



## 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 FOURTH QUARTER ENDED 31 DECEMBER 2012

#### 1. BASIS OF REPORTING PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provision of the Listing Requirements of the Bursa Malaysia Securities Berhad and Malaysia Financial Reporting Standard 134: *Interim Financial Reporting* (“MFRS 134”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

These are the Group’s condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any material impact to the condensed consolidated financial statements of the Group.

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those applied by the Group in its audited financial statements for the year ended 31 December 2011.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and HAVE NOT been applied by the Group:-

		<b>Effective date</b>
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013

**1. BASIS OF REPORTING PREPARATION (CONT'D)**

		<b>Effective date</b>
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

**2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2011.

**3. 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.

**4. 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.

**5. 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.

**6. ISSUANCES, REPURCHASES, AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

On 29 March 2012, the Company completed a private placement of 8,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM2.00 per share.

On 16 May 2012, the Company announced a proposed bonus issue of 44,000,000 new ordinary shares of RM0.50 each in the Company ("Uzma Shares") on the basis of 1 bonus share for every 2 existing shares of the Company held by the shareholders, to be credited as fully paid-up ("Proposed Bonus Issue"). On 17 July 2012, the Bonus Issue was completed following the listing of and quotation for 44,000,000 new Uzma Shares on the Main Market of Bursa Malaysia Securities Berhad. Subsequent to the Bonus Issue, the enlarged number of Uzma Shares in issue is 132,000,000 ordinary shares.

Other than the above, there have been no issuances, repurchases, and repayment of debt and equity securities during the current quarter and period to date.

## 7. DIVIDENDS PAID

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

## 8. SEGMENTAL INFORMATION

The Group is organised into 3 main business segments as follows:-

- (i) Services segment - involved in provision of geoscience and reservoir engineering, drilling, project and oilfield operations services, wireline services and other specialised services.
- (ii) Trading segment - involved in manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.
- (iii) Investment holding

	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	THE GROUP RM'000
<b>REVENUE</b>					
External revenue	260,756	28,717	-	-	289,473
Inter-segment revenue	-	-	2,309	(2,309)	-
Total revenue	<u>260,756</u>	<u>28,717</u>	<u>2,309</u>	<u>(2,309)</u>	<u>289,473</u>
<b>RESULTS</b>					
Segment results	25,982	6,914	1,228	(2,129)	31,995
Finance costs	(1,899)	(44)	-	-	(1,943)
Share of profit in a jointly controlled entity					<u>2,987</u>
Profit from ordinary activities before taxation					33,039
Income tax expense					<u>(8,918)</u>
Profit from ordinary activities after taxation					24,121
Non- controlling interest					<u>(1,678)</u>
Net profits attributable to owners of the Company					<u>22,443</u>

## 9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

**10. CAPITAL COMMITMENTS**

Approved and contracted for property, plant and equipment RM 4,933,000

**11. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED**

There were no other material events subsequent to 31 December 2012 that has not been reflected in the financial statements for the financial year ended 31 December 2012.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in composition of the Group during the current financial quarter under review.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no changes in the contingent liabilities and contingent assets of the Group during the quarter under review.

The Company has given corporate guarantees to licensed financial institutions for banking facilities granted to its subsidiaries. In relation thereto, the Company has contingent liabilities amounting to approximately RM55.1 million as at 31 December 2012.

**14. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**

	<b>(Unaudited) Cumulative Year To Date 31.12.2012 RM'000</b>	<b>(Audited) Cumulative Year To Date 31.12.2011 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	289,473	192,560	96,913	50.3
Gross profit	63,492	41,019	22,473	54.8
Profit before taxation	33,039	16,665	16,374	98.3

The Group's revenue in cumulative year-to-date ("YTD") 2012 registered an increase of RM96.9 million or 50.3% as compared to YTD 2011. The increase in revenue was mainly due to realisation of long term contracts as disclosed in note 16. In line with the increase of revenue, the gross profit has also increased by RM22.5 million or 54.8%.

The Group's profit before taxation for YTD 2012 has doubled-up, increased by RM16.4 million or 98.3%. The significant improvement of profit before taxation was not only due to increase in revenue and gross profit but the cost optimisation exercise carried out by the Group in the beginning of 2012.

**15. MATERIAL CHANGES IN THE RESULTS OF THE CURRENT QUARTER COMPARED TO THE RESULTS OF THE PRECEDING QUARTER**

	(Unaudited) Current Quarter Ended 31.12.2012 RM'000	(Unaudited) Preceding Quarter Ended 30.09.2012 RM'000	Difference	
			RM'000	%
Revenue	82,939	81,366	1,573	1.9
Gross profit	22,053	15,254	6,799	44.6
Profit before taxation	11,529	8,179	3,350	41.0

Compared to previous quarter, the Group's revenue and gross profit increased by RM1.6 million and RM6.8 million respectively in the current quarter. The significant improvement in gross profit was due to improvement in gross profit margin arising from changes in services or projects composition.

In line with the significant improvement in gross profit, the Group reported an increase in profit before taxation of RM3.4 million or 41.0% in the current quarter.

**16. PROSPECTS AND PROGRESS TO ACHIEVE FORECAST FOR THE NEXT FINANCIAL YEAR**

Barring any unforeseen circumstances, the Directors remain optimistic with the Group's prospects for the next financial year, based on the positive developments within the oil and gas industry and the Company specific in 2012 as follows:

- (i) In March 2011, Uzma Engineering Sdn. Bhd. ("UESB") a wholly-owned subsidiary of the Company was awarded by PETRONAS Carigali Sdn Bhd ("PETRONAS"), a long term service agreement to provide a Low Pressure System ("LPS") for its domestic upstream operations. The contract value is estimated to be RM200 million for three years, effective from 18 February 2011 to 17 February 2014. The contract is expected to contribute positively to the earnings of the Group. As at the reporting date, the Group has secured necessary financing to fund the implementation of the said agreement.
- (ii) As announced on 26 July 2011, UESB was awarded by PETRONAS a contract for the provision of integrated equipment and services for idle well reactivation project. The value of the contact is estimated at RM170 million for three years effective from 25 July 2011 to 24 July 2014. The contract is expected to contribute positively to the earnings of the Group commencing in the fourth quarter 2011.
- (iii) As announced on 20 September 2011, UESB was awarded a contract by PETRONAS to provide marine 2D and 3D seismic data acquisition services ("Umbrella Contract"). The Umbrella Contract period shall be effective from 18 August 2011 and shall continue for a primary period of three (3) years with an extension option of two (2) years.
- (iv) As announced on 16 February 2012, UESB was awarded a contract by PETRONAS to provide well testing equipment and services for Petronas Drilling Programmes – West Region. The contract value is estimated at RM350 million for contract period of five (5) years effective from 1 April 2012 to 31 March 2017.

**16. PROSPECTS AND PROGRESS TO ACHIEVE FORECAST FOR THE REMAINING PERIOD TO THE END OF FINANCIAL PERIOD OR NEXT FINANCIAL YEAR (CONT'D)**

- (v) As announced on 19 January 2012, the Group has completed the acquisition of 30.02 % equity interest in SVP principally engaged in the business of oil and gas services specialising in providing well-pumping and coil tubing services within the oil and gas sector. SVP is currently contributing positively to the Group's earnings.
- (vi) As announced on 11 June 2012, UESB was awarded a contract by PETRONAS for the provision of integrated water injection studies. The contract value is estimated at RM36 million for contract period of three (3) years effective from 14 May 2012 to 13 May 2015 with an extension option of 1 year from 14 May 2015 to 13 May 2016.
- (vii) As announced on 6 August 2012, Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS") was awarded a contract by PETRONAS for the supply of chemical and related services. The contract value is estimated at RM62 million for contract period of five (5) years effective from 6 July 2012 to 5 July 2017 with four extension option of 1 year each.
- (viii) As announced on 28 August 2012, MECAS received a Letter of Award from ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") for the extension of contracts for the provision of Production and Integrity Chemicals. The value of the extension is estimated at RM27.5 million per year. The extension period will be for 1 year effective from 1 June 2012 to 31 May 2013 with an extension option of 1 year from 1 June 2013 to 31 May 2014.

**17. STATEMENT BY DIRECTORS**

Not applicable.

**18. 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 ended 31 December 2012.

**19. TAXATION**

	<b>(Unaudited) Current Quarter Ended 31.12.2012 RM'000</b>	<b>(Unaudited) Corresponding Quarter Ended 31.12.2011 RM'000</b>	<b>(Unaudited) Cumulative Year To Date 31.12.2012 RM'000</b>	<b>(Audited) Corresponding Year To Date 31.12.2011 RM'000</b>
Current tax:				
- for the current financial period	(4,253)	1,195	(7,711)	(1,334)
- under provision in previous financial year	(51)	(80)	(51)	(80)
Deferred tax	319	(3,405)	(1,156)	(2,461)
	<u>(3,985)</u>	<u>(2,290)</u>	<u>(8,918)</u>	<u>(3,875)</u>

**20. ADDITIONAL DISCLOSURE**

	<b>(Unaudited) Current Quarter Ended 31.12.2012 RM'000</b>	<b>(Unaudited) Cumulative Year To Date 31.12.2012 RM'000</b>
<u>Profit for the year is arrived at after charging:</u>		
- Depreciation of property , plant and equipment	(910)	(3,386)
- Net foreign exchange loss	(111)	(294)
- Impairment loss on trade receivables	(13)	(13)

Other than the above, there is no impairment loss on property, plant and equipment, gain or loss on disposal of quoted or unquoted securities or investments, amortisation of intangible assets, gain or loss on disposal of fixed assets, inventories written off, gain or loss on derivatives and exceptional items included in the results for current quarter and financial year ended 31 December 2012.

**21. STATUS OF CORPORATE PROPOSAL**

There are no corporate proposals announced by the Group that have not been completed as at 26 February 2013.

**22. STATUS OF UTILISATION OF PROCEEDS**

As disclosed in note 6, the total proceeds raised from the private placement was RM16,000,000. The status of utilisation of proceeds from the private placement exercise is as follows:

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation up to 31 December 2012 RM'000</b>	<b>Intended time frame for utilisation Months</b>	<b>Deviation RM'000</b>	<b>%</b>	<b>Explanation</b>
Part finance the capital expenditure to build proprietary low pressure system equipment, uzMAPRES	7,000	4,788	24	2,212	31.6	Note 1
Working capital requirements	8,890	8,890	12	-	-	
Defraying expenses incidental to the private placement	110	110	1	-	-	
	<u>16,000</u>	<u>13,788</u>		<u>2,212</u>		

*Note 1 : As announced on 23 October 2012, the Company has resolved that the unutilized amount of RM2.21 million ("Remaining Proceeds") will be utilized to part finance the design and fabrication of the third unit of uzMAPRES. The Company intends to utilize the Remaining Proceeds within 12 months from 23 October 2012.*

**23. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 31 December 2012 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<u>Short-term borrowing:-</u>			
Bank borrowings	4,909	-	4,909
Hire purchase payables	260	-	260
	<u>5,169</u>	<u>-</u>	<u>5,169</u>
<u>Long-term borrowings:-</u>			
Bank borrowings	16,627	-	16,627
Hire purchase payables	430	-	430
	<u>17,057</u>	<u>-</u>	<u>17,057</u>
Total	<u>22,226</u>	<u>-</u>	<u>22,226</u>

**24. OFF STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS**

The Group does not have any financial instruments with off statement of financial position risk.

**25. MATERIAL LITIGATION**

As at 26 February 2013, 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.

**26. PROPOSED DIVIDEND**

No dividend has been proposed for the current quarter and financial period to date.

**27. EARNINGS PER SHARE**

	<b>Unaudited Current Quarter ended 31.12.2012</b>	<b>Unaudited Corresponding Quarter ended 31.12.2011</b>	<b>Unaudited Cumulative Year to date 31.12.2012</b>	<b>Unaudited Corresponding Year to date 31.12.2011</b>
Net profit attributable to owners of the Company (RM'000)	6,751	3,904	22,443	12,062
Weighted average number of ordinary shares in issue ('000)	132,000	124,000	130,077	124,000
Basic earnings per share (sen)	5.11	3.15	17.25	9.73

(a) Basic earnings per share

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

(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.

(c) Comparative earnings per share

Comparative earnings per share have been adjusted due to bonus issue made this year.

**28. REALISED AND UNREALISED PROFITS DISCLOSURE**

The retained profits as at 31 December 2012 and 31 December 2011 are analysed as follows:

	<b>(Unaudited) As at 31.12.12 RM'000</b>	<b>(Audited) As at 31.12.11 RM'000</b>
Total retained profits/(loss) of the Company and the subsidiaries		
- Realised	49,814	27,348
- Unrealised	(1,895)	515
	<u>47,919</u>	<u>27,863</u>
Total share of profit/(loss) from jointly controlled entities		
- Realised	2,245	(142)
Total Group retained profits	<u>50,164</u>	<u>27,721</u>