



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 2011

1. 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 2010.

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 2010.

On 1 January 2011, the Group adopted the following new FRSs, Amendments to FRS and IC Interpretations:-

FRS 1 (Revised)	First- time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combinations
FRS 127 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 1 (Revised)	Limitation Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1 (Revised)	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Scope of FRS 2 and FRS 3 (Revised)
Amendments to FRS 2	Group Cash settled- Share based Payment Transactions
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 138	Consequential Amendments Arising from FRS 3 (Revised)
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and FRS 3 (Revised)
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of a Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers
Annual Improvement to FRs (2010)	

1. BASIS OF REPORTING PREPARATION (CONT'D)

The above accounting standard and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) FRS 3 (Revised) introduces significant changes to accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of it transaction or arrangements.
- (ii) FRS 127 (Revised) required accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the minority interest instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

At the date of authorisation of these interim financial statements, the following FRSs, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been adopted by the Group:

		Effective date
FRS 9	Financial Instruments	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119 (Revised)	Employee Benefits	1 January 2013
FRS 127 (2011)	Separate Financial Statements	1 January 2013
FRS 128 (2011)	Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20	Stripping Cost in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 1 (Revised)	Severe Hyperinflation and Removal of fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7	Disclosure – Transfer of Financial Assets	1 January 2012
Amendments to FRS 112	Recovering of Underlying Assets	1 January 2012
FRS 124 (Revised)	Related Party Disclosures	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 101 (Revised)	Presentation of Items of Other Comprehensive Income	1 July 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011

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 2010.

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

There have been no issuances, repurchases, and repayments 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

8. SEGMENTAL INFORMATION (CONT'D)

	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	THE GROUP RM'000
REVENUE					
External revenue	163,899	28,390	-	-	192,289
Inter-segment revenue	22	-	180	(202)	-
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Total revenue	163,921	28,390	180	(202)	192,289
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RESULTS					
Segment results	13,911	2,856	457	(675)	17,549
Finance costs	(868)	-	-	-	(868)
Share of loss in a jointly controlled entity					<u>(24)</u>
Profit from ordinary activities before taxation					16,657
Income tax expense					<u>(3,874)</u>
Profit from ordinary activities after taxation					12,783
Non- controlling interest					<u>(726)</u>
Net profits attributable to owners of the Company					<u>12,057</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 230,000

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF PERIOD REPORTED

Save as disclosed in Note 21 (ii), there are no material events subsequent to 31 December 2011 that has not been reflected in the financial statements for the financial year ended 31 December 2011.

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 RM42.8 million as at 31 December 2011.

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

	(Unaudited) Cumulative Year To Date 31.12.2011 RM'000	(Audited) Cumulative Year To Date 31.12.2010 RM'000	Difference	
			RM'000	%
Revenue	192,289	116,099	76,190	65.6
Gross profit	41,005	21,434	19,571	91.3
Profit/(Loss) before taxation	16,657	(2,167)	18,824	868.6

The Group's revenue in cumulative year-to-date ("YTD") 2011 registered an increase of RM76.2 million or 65.6% as compared to YTD 2010. Overall, all business divisions have registered higher revenue in YTD 2011. The increase in revenue was mainly contributed by Manpower Services ("Manpower") which registered the highest increase of RM33.9 million follow by Project Oilfield Operation Services ("POOS") and Geoscience & Petroleum Engineering Services ("GPE") which reported increase in revenue by RM17.9 million and RM 9.5 million respectively. In addition, a newly set up division from Wireline Services ("Wireline") has contributed to Group's revenue in YTD 2011 by RM10.9 million.

In line with the increase of revenue above, the Group's gross profit has increased significantly by RM19.6 million from RM21.4 million reported in YTD 2010 to RM41 million in YTD 2011. Overall, most business divisions have registered higher gross profit in YTD 2011. POOS has contributed the highest increase of gross profit with RM7.0 million, followed by Manpower of RM4.0 million. The contribution from Wireline has increased the gross profit by RM2.9 million.

Due to significant improvement in revenue and profit margin from all major divisions within the Group, the Group's results before taxation has turned around from a loss before taxation of RM2.2 million in YTD 2010 to profit before taxation of RM16.7 million in YTD 2011.

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

	(Unaudited) Current Quarter Ended 31.12.2011 RM'000	(Unaudited) Preceding Quarter Ended 30.09.2011 RM'000	Difference	
			RM'000	%
Revenue	60,881	56,257	4,624	8.2
Gross profit	14,100	9,430	4,670	49.5
Profit before taxation	6,402	4,719	1,683	35.7

Compared to the previous quarter, the Group's revenue has increased by RM4.6 million in the current quarter which represent an increase of 8.2%. The increase in revenue was mainly derived from new projects and additional orders generated from Manpower, POOS and Wireline.

The Group's gross profit has increased by RM 4.7 million in the current quarter which equivalent to 49.5% as compared to the previous quarter which was mainly due to additional contributions from Wireline in the current quarter.

Compared to the preceding quarter, the Group reported an increase in profit before taxation of RM 1.7 million or 35.7% increase. This was mainly due to increase in profit contributions from all major divisions in the Group.

16. 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 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 2011 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.

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

- (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.

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 period ending 31 December 2011.

19. TAXATION

	(Unaudited) Current Quarter Ended 31.12.2011 RM'000	(Audited) Corresponding Quarter Ended 31.12.2010 RM'000	(Unaudited) Cumulative Year To Date 31.12.2011 RM'000	(Audited) Corresponding Year To Date 31.12.2010 RM'000
Current tax:				
- for the current financial year	1,196	(886)	(1,333)	(906)
- under/ (over) provision in the previous financial year	(80)	(17)	(80)	(17)
- deferred tax	(3,405)	1,861	(2,461)	1,861
	<u>(2,289)</u>	<u>958</u>	<u>(3,874)</u>	<u>938</u>

20. ADDITIONAL DISCLOSURE

	(Unaudited) Current Quarter Ended 31.12.2011 RM'000	(Unaudited) Cumulative Year To Date 31.12.2011 RM'000
<u>Profit for the period is arrived at after charging:</u>		
- Depreciation of property , plant and equipment	581	1,813
<u>And after crediting:</u>		
- Gain on disposal of property, plant and equipment	25	25
- Net foreign exchange loss	(142)	(86)

Other than the above, there is no impairment loss on trade receivables, impairment loss on property, plant and equipment, gain or loss on disposal of quoted or unquoted securities or investments, amortisation of intangible 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 2011.

21. STATUS OF CORPORATE PROPOSAL

- (i) On 26 May 2011, Uzma announced that the company proposes to issue new ordinary shares of RM0.50 each in Uzma ("Placement Shares") not exceeding 10% of the issued and paid-up share capital of the Company through a private placement exercise ("Proposed Private Placement"). Bursa Malaysia Securities Berhad had, vide its letter dated 7 July 2011, approved Uzma's application for the listing of and quotation of up to 8,000,000 new ordinary shares of RM0.50 each in Uzma pursuant to the Proposed Private Placement.

Subsequently, Uzma had on 8 December 2011 submitted an application to Bursa Securities to seek an extension of time of six (6) months to implement the Proposed Private Placement which was approved by Bursa Securities on 28 December 2011. Currently, the Company is in the midst of identifying potential placees to subscribe for the Placement Shares.

- (ii) Tenggara Analisis Sdn. Bhd., a wholly-owned subsidiary of the Company, has on 9 December 2011 entered into an agreement with Dato' Nasri Bin Nasrun for the acquisition of 30.02% ordinary equity interest in Setegap Ventures Petroleum Sdn. Bhd. for a cash consideration of RM7,500,000 ("Acquisition"). The Acquisition was completed on 19 January 2012.

22. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 December 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short-term borrowing:-</u>			
Bank borrowings	8,784	-	8,784
Hire purchase payables	32	-	32
	<u>8,816</u>	<u>-</u>	<u>8,816</u>
<u>Long-term borrowings:-</u>			
Bank borrowings	16,769	-	16,769
Hire purchase payables	334	-	334
	<u>17,103</u>	<u>-</u>	<u>17,103</u>
Total	<u>25,919</u>	<u>-</u>	<u>25,919</u>

23. OFF STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS

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

24. MATERIAL LITIGATION

As at 21 February 2012, 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.

25. PROPOSED DIVIDEND

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

26. EARNINGS / (LOSS) PER SHARE

	Unaudited Current Quarter ended 31.12.2011	Unaudited Corresponding Quarter ended 31.12.2010	Unaudited Cumulative Year to date 31.12.2011	Unaudited Corresponding Year to date 31.12.2010
Net profit / (loss) attributable to owners of the Company (RM'000)	3,899	468	12,057	(2,049)
Number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings / (loss) per share (sen)	4.87	0.59	15.07	(2.56)

(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.

27. REALISED AND UNREALISED PROFITS DISCLOSURE

The retained profits as at 31 December 2011 and 31 December 2010 are analysed as follows:-

	(Unaudited) As at 31.12.11 RM'000	(Audited) As at 31.12.10 RM'000
Total retained profits of the Company and the subsidiaries		
- Realised	28,363	14,098
- Unrealised	(505)	1,679
	<u>27,858</u>	<u>15,777</u>
Total share of losses from a jointly controlled entity		
- Realised	(142)	(118)
Total Group retained profits	<u>27,716</u>	<u>15,659</u>