



## 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (Revised)	Presentation of Financial Statements
FRS 123 (Revised)	Borrowing Costs
FRS 132	Financial Instruments : Presentation
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 & FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	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.
Amendments to FRS 101 and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 132	Classifications of Rights Issues and the Transitional Provision in Relation to Compound Instruments
IC Interpretation 9	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
Annual 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(Revised): Presentation of Financial Statements

The FRS 101 (Revised) 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**

Approved and contracted for property and equipment	RM1,580,000
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**A10. Material events subsequent to the end of period reported**

There are no material events subsequent to 30 September 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 quarter ended 30 June 2010.

Other than the above, there were no other significant changes to the composition of the Group for the current financial period ended 30 September 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 RM8.36 million as at 30 September 2010.

As at 30 September 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 SEPTEMBER 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 30.09.2010 RM'000</b>	<b>Cumulative Period to-date Ended 30.09.2009 RM'000</b>	<b>Difference RM'000</b>	<b>%</b>
Revenue	79,954	76,962	2,992	3.89
Gross profit	15,535	17,813	(2,278)	(12.79)
(Loss)/Profit before taxation	(2,448)	1,714	(4,162)	(242.82)

Compared to cumulative period-to-date ("PTD") 2009, the Group's revenue in PTD 2010 has increased by RM2.99 million, representing an increase of 3.89%.

The increase in revenue was mainly due to revenue contribution from newly acquired subsidiary, MECAS but the growth was partly being offset with lower revenue from Geoscience and Reservoir ("GRE") and Geological Laboratory ("Lab") division due to slow down in projects. In addition, manpower division also reported a lower revenue as compared to PTD 2009.

The Group's gross profit decreased by RM2.3 million from RM17.8 million reported in PTD 2009 to RM15.5 million in PTD 2010 due to decline in profit contribution from GRE which generated a higher profit in PTD 2009.

The Group reported a loss before taxation of RM2.4 million in PTD 2010 as compared to a profit before taxation of RM1.7 million in PTD 2009 mainly due to lower profit margin from existing projects and higher operating expenses in setting up a wireline division.

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

	<b>Quarter Ended 30.09.2010 RM'000</b>	<b>Quarter Ended 30.06.2010 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	30,070	29,473	597	2.03
Profit before taxation	149	27	122	451.85

Compared to the previous quarter, the Group's revenue has increased by RM597,000 in the current quarter representing an increase of 2.03%. Correspondingly, the Group's profit before taxation has increased by RM122,000 representing an increase of 451.85%.

**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 based on the positive developments in the past nine (9) months in 2010 as follows:

- (i) As announced on 2 November 2010, a contract extension worth RM 15 million by PETRONAS has been approved and awarded to the Group. The said contract involved supply of equipment, provision of manpower & consultancy for Low Pressure System;
- (ii) As announced on 22 October 2010, the Group has been awarded an "umbrella" contract by PETRONAS for the provision of subsurface studies for routine and enhance oil recovery (EOR) for an initial period of 3 years;
- (iii) As announced on 29 September 2010, the Group's venture into petroleum exploration in the Inner Mongolia has shown positive results with three additional new wells spudded and drilled. In addition, new improved production to the existing 6 wells has commenced and barring any unforeseen circumstances the production shall yield positive results; and.
- (iv) The earnings contribution from the MECAS, a new acquired subsidiary as disclosed in section A11.

**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 30.09.2010 RM'000</b>	<b>Corresponding Quarter Ended 30.09.2009 RM'000</b>	<b>Cumulative Year To Date 30.09.2010 RM'000</b>	<b>Corresponding Year To Date 30.09.2009 RM'000</b>
Current taxation	81	495	(20)	(679)

**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 23 November 2010.

**B10. Group borrowings and debt securities**

The Group's borrowings as at 30 September 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 borrowings	2,568	-	2,568
Hire purchase payables	58	-	58
	<u>2,626</u>	<u>-</u>	<u>2,626</u>
<b><u>Long Term borrowings:-</u></b>			
Bank borrowings	5,789	-	5,789
Hire purchase payables	154	-	154
	<u>5,943</u>	<u>-</u>	<u>5,943</u>
Total	<u>8,569</u>	<u>-</u>	<u>8,569</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 23 November 2010, neither the Company nor 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 September 2010.

**B14. Earnings / (Loss) per share**

	Current quarter ended 30.09.2010	Corresponding quarter ended 30.09.2009	Cumulative year to date 30.09.2010	Corresponding year to date 30.09.2009
Total Profit / (Loss) for the period (RM'000)	286	(1,832)	(2,517)	972
Number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings / (loss) per share (sen)	0.36	(2.29)	(3.15)	1.21

**(a) Basic earnings / (loss) per share**

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

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

Fully diluted earnings / (loss) 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.