



## UZMA BERHAD

(Company No: 769866-V)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

#### A1. Basis of reporting preparation

The interim financial statements is unaudited and has been prepared in accordance with the Financial Reporting Standards 134 (FRS134): “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2009.

The accounting policies, methods of computation and the basis of consolidation used in the preparation of this interim financial report are consistent with those applied in the audited annual financial statements for the year ended 31 December 2009, except for the adoption of the following new and revised FRSs and Issues Committee Interpretations (“IC Int.”) that are effective for the financial periods beginning on or after 1 January 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
FRS 139	Financial Instruments: Recognition and Measurement (Revised)
Amendment to FRS 1 & FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendment to FRS 2	Vesting Conditions and Cancellations
Amendment to FRS 2	Scope of FRS 2 and Revised FRS 3 (Revised)
Amendment to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendment to FRS 132	Classification of Rights Issues and the Transitional Provision In Relation to Compound Instruments
Amendment to FRS 138	Consequential Amendments Arising from Revised FRS 3
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 – Group and Treasury Share Transactions

**A1. Basis of reporting preparation (Cont'd)**

IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
	FRS 119 – The Limit on a Defined Benefit Asset, Minimum
IC Int. 14	Funding Requirements and their Interaction
IC Int. 15	Agreements for the Construction of Real Estate
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
Amendment to IC Int. 9	Scope of IC Int. 9 and FRS 3 (Revised)
Annual Improvements to FRSs (2009)	

The adoption of the above FRSs and IC Interpretations and amendments do not have any significant effects on the interim financial report of the Group, other than explained below :-

FRS 101: Presentation of Financial Statements (Revised)

Prior to the adoption of the revised FRS 101, the components of the financial instruments presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the financial statements presented will consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The foreign currency gain or losses arising from the translation of foreign operations that were recognized directly in equity in the preceding year/corresponding period are presented as components in other comprehensive income for preceding year/corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to minority interests.

The total comprehensive income is presented as a one-line item in the statement of changes in equity and the comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and will not have any impact on the earnings per share.

**A2. Seasonal or cyclical factors**

The principal business operations of the Group are not significantly affected by seasonal or cyclical factors during the period under review.

**A3. Items of unusual nature and amount**

There were no items affecting assets, liabilities, equity, net income or cash flow that are unusual because of their nature, size or incidence in the interim financial reports.

**A4. Material changes in estimates**

There were no changes in the estimates of amount relating to the prior financial years that have a material effect in the current quarter under review.

**A5. Issuances, repurchases, and repayments of debt and equity securities**

There have been no issuances, repurchases, and repayments of debt and equity securities during the current quarter and year to date.

**A6. Dividends paid**

No dividend had been paid and/or recommended for the current financial period to date.

**A7. Segmental information**

Segmental information is not provided as the Group's primary business segment is principally engaged in the provision of specialised services within the oil and gas industry and its operations are principally located in Malaysia.

**A8. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current period under review.

**A9. Capital commitments**

The authorised capital commitments not provided for in the interim financial statements as at 31 March 2010 are as follows:

**RM'000**

Approved and contracted for      1,638

The capital commitments are in relation to purchase of property, plant & equipment.

**A10. Material events subsequent to the end of period reported**

As announced on 31 March 2010, the Company has entered into an agreement with Nalco Industrial Services Malaysia Sdn Bhd for the acquisition of 70% equity interest in Malaysian Energy Chemical Services Sdn Bhd ("MECAS"), a company incorporated in Malaysia for cash consideration of USD2,500,000 (equivalent to approximately RM8,175,000 million based on foreign exchange rate of USD 1.00 : RM3.27 as at the date of acquisition ("Acquisition"). The Acquisition was completed on 15 April 2010. As such MECAS's financial results will be incorporated into Uzma Group's financial statements in the quarter ending 30 June 2010.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group in the current quarter and financial year-to-date .

**A12. Contingent Liabilities and Contingent Assets**

The Company has given corporate guarantees to licensed financial institutions for banking facilities granted to its subsidiary company. In relation thereto, Company has contingent liabilities amounting to approximately RM12.82 million as at 31 March 2010.

As at 31 March 2010, the Company does not have any contingent asset.



**UZMA BERHAD**

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES'S LISTING REQUIREMENTS**

**B1. Review of performance of the Company and its principal subsidiaries**

	<b>Cumulative Period to-date Ended 31.03.2010 RM'000</b>	<b>Cumulative Period to-date Ended 31.03.2009 RM'000</b>	<b>Difference RM'000</b>	<b>%</b>
Revenue	20,411	25,970	(5,559)	(21.41)
Gross profit	3,262	6,080	(2,818)	(46.35)
(Loss)/Profit before taxation	(2,625)	1,534	(4,159)	(271.12)

Compared to quarter 1 ("Q1") 2009, the Group's revenue in Q1 2010 has decreased by RM5.56 million, representing a decrease of 21.4% .

The decrease in revenue was mainly due to slower completion of existing projects in Q1 2010 from Geoscience and Reservoir Engineering division ("GRE"). The GRE's revenue has decreased from RM5.49 million in Q1 2009 to RM3.07 million in Q1 2010, representing a decrease of RM2.42 million or 44.1%.

In line with decrease of revenue mentioned above, the Group's gross profit has also decreased from RM6.08 million in Q1 2009 to RM3.26 million in Q1 2010.

As consequences of the lower revenue and gross profit recorded, the Group has recorded a loss before taxation of RM2.63 million in Q1 2010 as compared to a profit before taxation of RM1.53 million in Q1 2009. We wish to highlight that the losses incurred in Q1 2010 was also due to higher operating expenses incurred by the Group and additional cost incurred for setting up a new division which is expected to commence business activity by second quarter of 2010.

For further explanation on the performance of the Group, please refer to note B2.

In the opinion of the Directors, the result for the current quarter and financial year-to-date have not been affected by any transactions or events of a material nature which has arisen between 31 March 2010 and the date of this report.

**B2. Material changes in the results of the current quarter compared to the results of the preceding quarter**

	<b>Quarter Ended 31.03.2010 RM'000</b>	<b>Quarter Ended 31.12.2009 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	20,411	21,865	(1,454)	(6.65)
(Loss) before taxation	(2,625)	(14,203)	11,578	81.52

Compared to the previous quarter, the Group's revenue has decreased by RM1.45 million in the current quarter representing a decrease of 6.6%. However, the Company's loss before taxation has reduced by RM11.58 million representing a decrease of 81.5%. The reduction was mainly due to allowance for doubtful debts made in previous quarter.

For further explanation on the performance of the Group, please refer to note B1.

In the opinion of the Directors, the result for the current quarter has not been affected by any transactions or events of a material nature which has arisen between 31 December 2009 and the date of this report.

**B3. Prospects and progress to achieve forecast for the remaining period to the end of financial period or next financial year**

Barring any unforeseen circumstances, the Directors remain cautiously optimistic with the Group's prospects for the current financial year in view of the gradually improving oil prices which is anticipated to result in reactivation of the exploration and production enhancement activities by our clients and the Group anticipates seeing the results in second quarter of 2010. In addition, the Group's venture into petroleum operation in the Inner Mongolia has shown positive results upon the successful drilling campaign and the project will recommence after winter i.e. by end of second quarter 2010. The Group is also anticipating the second unit of UzmaPress to commence by the second quarter of 2010. Furthermore, as highlighted in section A10, the Directors are optimistic on earnings contribution from the MECAS, a new acquired subsidiary.

The Group has not previously disclosed or announced any revenue or profit forecast, estimate, projection or internal targets since the beginning of financial year ending 2009.

**B4. Statement by Directors**

Not applicable.

**B5. Variance between Actual Profit and Forecast Profit**

Not applicable as the Group has not previously disclosed or announced any revenue or profit forecast, estimate, projection or internal targets since the beginning of financial year ending 2010.

**B6. Taxation**

	<b>Current Quarter Ended 31.03.2010 RM'000</b>	<b>Corresponding Quarter Ended 31.03.2009 RM'000</b>	<b>Cumulative Year To Date 31.03.2010 RM'000</b>	<b>Corresponding Year To Date 31.03.2009 RM'000</b>
Current taxation	(31)	(441)	(31)	(441)

**B7. Profit from sale of unquoted investments and/ or properties**

There were no disposal of unquoted investment and properties for the current quarter and financial year-to-date.

**B8. Quoted securities**

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

**B9. Status of Corporate Proposal**

There are no corporate proposals announced by the Group that have not been completed as at 19 May 2010.

**B10. Group borrowings and debt securities**

The Group's borrowings as at 31 March 2010 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Short term borrowing:-</u></b>			
Bank borrowing	4,921	-	4,921
Hire Purchases	58	-	58
Bank overdraft	1448	-	1448
	<u>6,427</u>	<u>-</u>	<u>6,427</u>
<b><u>Long Term borrowings:-</u></b>			
Bank borrowing	6,070	-	6,070
Hire Purchases	183	-	183
	<u>6,253</u>	<u>-</u>	<u>6,253</u>
Total	<u>12,680</u>	<u>-</u>	<u>12,680</u>

**B11. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk.

**B12. Material Litigation**

As at 19 May 2010, neither the Company or its subsidiaries is involved in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

**B13. Proposed Dividend**

No dividend has been proposed for the current financial period ended 31 March 2010.

**B14. Earnings per share**

	<b>Current quarter ended 31.03.2010</b>	<b>Corresponding quarter ended 31.03.2009</b>	<b>Cumulative year to date 31.03.2010</b>	<b>Corresponding year to date 31.03.2009</b>
Total (Loss)/Profit for the period (RM'000)	(2,676)	1,044	(2,676)	1,044
Number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic (loss) / earning per share (sen)	(3.35)	1.31	(3.35)	1.31

(a) Basic earnings per share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the number of ordinary shares in issue during the financial year.

(b) Fully diluted earnings per share

Fully diluted earnings per share were not computed as there were no outstanding potential ordinary shares to be issued as at the end of the reporting period.

**B15. Auditors' report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2009.

By order of the Board,

Dato' Kamarul Redzuan Muhamed  
Managing Director/Chief Executive Officer  
Date: 26 May 2010