-**	1	**-**	1
RM50,001 to RM100,000	**-**	6	**-**	6
RM100,001 to RM150,000	**6**	1	**6**	1
RM150,001 to RM200,000	**-**	1	**-**	1
RM300,001 to RM350,000	**1**	-	**1**	-

26. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expenses				
- Bank borrowings	**32,106**	22,344	**12,174**	2,557
- Related companies	**-**	5,432	**-**	1,076
- Others	**726**	422	**12**	21
	32,832	28,198	**12,186**	3,654
Less: Interest expenses capitalised				
- Property, plant and equipment (Note 4(b)(i))	**(6,740)**	(4,458)	**-**	-
Net interest expenses	**26,092**	23,740	**12,186**	3,654

27. INVESTMENT INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Distribution income from:				
- Mutual funds	**9,567**	5,060	**9,567**	5,060
Interest income from:				
- Deposits with licensed banks	**22,481**	2,076	**21,703**	1,844
- Subsidiaries	**-**	-	**12,983**	2,696
- Related companies	**-**	554	**-**	-
	32,048	7,690	**44,253**	9,600

28. INCOME TAX EXPENSE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Income tax:				
Malaysian income taxes	**7,802**	1,082	**2,082**	-
Foreign income taxes	**22,482**	11,341	**-**	-
	30,284	12,423	**2,082**	-
Under/(over) provision in prior years:				
Malaysian income taxes	**4**	1,550	**-**	-
Foreign income taxes	**853**	(3,009)	**-**	-
	857	(1,459)	**-**	-
	31,141	10,964	**2,082**	-
Deferred taxation (Note 9):				
Relating to origination and reversal of temporary differences	**(943)**	1,374	**-**	-
Under provision in prior years	**200**	2,453	**-**	-
	(743)	3,827	**-**	-
Total income tax expense	**30,398**	14,791	**2,082**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rates will be reduced to 24% from the current year's rate of 25% effective Year of Assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected this change.

28. INCOME TAX EXPENSE (CONT'D.)

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliations between tax expense and the accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit before tax	**284,156**	206,849	**86,208**	30,569
Taxation at Malaysian statutory rate of 25% (2013: 25%)	**71,039**	51,712	**21,552**	7,642
Effect of different tax rates in other jurisdictions	**(31,468)**	(29,238)	**-**	-
Income not subject to tax	**(15,412)**	(15,522)	**(22,587)**	(13,846)
Expenses not deductible for tax purposes	**4,891**	3,504	**2,656**	1,540
Utilisation of previously unrecognised deferred tax assets	**(32)**	(1,842)	**-**	-
Deferred tax assets not recognised	**461**	5,304	**461**	4,664
Under provision of deferred tax in prior years	**200**	2,453	**-**	-
Under/(over) provision of income tax in prior years	**857**	(1,459)	**-**	-
Share of results of associate	**(138)**	(121)	**-**	-
Tax expense for the year	**30,398**	14,791	**2,082**	-

29. LOSS FROM DISCONTINUED OPERATIONS

On 30 August 2013, the Group completed the disposal of UMW Synergistic Generation Sdn. Bhd., UMW SG Engineering & Services Sdn. Bhd., UMW SG Power Systems Sdn. Bhd., UMW Marine and Offshore Pte. Ltd., Sichuan Haihua Petroleum SteelPipe Co. Ltd., and commenced liquidation of UMW Pressure Control Sdn. Bhd., UMW Petrodril (Siam) Co Ltd., and UMW Deepnautic Sdn. Bhd. as disclosed in Notes 34 and 36 respectively. These entities were previously reported as part of the Pipe Coating, Operation and Maintenance segment.

29. LOSS FROM DISCONTINUED OPERATIONS (CONT'D.)

The results of the disposals and liquidations were as follows:

	Group 2013 RM'000
Subsidiaries	
Gain arising from deconsolidation (Note 34)	6,448
Loss from discontinued operations, net of tax (Note 34)	(9,787)
	(3,339)
Joint venture	
Net loss on disposal of joint venture (Note 36)	(1,570)
Share of loss of disposed entity up till date of disposal	(354)
Loss from discontinued operations, net of tax	(5,263)

30. EARNINGS PER SHARE

Basic

	Group	
	2014	**2013**
Net profit/(loss) attributable to equity holders (RM'000)		
- Continuing operations	**251,996**	190,547
- Discontinued operations	**-**	(1,400)
Weighted average number of ordinary shares of RM0.50 (2013: RM0.50) in issue ('000)	**2,162,000**	1,652,446
Basic earnings/(loss) per share (sen):		
- Continuing operations	**11.66**	11.53
- Discontinued operations	**-**	(0.08)

30. EARNINGS PER SHARE (CONT'D.)

(a) Continuing operations

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

(b) Discontinued operations

In the prior financial year, basic loss per share from discontinued operations was calculated by dividing the loss from discontinued operations, net of tax, attributable to equity owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation.

Diluted earnings per ordinary share is not presented as the Company has no potential dilutive ordinary shares as at the end of the reporting date.

31. DIVIDENDS

	Amount		Net dividend per share	
	2014 RM'000	2013 RM'000	2014 Sen	2013 Sen
Recognised during the financial year:				
In respect of the financial year ended 31 December 2014				
- Interim single-tier dividend of 1 sen per share	**21,620**	-	**1**	-

32. CAPITAL COMMITMENTS

	Group	
	2014 RM'000	2013 RM'000
Approved and contracted for:		
- equipment, plant and machinery	**1,366,112**	513,124
- others	**1,768**	334
	1,367,880	513,458

32. CAPITAL COMMITMENTS (CONT'D.)

	Group	
	2014 RM'000	2013 RM'000
Approved but not contracted for:		
- land and buildings	-	1,100
- equipment, plant and machinery	**439,726**	1,409,149
- others	**8,142**	7,018
	447,868	1,417,267
Total capital commitments	**1,815,748**	1,930,725

33. SEGMENT REPORTING

For management purposes, the Group is organised into business segments based on nature of services and has operating segments as follows:

Continuing operations

(i) The drilling services segment is principally involved in the provision of drilling services and workover rig services to the upstream oil and gas sector. This segment owns and operates several drilling rigs and HWUs, and acts as an agent for two providers of specialised equipment and service. The rigs are chartered out to oil majors for their exploration, development and production activities. The HWUs service offshore wells that involve the use of HWUs and its ancillary equipment to complete the removal and replacement of well equipment to restore the operation of suspended or under-performing wells;

(ii) The oilfield services segment principally provide premium Oil Country Tubular Goods ("OCTG") threading, repair and inspection services; and

(iii) The others segment is involved in investment holding, provision of support services, management and corporate services.

Discontinued operations

The pipe coating, operation and maintenance segment was principally involved in the provision of engineering, maintenance, pipe coating and other related services. This segment was classified as a discontinued operation in the prior year (Note 29).

Transfer prices between operating segments are at terms agreed between the parties.

33. SEGMENT REPORTING (CONT'D.)

(a) Business segments

2014

	Drilling services RM'000	Oilfield services RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:						
External customers	968,619	46,284	-	-		1,014,903
Inter-segment	-	-	78,819	(78,819)	I	-
Total revenue	968,619	46,284	78,819	(78,819)		1,014,903
Results:						
Depreciation and amortisation	(127,738)	(4,521)	(847)	-		(133,106)
Finance costs	(23,269)	(104)	(2,719)	-		(26,092)
Investment income	582	55	31,411	-		32,048
Share of results of associate	-	550	-	-		550
Other material non-cash items	1,710	119	(1,297)	-	II	532
Segment profit before tax	272,838	8,790	2,528	-		284,156
Income tax expense	(25,971)	(2,266)	(2,161)	-		(30,398)
Segment profit after tax	246,867	6,524	367	-		253,758
Assets:						
Investment in associate	-	1,950	-	-		1,950
Additions to non-current assets	1,770,643	3,676	2,055	-	III	1,776,374
Segment assets	4,677,892	102,466	975,606	-		5,755,964
Liabilities:						
Segment liabilities	2,343,089	11,471	193,578	-		2,548,138

33. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

2013

	Drilling services RM'000	Oilfield services RM'000	Pipe coating, operation and maintenance (Discontinued) RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:							
External customers	693,720	43,622	75,624	410	(75,624)		737,752
Inter-segment	-	-	-	46,540	(46,540)	I	-
Total revenue	693,720	43,622	75,624	46,950	(122,164)		737,752
Results:							
Depreciation and amortisation	(85,646)	(2,987)	(392)	(750)	392		(89,383)
Finance costs	(19,132)	(46)	(2,061)	(4,562)	2,061		(23,740)
Investment income	240	16	2	7,434	(2)		7,690
Share of results of associate	-	485	-	-	-		485
Other material non-cash items	(17,700)	73	-	31,378	-	II	13,751
Segment profit before tax	191,009	7,436	(4,078)	8,404	4,078		206,849
Income tax expense	(10,338)	(4,050)	(1,185)	(403)	1,185		(14,791)
Segment profit after tax	180,671	3,386	(5,263)	8,001	5,263		192,058
Assets:							
Investment in associate	-	2,392	-	-	-		2,392
Additions to non-current assets	774,237	10,507	172	580	(172)	III	785,324
Segment assets	2,675,222	89,724	-	1,125,723	-		3,890,669
Liabilities:							
Segment liabilities	859,106	9,927	-	182,528	-		1,051,561

33. SEGMENT REPORTING (CONT'D.)

(a) Business segments (cont'd.)

The following are the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

I. Inter-segment revenue are eliminated on consolidation.

II. Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the consolidated financial statements:

	Note	2014 RM'000	2013 RM'000
Net fair value (loss)/gain on derivatives	23, 25	**(539)**	574
Net gain/(loss) on disposal of property, plant and equipment	23, 25	**724**	(214)
Gain on disposal of non-current asset held for sale	23	**-**	30,614
Net unrealised foreign exchange losses	25	**(2,065)**	(5,840)
Reversal of impairment/(net impairment losses) on receivables	23, 25	**2,623**	(3,542)
Property, plant and equipment written off	25	**(211)**	(7,841)
		532	13,751

III. Additions to non-current assets consist of:

	Note	2014 RM'000	2013 RM'000
Property, plant and equipment	4	**1,776,374**	785,324

33. SEGMENT REPORTING (CONT'D.)

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	Vietnam RM'000	Philippines RM'000	Myanmar RM'000	Others RM'000	Total RM'000
31 December 2014								
Revenue from external customers	**471,732**	**-**	**-**	**354,655**	**44,301**	**116,708**	**27,507**	**1,014,903**
Non-current assets	**1,002,776**	**-**	**159,161**	**1,850,502**	**-**	**844,244**	**178,880**	**4,035,563**
31 December 2013								
Revenue from external customers	506,131	66,621	410	123,323	-	-	41,267	737,752
Non-current assets	1,515,190	-	230,672	458,450	-	-	56,404	2,260,716

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:

	2014 RM'000	2013 RM'000
Property, plant and equipment	**4,021,981**	2,247,177
Land use rights	**2,291**	2,248
Intangible assets	**11,291**	11,291
	4,035,563	2,260,716

34. SUBSIDIARIES

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Subsidiaries of the Company:				
UMW JDC Drilling Sdn. Bhd.	Malaysia	Provision of drilling operations for the oil and gas industry.	**85**	85
UMW Malaysian Ventures Sdn. Bhd.	Malaysia	Investment holding.	**100**	100
UMW Singapore Ventures Pte. Ltd.*	Singapore	Investment holding.	**100**	100
UMW Rig Asset (L) Ltd.	Malaysia	Investment holding.	**100**	100
Subsidiaries of: UMW Malaysian Ventures Sdn. Bhd. UMW Singapore Ventures Pte. Ltd. UMW Rig Asset (L) Ltd.				
UMW Workover Sdn. Bhd.	Malaysia	Provision of workover operations for the oil and gas industry.	**100**	100
UMW Offshore Drilling Sdn. Bhd.	Malaysia	Contract offshore drilling business and operations and other engineering services for oil and gas exploration, development and production in Malaysia and overseas.	**100**	100
UMW Drilling Co. Ltd.	Malaysia	Ownership and leasing of rig.	**100**	100
UMW Drilling 2 (L) Ltd. *[formerly known as UMW Naga Two (L) Ltd.]*	Malaysia	Ownership and leasing of rig.	**100**	100
UMW Drilling 3 (L) Ltd. *[formerly known as UMW Naga Three (L) Ltd.]*	Malaysia	Ownership and leasing of rig.	**100**	100
UMW Drilling 4 (L) Ltd.	Malaysia	Ownership and leasing of rig.	**100**	100
UMW Drilling 5 (L) Ltd.	Malaysia	Ownership and leasing of rig.	**100**	100
UMW Drilling 6 (L) Ltd.	Malaysia	Ownership and leasing of rig.	**100**	100
UMW Drilling 7 (L) Ltd.	Malaysia	Ownership and leasing of rig.	**100**	-
UMW Drilling 8 (L) Ltd.	Malaysia	Ownership and leasing of rig.	**100**	-

34. SUBSIDIARIES (CONT'D.)

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
UMW Drilling Academy Sdn. Bhd.	Malaysia	Provision of training and other related services.	**100**	100
UMW Standard 1 Pte. Ltd.	Singapore	Ownership and leasing of rig.	**100**	100
UMW Standard 3 Pte. Ltd.	Singapore	Dormant.	**100**	100
Offshore Driller B324 Ltd.	Cayman Islands	Dormant.	**100**	100
Offshore Driller 4 Ltd.	Cayman Islands	Dormant.	**100**	100
UMW Oilpipe Services Sdn. Bhd.	Malaysia	Provision of threading services for OCTG.	**100**	100
UMW Oilpipe Services (Turkmenistan) Ltd.	Malaysia	Provision of threading, inspection, repair and maintenance services for OCTG.	**51**	51
UMW Oilfield Services (Tianjin) Co., Limited	People's Republic of China	Provision of threading, inspection, repair and maintenance services for OCTG.	**100**	100
UOT (Thailand) Limited	Thailand	Provision of threading, inspection, repair and maintenance services for OCTG.	**58.8**	58.8
UMW Pressure Control Sdn. Bhd. **	Malaysia	Supply speciality snubbing, hot tapping technology and wellhead freezing equipment and services to the oil and gas industry and manufacturing of oil and gas related products.	**-**	51

* Audited by firms other than Ernst & Young.
** Company has been liquidated.

34. SUBSIDIARIES (CONT'D.)

(a) Acquisition of Offshore Driller 4 Ltd.

On 23 May 2013, UMW Rig Asset (L) Ltd., a wholly-owned subsidiary of the Group, entered into a Share Purchase Agreement with S.D. Standard Drilling Plc for the acquisition of 38,502 ordinary shares of USD1.00 each, representing 100% of the total issued and paid-up share capital of Offshore Driller 4 Ltd., for a cash consideration of USD69.4 million (equivalent to approximately RM216.9 million).

The costs of the identifiable assets acquired and liabilities assumed from the acquisition of the subsidiary as at the effective acquisition date were as follows:

	Costs recognised on acquisition RM'000
Property, plant and equipment, representing cost of acquisition	216,875

The cash outflows on acquisition is as follows:

Cost of acquisition satisfied by cash, representing net cash outflow of the Group	216,875

The acquisition was completed on 10 June 2013, and it has been accounted for as an asset acquisition as it is not a business combination as defined by MFRS 3: Business Combinations.

(b) Disposal and liquidation of subsidiaries

i. The Group completed liquidation of a subsidiary in 2014 as detailed below:

Name of company	Country of incorporation	Principal activities	Previous equity interest %
UMW Pressure Control Sdn. Bhd.	Malaysia	Supply speciality snubbing, hot tapping technology and wellhead freezing equipment and services to the oil and gas industry and manufacturing of oil and gas related products.	51

34. SUBSIDIARIES (CONT'D.)

(b) Disposal and liquidation of subsidiaries (cont'd.)

ii. In the prior financial year, the Group disposed of all its equity interest in the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Previous equity interest %
UMW Synergistic Generation Sdn. Bhd.	Malaysia	Provision of engineering and maintenance services as a customised equipment packager and a total solution provider for power generators and other equipment used in the oil and gas and other markets.	60
UMW SG Engineering & Services Sdn. Bhd.	Malaysia	Engineering works and general trading.	60
UMW SG Power Systems Sdn. Bhd.	Malaysia	General contractor, sales and services equipment.	60
UMW Marine and Offshore Pte. Ltd.	Singapore	Dormant.	100

The above subsidiaries were reported as part of the Pipe Coating, Operation and Maintenance segment.

iii. In prior year, the Group had also commenced liquidation of the following subsidiaries:

Name of company	Country of incorporation	Principal activities	Previous equity interest %
UMW Pressure Control Sdn. Bhd.	Malaysia	Supply speciality snubbing, hot tapping technology and wellhead freezing equipment and services to the oil and gas industry and manufacturing of oil and gas related products.	51
UMW Petrodril (Siam) Co Ltd.	Thailand	Dormant.	100
UMW Deepnautic Sdn. Bhd.	Malaysia	Dormant.	100

The above subsidiaries were reported as part of the Pipe Coating, Operation and Maintenance segment.

34. SUBSIDIARIES (CONT'D.)

(b) Disposal and liquidation of subsidiaries (cont'd.)

iv. Liquidation of the subsidiary company detailed below is still in progress:

Name of company	Country of incorporation	Principal activities	Previous equity interest %
UMW Deepnautic Sdn. Bhd.	Malaysia	Dormant.	100

v. The disposal and liquidation of subsidiaries in the prior financial year had the following financial effects on the financial position of the Group as at 31 December 2013:

	2013 RM'000
Property, plant and equipment	3,400
Investment property	7,212
Inventories	2,764
Receivables	78,969
Tax recoverable	1,148
Deposits, cash and bank balances	(443)
Payables	(33,678)
Borrowings	(63,561)
Deferred tax	426
Non-controlling interests	1,086
Net liabilities disposed	(2,677)
Attributable goodwill	7,183
Transfer from reserves	(924)
	3,582
Total disposal proceeds	10,030
Gain arising from deconsolidation	6,448
Disposal proceeds settled by:	
- Cash	10,030
Cash inflows arising from disposals:	
Cash consideration	10,030
Cash and cash equivalents of subsidiaries disposed	(443)
Net cash inflow on disposal	10,473

34. SUBSIDIARIES (CONT'D.)

(b) Disposal and liquidation of subsidiaries (cont'd.)

vi. Statement of comprehensive income of the discontinued operations for the previous financial year was as follows:

	2013 RM'000
Revenue	75,624
Other income	1,333
Other expenses	(83,498)
Loss from discontinued operations	(6,541)
Finance costs	(2,061)
Loss before tax from discontinued operations	(8,602)
Taxation	(1,185)
Loss after tax from discontinued operations	(9,787)
Gain arising from deconsolidation	6,448
	(3,339)

(c) Subsidiaries with non-controlling interests

Details and summarised financial information of subsidiaries which have non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Details of subsidiaries

	Proportion of ownership interest held by non-controlling interests	
Name of company	**2014 %**	**2013 %**
UMW JDC Drilling Sdn. Bhd.	**15**	15
UMW Oilpipe Services (Turkmenistan) Ltd.	**49**	49
UOT (Thailand) Limited	**41.2**	41.2

34. SUBSIDIARIES (CONT'D.)

(c) Subsidiaries with non-controlling interests (cont'd.)

(ii) Summarised statements of financial position

	2014 RM'000	2013 RM'000
Non-current assets	**11,743**	12,523
Current assets	**73,199**	58,944
Non-current liabilities	**(263)**	(304)
Current liabilities	**(55,947)**	(52,467)

(iii) Summarised statements of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	**182,099**	190,285
Profit for the year	**8,326**	5,430
Other comprehensive income/(loss)	**1,340**	(648)
Total comprehensive income	**9,666**	4,782

(iv) Summarised statements of cash flows

	2014 RM'000	2013 RM'000
Net cash (used in)/generated from operating activities	**(625)**	11,208
Net cash used in investing activities	**(372)**	(8,404)
Net cash generated from financing activities	**-**	1,640
Net (decrease)/increase in cash and cash equivalents	**(997)**	4,444
Cash and cash equivalents at end of year	**12,139**	12,048

35. ASSOCIATE

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %
Oil-Tex (Thailand) Company Limited#	Thailand	Provision of logistic services for the oil and gas industry.	**20**	20

Financial year end of Oil-Tex (Thailand) Company Limited is 30 June.

36. JOINT VENTURE

On 30 August 2013, the Group disposed all of its equity interest in Sichuan Haihua Petroleum SteelPipe Co. Ltd. ("SHPS") for a total consideration of RM19,150,000 in cash. SHPS was previously reported as part of the Pipe Coating, Operation and Maintenance segment.

The financial effect arising from the disposal of SHPS in the previous financial year is as follows:

	2013 RM'000
Investment in joint venture, representing net assets disposed	20,720
Total disposal proceeds	19,150
Loss on disposal	(1,570)
Disposal proceeds settled by:	
- Cash	19,150

37. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) In addition to the related party transaction information disclosed elsewhere, transactions by the Group with its related parties are as follows:

Companies	Transacting Parties	Nature of Transactions	2014 RM'000	2013 RM'000
UMW Offshore Drilling Sdn. Bhd.	UMW Pennzoil Distributors Sdn. Bhd., a fellow subsidiary of the Group	Purchase of goods	**378**	513
UMW Workover Sdn. Bhd.	U-TravelWide Sdn. Bhd., a fellow subsidiary of the Group	Purchase of services	**1,660**	1,224
UMW Oil & Gas Corporation Berhad	U-TravelWide Sdn. Bhd., a fellow subsidiary of the Group	Purchase of services	**564**	767
UMW Workover Sdn. Bhd.	UMW Industrial Power Sdn. Bhd., a fellow subsidiary of the Group	Purchase of goods	**338**	-
UMW Malaysian Ventures Sdn. Bhd.	UMW Offshore Investment (L) Ltd., a fellow subsidiary of the Group	Interest income	**-**	(225)

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(a) In addition to the related party transaction information disclosed elsewhere, transactions by the Group with its related parties are as follows: (cont'd.)

Companies	Transacting Parties	Nature of Transactions	2014 RM'000	2013 RM'000
UMW Oil & Gas Corporation Berhad	UMW Holdings Berhad, the holding company of the Group	Interest expense	-	804
UMW Drilling 4 (L) Ltd.	UMW Holdings Berhad, the holding company of the Group	Interest expense	-	4,157
UMW Malaysian Ventures Sdn. Bhd.	UMW Corporation Sdn. Bhd., a fellow subsidiary of the Group	Interest expense	-	455
UMW Oil & Gas Corporation Berhad	UMW Corporation Sdn. Bhd., a fellow subsidiary of the Group	Rental expense	**2,626**	1,917
		Management fees expense	**1,096**	1,400
UMW Drilling 2 (L) Ltd. *[formerly known as UMW Naga Two (L) Ltd.]*	UMW Petropipe (L) Ltd., a fellow subsidiary of the Group	Interest expense	-	717
UMW Malaysian Ventures Sdn. Bhd.	UMW Petropipe (L) Ltd., a fellow subsidiary of the Group	Interest expense	-	176
UMW Singapore Ventures Pte. Ltd.	UMW Petropipe (L) Ltd., a fellow subsidiary of the Group	Interest expense	-	96
UMW Oil & Gas Corporation Berhad	e-Lock Corporation Sdn. Bhd., a related party of the Group	Purchase of services	**63**	-
UMW Oil & Gas Corporation Berhad and its subsidiaries companies	Toyota Capital Malaysia Sdn. Bhd., a related party of the Group	Operating lease expense	**1,015**	416
UMW JDC Drilling Sdn. Bhd. ("UJD")	Japan Drilling Co. Ltd., a corporate shareholder of UJD, and its subsidiaries	Purchase of goods and services	**18,588**	20,468
		Bareboat charter expense	**41,040**	50,718

The above transactions were stated at contracted amount and were entered into in the normal course of business on a commercial basis.

37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(b) In addition to the related party transaction information disclosed elsewhere, transactions by the Company with its subsidiaries are as follows:

	2014 RM'000	2013 RM'000
Dividend income	**(68,452)**	(47,846)
Management fees income	**(15,973)**	(12,054)
Interest income	**(12,983)**	(2,696)
Rental income	**(1,375)**	(1,478)
Services rendered income	**(2,802)**	(2,253)

(c) Compensation of key management personnel

The aggregate compensation of key management personnel, including the executive director of the Company is as follows:

	2014 RM'000	2013 RM'000
Salaries and wages	**9,980**	8,258
Social security cost	**8**	7
Pension costs - defined contribution plan	**1,486**	1,231
Other staff related costs	**651**	768
	12,125	10,264

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Values

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Receivables	
- Trade and other receivables	13
- Due from related companies	14
Borrowings	
- Fixed rate borrowings (non-current)	16
- Fixed rate borrowings (current)	18
- Floating rate borrowings (non-current)	16
- Floating rate borrowings (current)	18
Payables	
- Trade and other payables	19
- Due to related companies	14

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Held for trading investments

The fair value of these financial instruments are determined by reference to their published net asset values as at the reporting date.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of Fair Values (cont'd.)

Finance lease liabilities

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing. The models incorporate various inputs including the foreign exchange spot and forward rates.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3 Input for the asset or liability that are not based on observable market data (unobservable input).

	Level 1		**Level 2**	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Assets				
Financial assets at fair value through profit or loss:				
- Derivative assets	**-**	-	**-**	32
Held for trading investments				
- Investments in mutual funds	**-**	1,061,581	**-**	-
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Derivative liabilities	**-**	-	**(541)**	-

The Group does not have any financial instruments classified as Level 3 as at the reporting date. There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

39. CAPITAL MANAGEMENT

Capital management is defined as the process of managing the composition of the Group's debts and equity to achieve and maintain an optimal capital structure and ensuring availability of funds to support its business and maximise its shareholder value.

The Group defines capital as total equity and net debt of the Group and manages its capital structure using a gearing ratio which is net debt divided by total equity plus net debt. For this purpose, other investments, which consist of investments in mutual funds, are included in deriving net (cash)/debt of the Group and of the Company. The Group endeavours to maintain a healthy gearing ratio to enjoy reasonable costs of borrowings and sufficient debt headroom for future asset expansion.

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Loans and borrowings	**2,254,849**	859,592	**1,002,587**	168,670
Less: Deposits, cash and bank balances	**(1,178,046)**	(174,948)	**(939,755)**	(21,230)
Other investments	**-**	(1,061,581)	**-**	(1,061,581)
Net debt/(cash)	**1,076,803**	(376,937)	**62,832**	(914,141)
Total equity	**3,207,826**	2,839,108	**2,586,460**	2,523,954
Total capital	**4,284,629**	2,462,171	**2,649,292**	1,609,813
Gearing ratio	**0.25**	N/A	**0.02**	N/A

The gearing for the financial year ended 31 December 2013 is not applicable, as the Group and the Company were in a net cash position as at 31 December 2013.

40. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The financial risk management practices of the Group seek to ensure that adequate financial resources are available for the development of the Group's business while managing credit, liquidity, interest rate and foreign currency risks. The principal aim of the Group's financial risk management practices is to identify, evaluate and manage financial risks with an objective to minimise potential adverse effects on the financial performance of the Group.

The Group's financial risk management practices are in line with the Enterprise Risk Management Framework of its holding company, UMW Holdings Berhad, with modifications made to suit the industry the Group is in. The Group's risk governance structure comprise the following:

(i) an Investment and Risk Management Committee of the Board of Directors;

(ii) a Risk Management Committee at corporate management level; and

(iii) a risk management unit at each respective operating unit.

Responsibilities of the Investment and Risk Management Committee include:

(i) to monitor the role, effectiveness and efficiency of the Risk Management Committee and risk management units at operating units;

(ii) to review the risk profile of the Group and risk mitigation action plans; and

(iii) to review the risk management policies, procedures and measurement methodologies of the Group and to effect changes thereto, if deemed necessary.

The Risk Management Committee is made up of members of the Group's senior management. This committee will be responsible to identify and assess risks and make recommendations on risk management to the Investment and Risk Management Committee of the Board of Directors.

Financial risk management objectives of the Group are as follows:

(i) to minimise exposure to all financial risks including interest, credit, liquidity and foreign currency exchange risks;

(ii) to accept certain level of financial risks including price risk and credit risk that commensurate with the expected returns on the underlying operations and activities; and

(iii) to minimise liquidity risk by proper cash flow planning, management and control.

40. FINANCIAL RISK MANAGEMENT (CONT'D.)

The Group's financial risk management strategies include using:

(i) derivatives to hedge its exposure to currency, interest and cash flow risks where appropriate. However, use of derivatives for speculation is specifically prohibited;

(ii) credit controls that include evaluation, acceptance, monitoring and feedback to ensure that only reasonably creditworthy customers are accepted; and

(iii) money market instruments, short term deposits and bank borrowings to manage liquidity risks.

The Group's strategies and practices in dealing with its major financial risks are set out below:

(a) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of a majority of the companies within the Group is United States Dollar ("USD"). The Group relies primarily on the natural hedge between its USD-denominated revenue and USD-denominated borrowings and other liabilities to minimise its exposures to foreign currency risk.

The Group's exposures to foreign currency risk primarily consist of trade receivables, trade payables, loans and borrowings, and deposits, cash and bank balances, as a result of transactions entered into in currencies other than the functional currencies.

As at 31 December 2014, approximately 6% (2013: 16%) of the Group's trade receivables and approximately 14% (2013: 22%) of the Group's trade payables are denominated in currencies other than the functional currency of the relevant companies in the Group.

The Group also holds deposits, cash and bank balances denominated in currencies other than functional currencies for working capital purposes. As at 31 December 2014, the Group has foreign currency balances amounted to RM90,008,000 (2013: RM58,331,000) for the Group.

Material foreign currency exposures are hedged via forward exchange contracts by using foreign exchange facilities maintained with leading banks. The forward exchange contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

40. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Foreign Currency Risk (cont'd.)

The table below demonstrates the sensitivity of the Group's and Company's profit after taxation as at year end to a reasonable possible change in the US Dollar exchange rates against RM with all other variables held constant:

		Effect on profit after taxation Increase/(decrease)			
		Group		Company	
	Basis points	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
US Dollar/RM	+ 5%	**3,275**	(2,598)	**2,425**	-
	- 5%	**(3,275)**	2,598	**(2,425)**	-

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its placements with financial institutions and bank borrowings at floating rates. Its policy is to:

(i) have an optimal mixture of short term deposits or placements; and

(ii) manage its interest cost using a combination of fixed and floating rate debts.

The Group monitors interest rates prior to making deposits and bank borrowings to ensure that the applicable rates are established at acceptable levels. Interest rate swaps may be used to hedge against fluctuation in interest rate where appropriate.

40. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Interest Rate Risk (cont'd.)

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity of the Group's and the Company's profit after taxation, to possible reasonable changes in interest rates with all other variables held constant, through impact on interest income from placement of surplus funds and interest expense on floating rate borrowings:

		Effect on profit after taxation Increase/(decrease)			
		Group		Company	
	Basis points	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
London Interbank Offered Rate	+ 50	**(3,236)**	(344)	**-**	106
	- 50	**3,236**	344	**-**	(106)
Singapore Interbank Offered Rate	+ 50	**(21)**	(30)	**-**	-
	- 50	**21**	30	**-**	-
Cost of funds	+ 50	**1,694**	(2,975)	**4,699**	-
	- 50	**(1,694)**	2,975	**(4,699)**	-

(c) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterpart default on its obligation. The Group's exposure to credit risk arises primarily from trade receivables.

Credit risk of the Group is managed during the tendering stage where the credit worthiness of a potential customer or the payment records of an existing customer is evaluated prior to participating in a tender. The Group's customers are mainly local and overseas national oil companies, subsidiaries of credit-worthy international oil and gas companies or established international companies. For less established companies, credit risk is managed by obtaining advance payment and/or a collateral in the form of a bank guarantee.

(d) Liquidity Risk

Liquidity risk is the risk that the Group and the Company is unable to meet financial obligations when due, as a result of shortage of funds including arising from mismatch of maturities of financial assets and liabilities.

To ensure a healthy liquidity position, it is the Group's and the Company's policy to:

(i) have the right mixture of liquid assets in its portfolio;
(ii) maintain a healthy gearing ratio;
(iii) finance long term assets with long term loans; and
(iv) maintain a balance between flexible and structured financing options to finance its operations and investments.

40. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity Risk (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group

	31 December 2014				
	On demand or within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:					
Trade and other payables (exclude provisions and deferred income)	**245,179**	**-**	**-**	**-**	**245,179**
Due to fellow subsidiaries	**2,863**	**-**	**-**	**-**	**2,863**
Borrowings	**1,273,422**	**204,589**	**435,821**	**453,713**	**2,367,545**
Total undiscounted financial liabilities	**1,521,464**	**204,589**	**435,821**	**453,713**	**2,615,587**

	31 December 2013				
	On demand or within one year RM'000	More than one year and less than two years RM'000	More than two years and less than five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:					
Trade and other payables (exclude provisions and deferred income)	179,471	-	-	-	179,471
Due to fellow subsidiaries	4,747	-	-	-	4,747
Borrowings	331,736	139,030	340,561	104,142	915,469
Total undiscounted financial liabilities	515,954	139,030	340,561	104,142	1,099,687

Notes to the Financial Statements

40. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Liquidity Risk (cont'd.)

Company

	31 December 2014 On demand or within one year RM'000	More than one year and less than two years RM'000	Total RM'000
Financial liabilities:			
Other payables (exclude provisions)	**6,425**	**-**	**6,425**
Due to holding company and fellow subsidiaries	**2,118**	**-**	**2,118**
Borrowings	**1,017,112**	**18**	**1,017,130**
Total undiscounted financial liabilities	**1,025,655**	**18**	**1,025,673**

	31 December 2013 On demand or within one year RM'000	More than one year and less than two years RM'000	Total RM'000
Financial liabilities:			
Other payables (exclude provisions)	9,380	-	9,380
Due to holding company and fellow subsidiaries	3,262	-	3,262
Borrowings	171,138	79	171,217
Total undiscounted financial liabilities	183,780	79	183,859

There have been no material changes to the Group's and the Company's exposure to the above financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2014 and 31 December 2013.

41. SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events during the financial year are as follows:

(a) On 12 February 2014, UMW Drilling 6 (L) Ltd., a subsidiary of the Group, had entered into a Sale and Purchase Agreement with Tianjin Haiheng Shipbuilding & Offshore Engineering Service Co., Ltd. for the purchase of two (2) jack-up drilling rigs for a total purchase consideration of USD434,000,000, approximately RM1,420,000,000.

(b) On 6 February 2014, UMW Drilling 8 (L) Ltd., a subsidiary of the Group, had entered into a Vessel Construction Agreement with Keppel FELS Limited for the design, engineering and construction of a jack-up drilling rig, for a cash consideration of USD218,000,000, approximately RM713,000,000.

42. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	**715,501**	261,825	**55,615**	(4,636)
- Unrealised	**(4,888)**	(9,431)	**(1,119)**	(3,374)
	710,613	252,394	**54,496**	(8,010)
Total share of retained profits from associate:				
- Realised	**1,445**	2,047	**-**	-
Total retained profits/(accumulated losses)	**712,058**	254,441	**54,496**	(8,010)
(Less)/Add: Consolidation adjustments	**(198,531)**	28,710	**–**	-
Total retained profits/(accumulated losses) as per financial statements	**513,527**	283,151	**54,496**	(8,010)

LIST OF PROPERTIES

PROPERTY OWNED BY THE GROUP

As at 31 December 2014

The details of land and buildings owned by the Group are set out below:

Location	Description	Existing Use	Date of issuance of CCC[1] or equivalent	Built-up area/Land area (Sq. Metres)	Restriction in interest	Net Book Value
UMW Oilfield Services (Tianjin) Co., Limited ("UOS-TJ") Jin Kai (Gua) No. 2010010, West Zone of Tianjin Development Zone, to the north of South Street and Greenbelt, to the south of Zhongnan fourth Street, to the east of Planning Use Land, and to the west of Xiaqing Road and Greenbelt, People's Republic of China No. 101, Central South Fourth Street, Tianjin Economic-Technological Development Area West Zone, 300462 Tianjin, People's Republic of China Leasehold for a period of 50 years, expiring on 2061	Industrial land comprising a detached factory (including warehouse, workshop, administration office and restroom), a guard house and a 3-storey research and development building (including canteen, exhibition room, meeting room, research room and office)	Currently used as the operating base for UOS-TJ's business	25 June 2013 *Refer to note* [2]	6,564/ 13,909	Nil	RMB 4,061,983 (RM 2,290,674) (Land) RMB 32,082,858 (RM 18,092,486) *(Building)* *Refer to note* [3]

Notes:

[1] Certificate of completion and compliance or certificate of fitness for occupation issued by the local authorities.

[2] Property Ownership and Land Use Right Certificate ("POLUR Certificate") dated 25 June 2013 issued by the Tianjin Municipal People's Government and the Land Resources and Property Administration Bureau of Tianjin to UOS-TJ.

[3] Based on the rate of RMB1 = RM 0.56393 as at 31 December 2014.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of the Company will be held at Nexus 1 and 2, Level 3A, Connexion@ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur on Tuesday, 19 May 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.

Explanatory Note

Please refer to the Explanatory Note for this agenda.

2. **ORDINARY RESOLUTION 1**

To re-elect as a Director, **Tan Sri Asmat bin Kamaludin** who shall retire pursuant to Section 129 (6) of the Companies Act, 1965 and being eligible, offers himself for re-election.

Explanatory Note for Resolution 1:

Section 129 (6) of the Companies Act, 1965 states that a person of or over the age of 70 years may by a resolution passed by a majority of not less than three-fourths of the members present in person or by proxy at a general meeting of the company be appointed or re-appointed as director of that company to hold office until the next annual general meeting.

3. To re-elect the following Directors, each of whom retires by rotation in accordance with Article 107 of the Company's Articles of Association:

i. **ORDINARY RESOLUTION 2**

To re-elect **Razalee bin Amin** who shall retire in accordance with Article 107 of the Company's Articles of Association and being eligible, offers himself for re-election.

ii. **ORDINARY RESOLUTION 3**

To re-elect **Dato' Afifuddin bin Abdul Kadir** who shall retire in accordance with Article 107 of the Company's Articles of Association and being eligible, offers himself for re-election.

iii. **ORDINARY RESOLUTION 4**

To re-elect **Cheah Tek Kuang** who shall retire in accordance with Article 107 of the Company's Articles of Association and being eligible, offers himself for re-election.

Explanatory Note for Resolutions 2-4:

Article 107 expressly states that in every subsequent Annual General Meeting, at least one third of the Directors for the time being shall retire from office and the retiring Directors shall be eligible to seek re-election thereof.

Notice of Annual General Meeting

4. **ORDINARY RESOLUTION 5**

   To approve the payment of Directors' fees for the financial year ended 31 December 2014.

Explanatory Note for Resolution 5:

In accordance with Article 100 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of Directors' fees for the financial year ended 31 December 2014 as disclosed in page 100 of the Annual Report 2014.

5. **ORDINARY RESOLUTION 6**

   To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

Explanatory Note for Resolution 6:

Pursuant to Section 172 (2) of the Companies Act, 1965, shareholders are required to approve the re-appointment of auditors who shall hold office until the conclusion of the next annual general meeting and to authorise the directors to determine their remuneration thereof.

The present Auditors, Messrs. Ernst & Young has indicated their willingness to continue its services for another year.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolution as Ordinary Resolution with or without modifications:

6. **ORDINARY RESOLUTION 7**

   Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

   "THAT the mandate granted by the shareholders of the Company on 16 June 2014 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company, its subsidiaries or any of them (the "Group") to enter into recurrent transactions of a revenue or trading nature as set out in Section 1.3 of the Circular to Shareholders dated 27 April 2015 ("Circular"), with the Related Parties as described in the Circular, which are necessary for the day-to-day operations of the Group, be and are hereby renewed, provided that such transactions are carried out in the ordinary course of business, made on arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company;

Explanatory Note for Resolution 7

In accordance with Paragraph 10.9 of the Main Market Listing Requirements a listed issuer may seek a mandate from its shareholders for Recurrent Related Party Transactions.

Please refer to the Explanatory Note for this Agenda.

AND THAT such authority conferred by such renewed mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting;
b. the expiration of the period within which the next AGM is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earlier;

AND THAT authority be and is hereby given to the Directors to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate,

AND FURTHER THAT the estimates given on the Recurrent Related Party Transactions specified in Section 1.3 of the Circular being provisional in nature, the Directors or any of them be and are hereby authorised to agree to the actual amount or amounts thereof, provided always that such amount or amounts comply with the review procedures set out in Section 1.5 of the Circular."

7. To transact any other ordinary business for which due notice has been given in accordance with Section 151 of the Companies Act, 1965.

Explanatory Note:

In accordance with Section 151 of the Companies Act, 1965, a company shall on the requisition in writing of such number of members and at the expense of the requisitionists, give to the members of the company entitled to receive notice of the next annual general meeting, notice of any resolution which may be properly moved and is intended to be moved at that meeting.

By Order of the Board

MOHD NIZAMUDDIN BIN MOKHTAR (LS NO. 006128)
Company Secretary
Kuala Lumpur
Date: 27 April 2015

Notice of Annual General Meeting

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.

2. The instrument appointing a proxy must be in writing under the hands of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, under its common seal or that of an officer or attorney duly authorised. If the Form of Proxy is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly authorised, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A certified true copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed.

3. In accordance with Article 90 (d) of the Articles of Association of the Company, a member shall not be entitled to appoint more than 1 proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint a proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

   Every appointment submitted by an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, must specify the CDS Account Number.

5. The instrument appointing the proxy, together with the duly registered power of attorney referred to in Note 2 above, if any, must be deposited at the office of the Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty eight (48) hours before the time appointed for the Meeting or any adjournment thereof.

6. For the purpose of determining a member who shall be entitled to attend the 5th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 69 (2) (b) of the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 12 May 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 12 May 2015 shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his/her stead.

EXPLANATORY NOTES TO THE AGENDA:

Agenda 1

Pursuant to Sections 169 (1) and 174 (1) of the Companies Act, 1965, this agenda item is intended for discussion only as Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Agendas 2 and 3

The Board agreed with the Board Nomination Committee's recommendation that all the Directors who are retiring under Section 129 (6) of the Companies Act, 1965, and under Article 107 of the Company's Articles of Association, are eligible to stand for re-election and re-appointment respectively based on the results of their individual assessment.

Agenda 6

The Board proposes to renew the mandate granted by the shareholders of the Company at the previous AGM of the Company held on 16 June 2014.

The Proposed Renewal of the Existing Shareholders' Mandate will enable the Company and its subsidiaries to enter into any recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries, involving related parties as detailed in the Circular to Shareholders dated 27 April 2015.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details of Directors seeking re-election as mentioned in the Notice of Annual General Meeting are set out in their respective profiles appearing on pages 66 to 71 of this Annual Report. Directors' interests in the securities of the Company are disclosed on page 27 of this Annual Report.

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PROXY FORM

I/We ____
(NAME AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (New NRIC No.) ______________________ / (Old NRIC No.) ______________________ /

(Passport No.) ______________________ (Company No.) ______________________

of ____
(FULL ADDRESS IN CAPITAL LETTERS)

being a member of **UMW OIL & GAS CORPORATION BERHAD (878786-H)** ("Company") hereby appoint

* ☐ ____
(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

with (New NRIC No.) ____________ / (Old NRIC No.) ____________ / (Passport No.) ____________

of ____
(FULL ADDRESS IN CAPITAL LETTERS)

or

* ☐ the Chairman of the Meeting,

(*Please tick one (1) box only)

as my/our proxy to vote for me/us and on my/our behalf at the 5th Annual General Meeting of the Company to be held at **Nexus 1 and 2, Level 3A, Connexion@Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur** on **Tuesday, 19 May 2015** at **10.00 a.m.** or at any adjournment thereof.

My/Our proxy is to vote as indicated below:
(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his / her discretion).

ORDINARY RESOLUTIONS	For	Against
To re-elect Tan Sri Asmat bin Kamaludin in accordance with Section 129 (6) of the Companies Act, 1965 **Ordinary Resolution 1**		
To re-elect Razalee bin Amin in accordance with Article 107 **Ordinary Resolution 2**		
To re-elect Dato' Afifuddin bin Abdul Kadir in accordance with Article 107 **Ordinary Resolution 3**		
To re-elect Cheah Tek Kuang in accordance with Article 107 **Ordinary Resolution 4**		
To approve the payment of Directors' fees for the financial year ended 31 December 2014 **Ordinary Resolution 5**		
To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Directors to fix their Remuneration **Ordinary Resolution 6**		

SPECIAL BUSINESS	For	Against
Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Ordinary Resolution 7**		
To transact any other ordinary business for which due notice has been given in accordance with Section 151 of the Companies Act, 1965		

(Please tick in the spaces provided on how you wish your votes to be cast)

Dated this __________ day of ___________ 2015

____
Name of Member
(If the appointor is an attorney or a corporation please see Note 2 below)

____
Signature of Member

CDS Account No.

No. of Ordinary Shares Held

Notes:

1. A member of the Company entitled to attend and vote may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149 (1) (b) of the Companies act, 1965 shall not apply.
2. The instrument appointing a proxy must be in writing under the hands of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, under its common seal or that of an officer or attorney duly authorised. If the Form of Proxy is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly authorised, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed.
3. A member shall not appoint more than one (1) proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint a proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. The instrument appointing the proxy must be deposited at the office of the Company's share registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for the meeting.
6. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 69 (2) (b) of the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 12 May 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 12 May 2015 shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his stead.

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THE SHARE REGISTRAR OF
UMW OIL & GAS CORPORATION BERHAD
Company No. : 878786-H
(Incorporated in Malaysia under the Companies Act 1965)

AFFIX
STAMP

SECURITIES SERVICES (HOLDINGS) SDN. BHD.
Company No. : 36869-T
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur,
Malaysia

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UMW Oil & Gas Corporation Berhad (878786-H)
Level 18, Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia.
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