



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 SECOND QUARTER ENDED 30 JUNE 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 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 132	Financial Instruments : Presentation
FRS 139	Financial Instruments: Recognition and Measurement (Revised)
Amendments to FRS 1 & FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7, FRS 139 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives.
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Improvement to FRSs	Improvements to FRSs (2009)

A1. Basis of reporting preparation (Cont'd)

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)

The revised 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income.

The standard also introduces the statement of comprehensive income; presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present the statement of comprehensive income in two statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

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

There was no material capital commitments for the current financial period to date.

A10. Material events subsequent to the end of period reported

There are no material events subsequent to 30 June 2010 that has not been reflected in the financial statement for the interim period.

A11. Changes in the Composition of the Group

On 30 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 have been incorporated into Uzma Group's financial statements in the current quarter ended 30 June 2010.

Other than the above, there were no significant changes to the composition of the Group for the current financial period ended 30 June 2010.

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 the, Company has contingent liabilities amounting to approximately RM9.25 million as at 30 June 2010.

As at 30 June 2010, the Company does not have any contingent asset.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

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

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

	Cumulative Period to-date Ended 30.06.2010 RM'000	Cumulative Period to-date Ended 30.06.2009 RM'000	Difference RM'000	%
Revenue	49,884	55,626	(5,742)	(10.3)
Gross profit	9,695	13,901	(4,206)	(30.3)
(Loss)/Profit before taxation	(2,598)	4,094	(6,692)	(163.5)

Compared to year-to-date (“YTD”) 2009, the Group’s revenue in YTD 2010 has decreased by RM5.74 million, representing a decrease of 10.3%.

The decrease in revenue was mainly due to slower completion of existing projects in YTD 2010 from Geosciences and Reservoir Engineering division (“GRE”) and Geological Laboratory (“Lab”) division. In addition, the Resource Management division also recorded lower sales in YTD 2010. The overall reduction in Group’s revenue was offset by the revenue contribution from MECAS.

The decrease of revenue has resulted in decrease of the Group’s gross profit from RM13.90 million in YTD 2009 to RM9.70 million in YTD 2010.

As consequences of the lower revenue and gross profit recorded, the Group has recorded a loss before taxation of RM2.60 million in YTD 2010 as compared to a profit before taxation of RM4.09 million in YTD 2009. We wish to highlight that the losses incurred in YTD 2010 was also due to higher operating expenses incurred by the Group and additional cost incurred in setting up a new division.

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

	Quarter Ended 30.06.2010 RM'000	Quarter Ended 31.03.2010 RM'000	Difference RM'000	%
Revenue	29,473	20,411	9,062	44.4
Profit/(Loss) before taxation	27	(2,625)	2,652	101.0

Compared to the previous quarter, the Group's revenue has increased by RM9.06 million in the current quarter representing an increase of 44.4%. In line with the higher revenue achieved in current quarter, the Group has turnaround from loss before taxation in previous quarter to registering a profit before taxation of RM27,000.

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 Company remains cautiously optimistic with the Group's prospects based on the positive developments in the past six (6) months in 2010 as follows:

- (i) the Group's venture into petroleum operation in the Inner Mongolia will show positive results upon the successful drilling campaign and barring any unforeseen circumstances, the production shall commence by end of fourth quarter 2010;
- (ii) As highlighted in the first quarter report, two units of uzmAPRES have been rented to client and the Group is also anticipating the third unit of uzmAPRES to commence by the third quarter of 2010;
- (iii) The Group has also received two umbrella contracts to supply oil and gas personnel which expected to start contributing to our revenue in Q3 and Q4; and
- (iv) Furthermore, as highlighted in section A11, the Company is optimistic on earnings contribution from the MECAS, a new acquired subsidiary.

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

	Current Quarter Ended 30.06.2010 RM'000	Corresponding Quarter Ended 30.06.2009 RM'000	Cumulative Year To Date 30.06.2010 RM'000	Corresponding Year To Date 30.06.2009 RM'000
Current taxation	(69)	(733)	(100)	(1,174)

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 other corporate proposals announced by the Group that have not been completed as at 20 August 2010.

B10. Group borrowings and debt securities

The Group's borrowings as at 30 June 2010 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>			
Bank borrowings	2,719	-	2,719
Hire purchase payables	58	-	58
Bank overdrafts	1,604	-	1,604
	<u>4,381</u>	<u>-</u>	<u>4,381</u>
<u>Long Term borrowings:-</u>			
Bank borrowings	5,938	-	5,938
Hire purchase payables	168	-	168
	<u>6,106</u>	<u>-</u>	<u>6,106</u>
Total	<u>10,487</u>	<u>-</u>	<u>10,487</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 20 August 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 30 June 2010.

B14. (Loss) / Earnings per share

	Current quarter ended 30.06.2010	Corresponding quarter ended 30.06.2009	Cumulative year to date 30.06.2010	Corresponding year to date 30.06.2009
Total (Loss)/Profit for the period (RM'000)	(127)	1,759	(2,803)	2,803
Number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic (loss) / earnings per share (sen)	(0.16)	2.20	(3.50)	3.50

(a) Basic (loss) / earnings per share

The basic (loss) / earnings per share is calculated based on the Group's profit/(loss) attributable to equity holders of the Company divided by the number of ordinary shares in issue during the reporting period.

(b) Fully diluted (loss) / earnings per share

Fully diluted (loss) / 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.