




**2009**

**uzma berhad (769866-V)  
annual report**



INNOVATION is at the centre of the core values of Uzma.  
Our vast reservoir of ideas was the beacon of light during the trying times of 2009.

The bright energy radiating outward from the innovative core within a grey landscape,  
reflects the strength and resolute Uzma possesses to continue being a robust, resilient and innovative  
organisation

## NOTICE OF THE THIRD ANNUAL GENERAL MEETING



**UZMA BERHAD (769866-V)**  
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Kelab Golf Sultan Abdul Aziz Shah, No 1. Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 23 June 2010 at 10.00 a.m. to transact the following businesses:-

### AGENDA

- |    |   |                              |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of Directors and Auditors thereon.                          | <b>Ordinary Resolution 1</b> |
| 2. | To re-elect Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee who retire in accordance with Article 77 of the Company's Articles of Association.                   | <b>Ordinary Resolution 2</b> |
| 3. | To re-elect Peter Angus Knowles who retire in accordance with Article 77 of the Company's Articles of Association.  | <b>Ordinary Resolution 3</b> |
| 4. | To appoint Messrs Crowe Horwath (formerly known as Horwath) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <b>Ordinary Resolution 4</b> |
| 5. | As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: -                                       |                              |

#### ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES

“THAT subject always to the Companies Act, 1965 (“Act”) and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, to issue and to allot shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

**Ordinary Resolution 5**

- |    |  |  |
|----|--|--|
| 6. | To transact any other business of which due notice shall have been received. |  |
|----|--|--|

BY ORDER OF THE BOARD

KANG SHEW MENG  
SEOW FEI SAN  
Secretaries

Petaling Jaya

Date : 31 May 2010

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Explanatory notes on Special Business:

**Ordinary Resolution 5**

The proposed Resolution 5, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issue pursuant to the authority granted to the Directors at the Second Annual General Meeting held on 22 June 2009 and which will lapse at the conclusion of the Third Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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## **CORPORATE INFORMATION**

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee (Independent Non-Executive Chairman)
- Dato' Kamarul Redzuan Muhamed (Managing Director / Chief Executive Officer)
- Datin Rozita Mat Shah (Executive Director, Corporate Services)
- Mr. Peter Angus Knowles (Executive Director, Consultancy & Manpower Services)
- Encik Che Nazahatuhisamudin Che Haron (Executive Director, Oil Field Services)
- Encik Mohd Khalid Embong (Executive Director, Geoscience & Reservoir Engineering)
- Encik Khalid bin Sufat (Independent Non-Executive Director)

### **AUDIT COMMITTEE**

- Encik Khalid bin Sufat -Chairman  
(Independent Non-Executive Director)
- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Member  
(Independent Non-Executive Chairman)

### **NOMINATING COMMITTEE**

- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman  
(Independent Non-Executive Chairman)
- Encik Khalid bin Sufat -Member  
(Independent Non-Executive Director)

### **REMUNERATION COMMITTEE**

- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman  
(Independent Non-Executive Chairman)
- Dato' Kamarul Redzuan Muhamed - Member  
(Managing Director / Chief Executive Officer)



## SECRETARIES

- Kang Shew Meng  
(MAICSA 0778565)
- Seow Fei San  
(MAICSA 7009732)

## REGISTERED OFFICE

312, 3<sup>rd</sup> Floor, Block C  
Kelana Square, 17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7803 1126  
Fax: 03-7806 1387

## CORPORATE OFFICE

No. 68 & 70, Fraser Business Park  
Jalan Metro Pudu 2  
Off Jalan Yew  
55200 Kuala Lumpur  
Tel: 03-9232 1000  
Fax: 03-9232 1032  
Email : info@uzmagroup.com  
Website : www.uzmagroup.com

## STOCK EXCHANGE LISTING

Main Market - Bursa Malaysia  
Securities Berhad

Listed Since : 29 July 2008  
Stock Name : UZMA  
Stock Code : 7250

## REGISTRAR

Symphony Share Registrar Sdn. Bhd.  
(378993-D)  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46, 47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7841 8000  
Fax: 03-7841 8008

## AUDITORS

Crowe Horwath (AF1018)  
Level 16 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur.  
Tel: 03- 2166 0000  
Fax: 03- 2166 1000

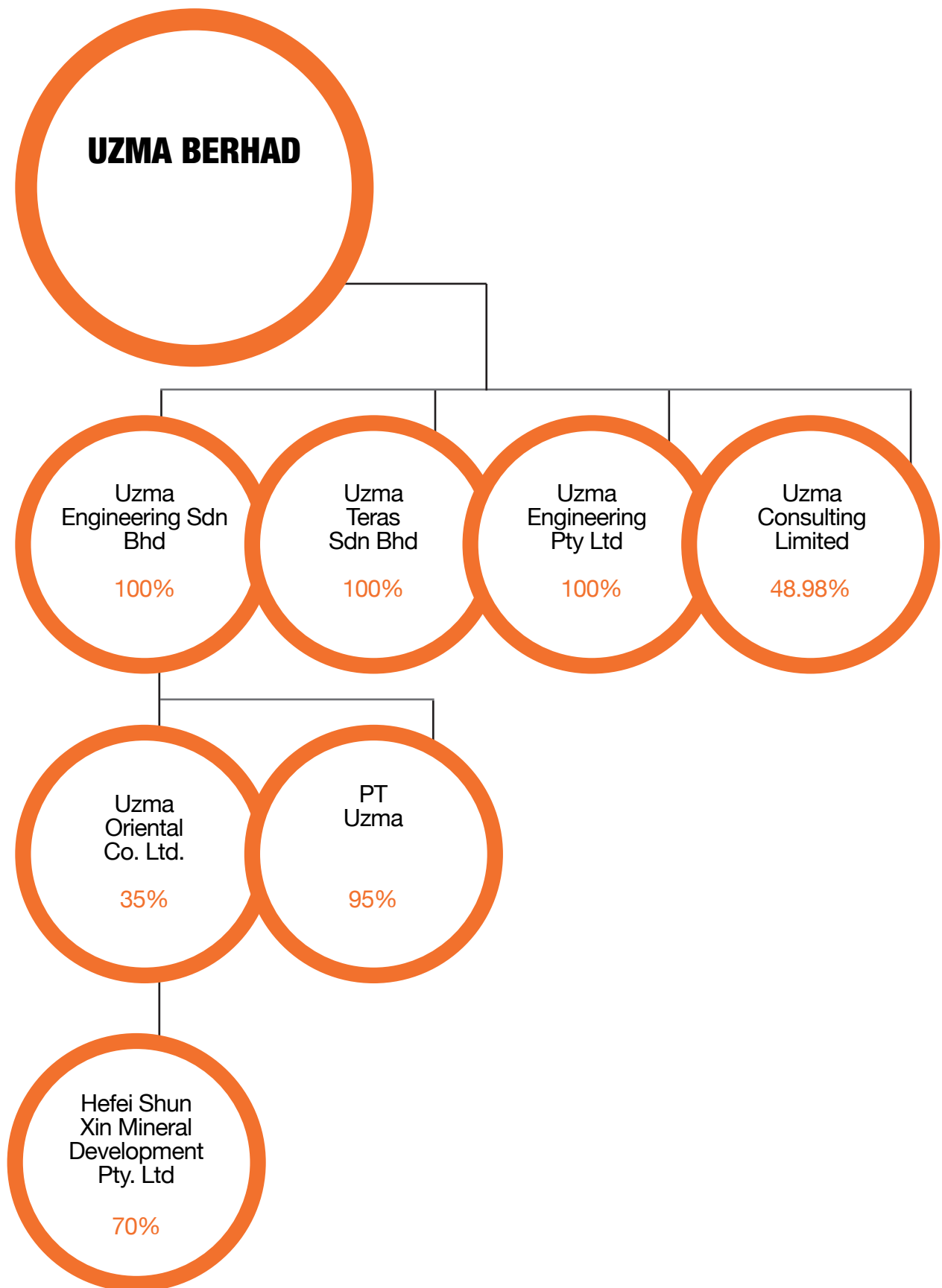
## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)  
Ground & 1<sup>st</sup> Floor  
No. 2, Jalan Murni 25/ 61  
Taman Sri Muda, Seksyen 25  
40400 Shah Alam, Selangor  
Tel: 03-5121 9336  
Fax: 03-5121 9373

RHB Bank Berhad (6171-M)  
Head Office  
Tower Two and Three, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-9281 3030  
Fax: 03-9287 4173

Standard Chartered Bank Malaysia  
Berhad(115793 P )  
Level 15, Menara Standard Chartered  
30, Jalan Sultan Ismail  
50250, Kuala Lumpur  
Tel: 1 300 88 33 99  
Fax: 03-2142 8933

## CORPORATE STRUCTURE



## CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

### The Year In Review

2009 has been an extremely challenging year for the oil and gas industry, but despite the lower crude oil prices and the global economic crisis, the overall sector has not lost its buoyancy with most industry players still experiencing steady revenue growth. On behalf of my fellow directors, I present Uzma Group's ("the Group", "the Company", "we", "our") second Annual Report and Audited Financial Statements for the financial year ("FY 2009") ended 31 December 2009.

### Financial Results

Given the challenging business environment of FY 2009, the Group recorded revenue of RM 97.9 million, a 27.41% decrease over the previous year's RM 134.59 million. As a consequence of the lower revenue and gross profit recorded, the Group has recorded a loss before taxation of RM 12.5 million, a 193% decrease over the preceding year's RM13.1 million profit. The decrease in revenue was mainly due to slower completion of existing projects in 2009 from Geoscience and Reservoir Engineering division ("GRE") in addition to the lower sales recorded in the Resource Management division ("RMS"). It should also be highlighted that the losses incurred in 2009 was also due to higher operating expenses incurred by the Group in 2009 and additional cost incurred for setting up the new Wireline division.

The Company performance during FY 2009 was as expected as the oil & gas industries, and most other global industries, took a beating during the economic crisis and certain projects were deferred or delayed. Nevertheless, with the upturn of the economy on the horizon, and by refocusing our resources to the GRE, uzmaWIRELINE ("WIRELINE"), uzmaAPRES ("APRES") and uzmaALAB ("LAB") Services, the Group's earnings are expected to rise.

### 2009 Business Landscape

In 2009, we embarked upon several initiatives in selected business segments to better position ourselves for future growth. During the period under review, uzmaALAB, which is based in Shah Alam, Selangor Darul Ehsan became fully operational and offers many core handling, analysis and storage services to our clients as well as to support our GRE and Drilling Services.



The Company's wholly-owned subsidiary, Uzma Engineering Sdn Bhd's ("Uzma Engineering") participation in the role of master project manager for Baiyin Chagan, Inner Mongolia, and dense petroleum block for fourteen (14) years, is its first direct venture into the exploration and production aspect of the oil and gas industry. Test drilling in Baiyin Chagan began in April 2009 and the results from this initial drilling were very exciting. Based on the data collected from the drilled wells, all the six wells showed several layers of producible, good quality oil sands, subsequently proving the stock oil in-place (STOIIP) of approximately 65 million barrels calculated and predicted earlier in the drilled fault blocks. The concession area can support over 1,000 wells. Uzma's technological expertise lies in its ability to extract oil from marginal fields, and we have been aptly rewarded with the discovery of extensive oil reserves. All this translates to Uzma having a sustainable income as the Baiyin Chagan project allows us to be party to a lucrative venture.



Our trademarked uzmaPRES, a low pressure system technology for reviving old and idle wells was expected to move into high gear in the financial year of 2009. However, many projects including uzmaPRES were understandably delayed due to the low oil price. The uzmaPRES was designed to take advantage of the high oil price by reviving old and abandoned wells where oil was difficult to produce.



Uzma Group has and will continue to focus on amplifying its capabilities by adding new core business' to better serve the oil and gas industry in the region and thus by doing so, creating a competitive advantage for the Group. This period also saw the introduction of uzmaWIRELINE which is cased-hole wireline services. All in all, the developments in the year 2009 did much to reinforce our standing as one of the favoured service provider for upstream and downstream oil and gas sector.

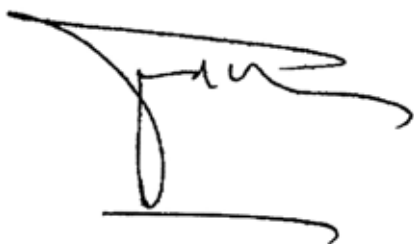
The year under review was, taxing and full of uncertainties as the global economic calamity affected every major business. The Group's overall results were understandable given the feeble economic environment although the plunge of over US\$100 per barrel of oil last year to around US\$32 per barrel prompted many oil companies to vigorously cut spending, delay or at the extreme, cancel oil and gas projects which have inadvertently affected the Group's performance. It must be noted however, that most large oil companies have the requisite financial strength to fund capital-intensive projects and they thankfully continued to spend during the economic downturn. The capital expenditure of oil and gas companies, witnessed a significant decrease in 2009, after the surge in 2007 and 2008 however, for 2010 capital expenditure activity is expected to rise, driven mainly by demand for services from large oil companies.



### Outlook for 2010 and appreciation

The outlook for 2010 is far from bleak. To be resilient and ensuring future growth, Uzma Group will continue focusing on enhancing shareholders value by further expanding and integrating our GRE services and Project & Operations Services, have a balanced portfolio of domestic and international business via a more focused approach , and a more efficient and effective project deliveries by continuously improving our management and internal control system. In this regard and on behalf of the Board, I wish to express our sincere appreciation to our clients, management team, our people past and present and business associates, shareholders, and my fellow Directors for their enduring support. I would also like to express our appreciation to our bankers and regulatory bodies for their guidance and advice in the conduct of our business activities.

Without your unwavering support, the Group would not be able to be transformed into the organization that it is today. As we continuously push ourselves to reach for new accomplishments, I believe, you, as our stakeholder will continue to have faith in us and will, by no means, relinquish your unwavering support.



Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee  
Independent Non-Executive Chairman





## CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

Uzma Berhad began the financial year 2009 ("FY 2009") with a hope that the oil & gas industry would be somewhat spared the brunt of the global economic and financial meltdown. However, as with many oil & gas companies in Malaysia, we too found ourselves facing slowdown in business activities. While we expected the best, we were well prepared for the worst. As we entered into the Financial Year of 2009, our major focus was on streamlining our local and international operations which allowed us to improve performance and at the same time, conserve resources and establish aggressive benchmark targets involving productivity and cost efficiency.

The company made further strides in expanding its consultancy offerings, and continued to find ways of operating with even more efficiency and effectiveness. Uzma Berhad ("Uzma", "the Company") also moved ahead with significant investments aimed at widening its business lineup. As a result, the Company is poised to capitalize on any future upturn in the oil & gas market.

Extending the Uzma brand to a wider worldwide audience remains a top priority. A number of important projects were announced, such as the uzmaPRES which was aimed at promoting growth on a global scale. The uzmaLAB became fully functional and is one of the very few state of the art laboratories in Malaysia that offer a complete range testing and analysis for core analysis, reservoir geology and biostratigraphy among others. To further complete our aim as a Malaysian technology service provider to the oil & gas industry, UzmaWIRELINE was set up and is expected to be fully functional in the year 2010. uzmaWIRELINE offers cased hole services for all field developments using a powerful combination of technology, strong operational management, and highly trained and experienced personnel.

Being an innovative organization, Uzma Berhad reached another milestone in its quest to become an integrated oil and gas service provider by entering 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"). MECAS principal activities are manufacturing, marketing, distribution and supply of oilfield chemicals, equipment and services. The acquisition represents an excellent opportunity for Uzma to control a profitable local company which is supported by Nalco's group of companies, a global leader in oil field chemical.



The solutions offered by MECAS complement the products and services offered by Uzma under Project & Operation and GRE divisions. It also enables Uzma to offer comprehensive solution to our clients to solve issues related to deep water development, depleting reservoir and aging facilities.

Uzma will always be on the watch for similar strategic acquisitions as these investments build on earlier ones that have added significantly to our capacity and marketing presence.



Despite of FY 2009 being a difficult year, our competitiveness in the market environment continues to look up. We have accomplished a great deal in the two short years since we have gone public. Uzma Berhad is one of the very few multi-service companies in the oil & gas industry, and one that is thriving. While we are always hoping for better years ahead, rest assured we are taking all of the necessary steps to prepare for future challenging periods. Regardless of what occurs, we intend to be well positioned for the years ahead. I would like to thank our team of loyal and diligent staff, clients and shareholders for their support during these extraordinary times and we will do all we can to lead our industry into the future.

A handwritten signature in black ink, appearing to be 'Dato' Kamarul Redzuan Muhamed'. The signature is stylized and fluid, with a long horizontal flourish extending to the right.

Dato' Kamarul Redzuan Muhamed  
Managing Director / Chief Executive Officer



## DIRECTOR'S PROFILE



### **Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee**

**Aged 48, is our Independent Non-Executive Chairman. He was appointed to the Board on 21 May 2008.**

He was awarded a Professional Diploma in Leadership and Management by the New Zealand Institute of Management, New Zealand in 2003. He ventured into business in the early 1980s and held directorships in several private and public corporations involved in a diverse range of businesses. He holds a directorship in C.I. Holdings Berhad. He also holds Chairmanships in Composites Technology Research Malaysia Sdn Bhd, a company which is controlled by the Ministry of Finance, and Tanjung Offshore Berhad, a public listed company on the Main Board of Bursa Securities. Datuk Wira Syed Ali was a member of Dewan Negara (Senate) of Malaysia from 21 April 2003 to 21 April 2009. He is also the Chairman of Yayasan Pendidikan Cheras, Kuala Lumpur.



### **Dato' Kamarul Redzuan Muhamed**

**Aged 37, is our Managing Director / Chief Executive Officer. He was appointed to the Board on 21 May 2008.**

Dato' Kamarul attended Colorado School of Mines, which is renowned as one of the world's top petroleum universities, as part of the Government-sponsored "American Top Universities" programme. He graduated in 1995 with a Bachelor's Degree in Petroleum Engineering.

He worked as a reservoir engineer on an integrated reservoir engineering study in the USA before returning to Malaysia where he joined Esso Production Malaysia Inc. ("EPMI") as a Facilities Engineer. He worked on a number of offshore studies and projects gaining a good grounding in offshore engineering. During this time he started to develop a network of exploration and production contacts in Malaysia. Subsequently he joined Sedco Forex, a leading International Drilling Contractor as a graduate trainee, further expanding his offshore engineering knowledge. He later joined Smedvig Technologies Sdn Bhd, as a Technical Representative. He proved to be a natural entrepreneur and helped grow the company's sales expediently. He was soon promoted above the incumbent expatriate sales personnel to become Business Development Manager for the Asian Division. During his tenure, he developed a good relationship with PETRONAS and other profit sharing contractors and secured multi-million dollar contracts for Smedvig Technologies Sdn Bhd in Malaysia and the region.

Smedvig Technologies Sdn Bhd was rebranded as Roxar Sdn Bhd ("Roxar") in 1999. He was instrumental in setting up Roxar's office in Kuala Lumpur and was responsible for effectively changing the Roxar's Kuala Lumpur office to become the regional office and hub for Roxar's activities in Asia Pacific. Roxar, then, was a public company listed on the Oslo Stock Exchange. He left Roxar in May 2000 but was appointed as a member of the board of Roxar as its Non-Executive Director until his resignation in 2006.

Uzma Malaysia was formed in 2000 and he assumed the role of Chief Executive Officer leading the growth of the company from inception to what it is today.

Despite being a competent engineer, it is his business development skills and entrepreneurship that contribute most to our Group. He has developed an established network in many Malaysian Oil and Gas companies and has earned the respect of senior management and senior personnel in many Malaysian-based Oil and Gas companies where his overseas education and working experience enables him to relate equally well with Malaysians and foreigners. He spends the bulk of his time managing our Group where he plays a role in technical governance and business strategy in addition to his primary commercial responsibilities.



**Datin Rozita Mat Shah**

**Aged 40, is our Executive Director, Corporate Services. She was appointed to the Board on 21 May 2008.**

Datin Rozita graduated with a Bachelor of Science in Chemical Engineering from Rensselaer Polytechnic Institute, New York in 1993. She worked for an American technology company before returning to Malaysia in 1994 where she joined EPMI as a Systems Engineer. She held various technical roles during her six years with EPMI during which she developed sound project management skills and became an accomplished Project Engineer. After a short period as a Project Engineer with OGP Technical Services Sdn Bhd, a PETRONAS subsidiary, she joined Uzma Malaysia.

Her initial role in Uzma Malaysia was to build the core consultancy business where she had successfully grown the business during her tenure. Her abilities were ideal for the consultancy business as she has strong formal technical qualifications and training, coupled with a natural ability to develop and maintain personal relationships. These skills, together with good commercial awareness and strong management techniques have won her respect from the staff, customers and consultants. After the appointment of senior personnel to manage the consultancy business, she became the Operations Director, managing the back office functions for the whole business as well as performance improvement. The back office functions include logistics, human resources and information technology and fostering good community relationships. Until the appointment of our Group Finance Manager, she also managed accounting and finance, controlling cash flow and budgets. Now, as the Corporate Services Director, Datin Rozita has an additional and demanding role to play as she is also in charge of 3 separate departments. The Human Resources, Admin and Health & Safety departments form the backbone of Uzma.



**Peter Angus Knowles, Peter Angus Knowles**

**A British aged 53, is our Executive Director, Consultancy and Manpower Services. He was appointed to the Board on 21 May 2008.**

He is a graduate from RGIT University in Aberdeen, Scotland which is renowned as a higher learning institution for offshore



engineering. After graduation in 1978 he worked for an offshore engineering company before joining Southeastern Drilling Company (“Sedco”), a leading International Drilling Contractor in 1981, as a graduate trainee. He worked on a number of international assignments in Korea, USA, Norway and the Middle East attaining the level of District Manager before Sedco was acquired by Schlumberger in 1984. He subsequently worked in a number of senior engineer roles. In 1989 he joined Prodrill Ltd, an Aberdeen-based drilling consultancy, and was seconded as Senior Drilling Engineer to Petroleum Development Oman and to Shell and Conoco Phillips and the United Kingdom for a total of 4 years before being posted to Malaysia as Engineering Manager in 1992. He was subsequently promoted to Regional Manager. In 1996 Prodrill was acquired by Smedvig Inc, a leading Norwegian drilling company listed on the New York Stock Exchange. He was appointed Asian General Manager for their Smedvig Technologies division and led a period of major expansion.

He brings with him a total of 26 years hands-on international oilfield experience which earns him technical credibility and respect amongst customers throughout South East Asia and Australasia. He also has a proven track record in business development and project management providing a balance of technical understanding, entrepreneurial spirit, and commercial prudence. The continuing demand from oil companies for his performance improvement and risk management consultancy helps him to maintain his extensive client network and provides access to senior executives throughout the industry.



#### **Mohd Khalid Embong**

**Aged 54, is our Executive Director, Geoscience and Reservoir Engineering. He was appointed to our Board on 21 May 2008.**

He graduated with a Bachelor of Science in Petroleum Engineering from Imperial College, London, (1980). He has attended INSEAD Advanced Management Programme (2000). After graduation in 1980 he joined PETRONAS and served the company for 26 years in a wide spectrum of capacities: Technical and Management positions in various subsidiaries. The positions served include

- Head, Reservoir Engineering in PETRONAS Carigali Sdn Bhd
- Asset Manager for a major oil field in Malaysia
- Engineering Manager for a joint operating company between between PETRONAS Carigali and PTTEPI of Thailand.
- Head, Account Management, PETRONAS Research and Scientific Services Sdn Bhd.
- Head, Exploration and Production Division of PETRONAS Research and Scientific Services Sdn Bhd.
- Task force member for various corporate strategic initiatives, working alongside reknown and world-class Consulting Groups.

He has vast experience in conducting, managing and implementing geoscience and petroleum engineering projects including integrated reservoir studies, reservoir management, field development planning, enhanced oil recoveries, field rejuvenation and field operations. He is held in high regard in the Malaysian and International reservoir engineering communities for his technical capabilities and integrity. His exposure and



hands on experience in various Corporate Strategy initiatives provided him with a better insight of the commercial and business aspects of the industry. He joined uzma group in Nov 2006 bringing with him 26 years of experience, and insights of the industry which is invaluable to the group in charting its future direction and realizing its vision.



**Che Nazahatuhisamudin Che Haron**

**Aged 38, is our Executive Director, Oilfield Services. He was appointed to our Board on 21 May 2008.**

He joined Uzma Malaysia in 2001 and was appointed Sales and Operations Director in 2006. He graduated with a Bachelor of Science in Electrical Engineering from Valparaiso University, Indiana in 1996. After graduation he joined Scopetel (M) Sdn Bhd as a Project Engineer gaining four years hands-on offshore engineering and project management experience in this satellite communications company where he also assisted in business development. He joined AKK Management, our related party, in 1999 as its General Manager and helped build the company into a successful trading and water treatment company. He soon proved himself to be a natural entrepreneur and an exceptionally dedicated and trustworthy employee. During his tenure at AKK Management, he had concluded major contracts with various multinational companies. He also has been instrumental in forming formal and exclusive relationships with major suppliers in the water treatment business. In 2003, having previously built AKK Management into a viable operation, he joined Uzma Malaysia to open up business for Uzma Malaysia in the Middle East. He readily accepted this challenge and set about building, from a zero customer base, into a successful overseas business centre in the Middle East, extending into North Africa. While in Qatar, he successfully built a relationship with major Oil and Gas and petrochemical companies and subsequently secured various long term contracts with various companies in the region.

In 2007 he was invited to be our Sales and Operations Director. This is a role at which he is extremely able where he can apply his excellent human relationship and astute negotiating skills to their maximum. In addition to directing the Account Managers and managing the preparation of tenders and proposals, he spends a great deal of his time in direct customer contact for business development and marketing. His unquestionable loyalty, dedication and business skills are important for our continued growth.



**Khalid bin Sufat**

**Aged 54, is our Independent Non-Executive Director. He was appointed to our Board on 21 May 2008.**

He obtained his professional qualification from the Chartered Association of Certified Accountants (United Kingdom) in 1977 and the Malaysian Association of Certified Public Accountants (MACPA) in 1986. Currently, he is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and a Fellow Member of the Chartered Association of Certified Accountants (United Kingdom).

He had extensive experience and held senior positions in the Malaysian banking and corporate sectors. In his early years, he was attached with Maybank Group for more than 10 years, his last position being their General Manager of Consumer Banking in 1994. He later spearheaded United Merchant Finance Berhad from an average banking institution to a major player in the banking and finance industry during his appointment as their Executive Director from 1994 to 1998.

From 1998 to 2000, he was the Managing Director of Bank Kerjasama Rakyat Malaysia Berhad and was primarily responsible for the turnaround of that bank from non-performing co-operative bank to a formidable Islamic Banking player in the Malaysian banking scene. In 2002, he served as an Executive Director in Tronoh Mines Malaysia Berhad. Among his responsibilities are the overall management of the company and overseeing corporate exercises. He directed and supervised the acquisitions of IJM and Zelan Group. In early 2003, he joined Furqan Business Organisation Berhad (FBO) as Managing Director after the successful implementation of the reverse takeover of Austral Amalgamated Berhad. He then became the Executive Deputy Chairman of FBO.

From mid 2006 to 2007, he was appointed the Group Managing Director of Seacera Tiles Berhad where he initiated the consolidation and streamlining exercises of that group.

Currently he sits on the board of four (4) other listed companies namely Binapuri Holdings Berhad, Malaysia Building Society Berhad, Amtek Holdings Berhad and Tradewinds (M) Berhad.

#### **ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS**

- There is no family relationship among the directors and substantial shareholders of the Company except for Dato' Kamarul Redzuan Muhamed and Datin Rozita Mat Shah who relationship is husband and wife.
- None of the directors have any conviction for offences, other than traffic offences, within the past 10 years.
- With the exception of Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee and Encik Khalid bin Sufat, non of the directors hold any directorship in other public companies.
- The Director's holdings in shares of the Company are disclosed in the Analysis of Shareholding section of the Annual Report.



# **CORPORATE GOVERNANCE STATEMENT**



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) is committed to ensure the highest standards of corporate governance are practiced throughout the Uzma Group of Companies (“Group”) as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

Set out below is the manner in which the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Malaysian Code on Corporate Governance (“the Code”). These principles and best practices have been applied and complied with the Code throughout the year ended 31 December 2009.

### (A) Board of Directors

The Company is led by an experienced Board comprising members whose skills, expertise and experience ranges from engineers, to entrepreneurs and accountants. This wide spectrum of skills and experience provide the strength that is required to lead the Group towards its objectives and enable the Group to rest in the firm control of an accountable and competent Board. The Board is responsible for the Group’s overall strategies and objectives, its acquisition and divestment policies, financial policy and major capital expenditure projects and the consideration of significant financial matters. In carrying out its function, the Board is assisted by several Board Committees, namely, the Audit Committee, Nominating Committee and Remuneration Committee.

The roles of the Chairman and the Executive Directors are separate to ensure balance of power and authority, so that no one individual has unfettered powers of decision.

The Board operates within a robust set of governance as set out below:

#### **Composition of the Board**

The Board has a balanced composition of eight (8) Directors consisting of three (5) Executive Directors and three (3) Independent Non-Executive Directors. The Board composition is in line with the Listing Requirements of Bursa Malaysia Securities Berhad that requires one-third (1/3) of the Board members to be independent directors.

The profiles of the Board members are as set out on pages 18 to 22 of this Annual Report.

#### **Board Meeting**

During the year in review, four (4) Board of Directors’ meetings were held for the financial year ended 31 December 2009 to review the Group’s quarterly and annual financial statements and its operations.

The Board has a formal schedule of matters reserved specifically for its decision

and the Board Meetings are conducted in accordance to a structured agenda. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties and due notice is given to Directors with regard to issues to be discussed. All resolutions are recorded and thereafter circulated to the Directors for comments before minutes of proceedings are finalised and confirmed. The Company Secretary organises and attends all Board Meetings to ensure proper records of the proceedings.

Directors are also given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. Towards this end, there is an agreed procedure in place for Directors to acquire independent professional advice to ensure the Board functions effectively. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are met and advises the Board on compliance issues.

The attendance of the Directors at the Board meetings is set out in the table below :

<i>Name of Director</i>	<i>Directorate</i>	<i>Attendance</i>
Datuk Wira Syed bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Chairman	4/4
Dato' Kamarul Redzuan Muhamed	Managing Director/ Chief Executive Officer	4/4
Datin Rozita Mat Shah	Executive Director, Corporate Services	4/4
Mr. Peter Angus Knowles	Executive Director, International Business	4/4
Encik Che Nazahatuhisamudin Che Haron	Executive Director, Sales and Marketing	4/4
Encik Mohd Khalid Embong	Executive Director, Strategic and Business Planning	4/4
Encik Khalid bin Sufat	Independent Non-Executive Director	4/4
Encik Nordin Md Nor (resigned on 2 February 2010)	Independent Non-Executive Director	4/4

All the Directors have attended the Mandatory Accreditation Programme. The Directors are mindful that they shall receive appropriate training which may be



required from time to time to keep abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The trainings attended by the Directors during the financial year ended 31 December 2009 are set out below.

<i>Name of Director</i>	<i>Training Attended</i>	<i>Training Date</i>
Datuk Wira Syed bin Tan Sri Syed Abbas Alhabshee	<ul style="list-style-type: none"> <li>Premier Leadership Orientation Course</li> </ul>	30 October 2009
Dato' Kamarul Redzuan Muhamed	<ul style="list-style-type: none"> <li>Executive Finance for Company Directors</li> </ul>	13 & 14 Jul 2009
Datin Rozita Mat Shah	<ul style="list-style-type: none"> <li>SAP Business One - Navigation Training</li> <li>Executive Finance for Company Directors</li> </ul>	5 May 2009 13 & 14 Jul 2009
Mr. Peter Angus Knowles	<ul style="list-style-type: none"> <li>Partner Relation Management Training</li> <li>Executive Finance for Company Directors</li> </ul>	5 & 6 Feb 2009 13 & 14 Jul 2009
Encik Che Nazahatuhisamudin Che Haron	<ul style="list-style-type: none"> <li>Uzma Technical Sales Training</li> <li>Executive Finance for Company Directors</li> <li>Deepwater Asia Congress</li> </ul>	23~27 Feb 2009 13 & 14 Jul 2009 15 & 16 Oct 2009
Encik Mohd Khalid Embong	<ul style="list-style-type: none"> <li>Partner Relation Management Training</li> <li>SAP Business One - Navigation Training</li> <li>Executive Finance for Company Directors</li> </ul>	5 & 6 Feb 2009 5 May 2009 13 & 14 Jul 2009
Encik Khalid bin Sufat	<ul style="list-style-type: none"> <li>The Non-Executive Director Development Series - Is it worth the risk?"</li> <li>"Economic Turmoil : THRIVE, Don't Just Survive"</li> <li>"Corporate Governance Guide - Towards Boardroom Excellence"</li> <li>"National Accountants Conference 2009"</li> </ul>	20 May 2009 13 Aug 2009 12 Aug 2009 13 & 14 Oct 2009

## **Directors' Appointment and Re-election**

In accordance with the Company's Articles of Association, at every Annual General Meeting, one-third (1/3) of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one third shall retire from office such that each Director shall retire from office once in every three (3) years and if there is only one (1) Director who is subject to retirement by rotation, he shall retire. All Directors who retire from office shall be eligible for re-election.

Further, pursuant to Section 129(6) of the Companies Act, 1965, Directors over the age of 70 are required to offer themselves for re-election at every Annual General Meeting.

## **Directors' Remuneration**

The determination of remuneration packages of the Executive Directors are matters for the Board as a whole. The remuneration of the Executive Directors is structured to attract, retain and motivate them in order to run the Group successfully.

On the recommendation of the Remuneration Committee, the Board reviews the remuneration of the Directors whereby the respective Executive Directors abstained from discussions and decisions on their own remuneration. The remuneration of Non-Executive Directors is decided by the Board.

The aggregate remuneration of the Directors for the financial year 1 January 2009 to 31 December 2009 is as follows:

	RM'000
Executive	2,767
Non-Executive	146

The number of Directors who served during the financial year whose remuneration falls into the following bands:

<i>Range of Remuneration</i>	<i>Executive</i>	<i>Non-Executive</i>
< RM 100,000	-	3
RM100,001 - RM200,000	-	-
RM200,001 - RM500,000	3	-
RM500,001 - RM1,000,000	2	-
Total :	5	3

## **(B) BOARD COMMITTEES**

In discharging its fiduciary duties, the Board has set up various committees.

### **Audit Committee**

The role of the Audit Committee is to oversee the processes for production of the financial data, review the financial reports and the internal control of the Company.

The detail roles, functions and responsibilities are as set out in the Audit Committee Report on pages 36 to 41 of this Annual Report.

### **Nominating Committee**

The Nominating Committee comprises the following members:

Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman  
(Independent Non-Executive Chairman)

Encik Khalid bin Sufat -Member (Independent Non-Executive Director)

The functions of the Nominating Committee are:

- i. recommend the nomination of a person or persons for all directorships to be filled by the shareholders or the board;
- ii. Consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder;
- iii. recommend to the board, directors to fill the seats on board committees;
- iv. identify, evaluate and recommend candidates for appointment as Company Secretary;
- v. assess annually the effectiveness of the board as a whole, the committees of the board and the contribution of each existing individual director and thereafter, recommend its findings to the board; and
- vi. review annually the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the board and thereafter, recommend its findings to the board.

### **Remuneration Committee**

The Remuneration Committee comprises the following members:

Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman  
(Independent Non-Executive Chairman)

Dato' Kamarul Redzuan Muhamed - Member  
(Managing Director / Chief Executive Officer)

The function of the Remuneration Committee is to recommend to the board, the remuneration packages of managing directors and executive directors of the Group of Companies and the Group in all its forms, drawing from outside advice as necessary.

The remuneration packages of non-executive directors should be determined by the Board of Directors as a whole.

## **(C) SHAREHOLDERS**

### **Relationship with Shareholders**

The Board recognizes the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Where practicable, the Board is prepared to enter into dialogue with institutional shareholders. Currently, information is disseminated through various disclosures and announcements made to the Bursa Malaysia Securities Bhd. The latest updates and development of the Group can also be found at its corporate website [www.uzmagroup.com](http://www.uzmagroup.com)

The Annual General Meeting is also the principal forum for dialogue and interaction with the shareholders of the Company. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. The Board will ensure that each item of special business included in the notices of the general meetings is accompanied by a full explanation of the effects of any proposed resolution.

## **(D) ACCOUNTABILITY & AUDIT**

### **Financial Reporting**

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual financial statements to shareholders. The Board with the assistance of the Audit Committee has to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgments and estimates.

### **Relationship with the Auditors**

The Board has maintained a professional and transparent relationship with the External Auditors through the Company's Audit Committee in ensuring compliance with the applicable accounting standards in Malaysia.

## **Internal Control and Internal Audit Function**

The Board of Uzma Berhad is pleased to present the Statement on the Internal Audit function for the financial year ended 31 December 2009

The Group's Internal Audit function, which is outsourced to a professional service firm, is an integral part of the assurance mechanism in ensuring that the Group systems of internal controls are adequate and effective. The Internal Audit function reports directly to the Audit Committee.

The costs incurred in maintaining the outsourced the internal audit function for the financial year ended 31 December 2009 amounted to RM 60,824.00

A Statement on Internal Control of the Company is set out on page 44 of this Annual Report.

### **(E) Responsibility Statement by Directors**

The Directors are responsible for ensuring that the annual financial statements of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Securities. They are to ensure that the annual financial statements of the Company give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and the results and cash flows for the year then ended.

In preparing the financial statements, the Directors have:-

- i) adopted the appropriate accounting policies and applied them consistently;
- ii) made judgments and estimates that are reasonable and prudent;
- iii) ensure applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
- iv) ensure the financial statements have been prepared on a going concern basis.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

### **(F) CORPORATE SOCIAL RESPONSIBILITIES ("CSR")**

Corporate Social Responsibility is a fundamental part of our organizational policy, and, as a conscientious organization, we are committed to sustainable development by trying to ensure zero harm to the people and the environment

in all our undertakings and wherever we operate. We are aware of our obligation to deliver profits to enhance shareholders value and at the same time, make positive social contribution to the immediate communities where we operate as well as to the wider business community of which we belong. CSR is undertaken at many levels including the Group corporate office, regional and representative offices.

### **The Environment**

Our philosophy exemplifies our commitment to “sustainable development and zero harm to the people and environment” in all our business undertakings areas in which we operate. Our Core values, Health Safety and Environment Policy (“HSE”) and various procedures on safety and business ethics serve as our guides in all our operations.

To inculcate the ‘Care for the Environment’ values among our staff and to use energy more effectively, we are actively and continuously reducing our carbon footprint by simply ensuring a reduction in the indiscriminate use of paper and also by ensuring that all employees work together to reduce wastage of electricity and water. We believe that by enforcing these values at the office place, these positive behaviours will also spillover into the daily lives of our employees and their families.

### **The Workplace**

We recognize that as a knowledge and technology based company, our people are our greatest assets. Their safety and health is our concern and we adhere to the belief that ‘a healthy body leads to a healthy mind<sup>2</sup>. With this in mind, and in particular with the onset of the H1N1 disease in Malaysia, the HSE Department promptly communicated up to date information regarding the virus and preventive measures to take. This measure was particularly critical as everyone was at risk. The virus was a very true and prevalent threat to all Malaysians alike.

An equally common threat was that of layoffs due to the global financial and economic meltdown and many organizations were forced to dismiss their longstanding employees. Our people were however spared this indignity as we made every provision to make sure that we retained our most precious of assets.

Staff development was also part of our CSR policies and we ensured deserving staff attended the necessary trainings to keep their knowledge and skills honed.

### **The Community**

All companies live and operate within the community and depend upon this very community in many ways. As a caring and socially responsible corporate citizen, the Company supported the Kompleks Darul Kifayah, an orphanage complex that houses orphans by supporting the education of one of its students. This bright scholar has his higher studies fully supported and it is hoped that his success will be an inspiration for future recipients of this scholarship.



Bringing festive cheer to the orphans of Darul Kifayah has since become an annual practice. The management and staff feted these orphans along with our clients and suppliers in conjunction with the Ramadhan celebrations.

The fulfillment of our corporate social responsibility will always be a fundamental part of our operations. The delivery may evolve over time, but its very essence will remain the same, that is to give back to those who have given us so much!

**(G) COMPLIANCE WITH THE CODE**

The Board strives to ensure that the Company complies with the Principles and Best Practices of the Code. The Board will endeavour to improve and enhance the procedures from time to time.





## **AUDIT COMMITTEE REPORT**

## AUDIT COMMITTEE REPORT

The Audit Committee of Uzma Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

### 1. Members and Attendance

According to the Listing Requirements of Bursa Securities, the Audit Committee shall be appointed by the Board of Directors (“Board”) from amongst the Directors of the Company and its number shall not be less than three (3) members, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. The members of the Audit Committee shall elect a Chairman from amongst themselves who is an Independent Non-Executive Director.

The terms of office and performance of the Committee and each of its members shall be reviewed by the Board no less than once every three (3) years.

The Company complied with the said listing requirement during the financial year ended 31 December 2009.

The Audit Committee met five (5) times during the financial year ended 31 December 2009. The members of the Audit Committee, their attendance at the Audit Committee Meeting held during the financial year ended 31 December 2009 are as follows:

<i>Members of the Audit Committee</i>	<i>Total Meetings Attended</i>
Encik Khalid bin Sufat -Chairman (Independent Non-Executive Director)	5/5
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Member (Independent Non-Executive Chairman)	4/5
Encik Nordin Md Nor - Member (Independent Non-Executive Director) (Resigned on 2 February 2010)	5/5

### 2. TERMS OF REFERENCE

#### 2.1 Primary Purposes

The Audit Committee shall:-

- (1) provide assistance to the Board of Directors (“Board”) in fulfilling its fiduciary responsibilities relating to the accounting and practices for the Company and all its wholly and majority owned subsidiaries (“Group”).

- (2) improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.
- (3) maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- (4) enhance the independence of both the external and internal auditors functions through active participation in the audit process.
- (5) strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company and the Group through their participation in the Committee.
- (6) act upon the Board of Directors' request to investigate and report on any issues or concerns with regard to the management of the Group.

## **2.2 Composition**

The Board of Directors shall appoint the members of the Audit Committee from amongst themselves, which fulfils the following requirements: -

- (1) The Audit Committee shall be composed of at least three (3) members;
- (2) The majority of the Audit Committee must be independent directors;
- (3) The Chairman of the Audit Committee shall be an independent director;
- (4) All members of the Audit Committee should be non-executive directors;
- (5) The Managing Director shall not be a member of the Audit Committee;
- (6) All members of the Audit Committee should be financially literate and at least one of the members of the Committee must:-
  - (i) be a member of the Malaysian Institute of Accountants; or
  - (ii) have at least three (3) years working experience and;
    - Must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967, or
    - Must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.
  - (iii) fulfil such other requirements as prescribed or approved by the Exchange; and
- (7) No alternate director is appointed as a member of the Audit Committee.

## **2.3 Retirement and Resignation**

In the event of any vacancy in the Audit Committee, the Company shall fill in the vacancy within two (2) months, but in any case not later than three (3) months.

## **2.4 Authority**

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:-

- a. have explicit authority to investigate any matter within its terms of reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the Company;
- d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- e. be able to obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- f. be able to convene meetings with the external auditors excluding the attendance of the executive members of the Company, whenever deemed necessary.

## **2.5 Functions & Duties**

The functions of the Audit Committee are as follows:-

- (1) To do the following, in relation to the internal audit function:-
  - a. review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - b. review the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;
  - c. review any appraisal or assessment of the performance of members of the internal audit function;
  - d. approve any appointment or termination of senior staff members of the internal audit function; and
  - e. take cognisance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (2) To do the following, in relation to the external audit function:-
  - a. consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
  - b. discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;



- c. review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
    - (i) any changes in or implementation of major accounting policy and practices;
    - (ii) significant adjustments arising from the audit;
    - (iii) the going concern assumption; and
    - (iii) compliance with accounting standards and other legal requirements.
  - d. review any management letter sent by the external auditors to the Company and the management's response to such letter;
  - e. discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
  - f. review the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit;
  - g. review the external auditors' audit report;
  - h. review the assistance given by the employees of the Company to the external auditors;
  - i. review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
  - j. discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- (3) To consider any related party transactions and potential conflict of interests situations that may arise within the Company/ Group.
  - (4) To consider the major findings of internal investigations and management response.
  - (5) To meet with the external auditors without executive board members present at least twice a year.
  - (6) To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effectiveness discharge of the Committee's duties and responsibilities.
  - (7) To review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board of Directors and shareholders of the Company.
  - (8) The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.
  - (9) To report to Bursa Malaysia Securities Berhad ("Bursa

Securities”) on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities.

## **2.6 Meetings**

1. The committee shall meet at least four (4) times in a year or more frequently as circumstances required with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
2. The quorum of the meeting is two (2) and they must be Independent Directors.
3. Upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider matters which should be brought to the attention of the directors or shareholders.
4. The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.
5. The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary.
6. The Company must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee’s invitation, specific to the relevant meeting.

## **2.7 Procedure of Audit Committee**

The Audit Committee may regulate its own procedures, in particular:-

- a. the calling of meetings;
- b. the notice to be given of such meetings;
- c. the voting and proceedings of such meetings;
- d. the keeping of minutes; and
- e. the custody, production and inspection of such minutes.

## **2.8 Secretary**

The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee.

### 3. SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The activities undertaken by the Audit Committee during the financial year ended 31 December 2009 included the following:

- i. Reviewed the Company's quarterly financial report's prior to submission to the Board for consideration and approval, focusing particularly on significant and unusual events and compliance with accounting standards and other legal requirements.
- ii. Reviewed and discuss with the External Auditors, the major issues raised in the audit reports, the audit's recommendations, management's response and actions taken.
- iii. Reviewed the annual audited financial statements of the Company prior to submission to the Board for consideration and approval.
- iv. Reviewed the related party transactions and to ensure that they are not more favourable to the related parties than those generally available to the public and complies with the Main Market Listing Requirements of Bursa Malaysia Securities Bhd.
- v. Reviewed with the Internal Auditors the Internal Audit Planning Memorandum, their review and findings and the management's response and actions taken.





## **INTERNAL CONTROL STATEMENT**

## **INTERNAL CONTROL STATEMENT**

### **Introduction**

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors (“the Board”) is pleased to provide a statement on the Group’s state of internal controls for financial year ended 31 December 2009.

### **Board Responsibility**

The Board acknowledges that it is ultimately responsible for the Group’s systems of internal control and for reviewing the adequacy and integrity of the internal control systems to ensure that shareholders’ interests and the Group’s assets are safeguarded. In this respect, the responsibility of reviewing the adequacy and integrity of the internal control systems has been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and integrity of the internal control systems through reports it receives from independent reviews conducted by the internal audit function and management.

However, as there are inherent limitations in any system on internal controls, such internal control systems put into effect by Management can only manage rather than eliminate all the risks that may impede the achievement of the Group’s business objectives or goals. Therefore, the internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

In addition, in devising internal control procedures, due consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal controls.

### **Risk Management**

The Board acknowledges that the Group’s business activities involve some degree of risk and key management staff and Head of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

Periodic management meetings were held in which key risks and the appropriate mitigating controls were discussed. Significant risks affecting the Group’s strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks.



## Internal Control and Audit Function

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.

The other key elements of the Group's internal control systems are:

- An organizational structure, which clearly defines the lines of responsibility, proper segregation of duties and delegation of authority;
- Relevant training and development programmes are in place to ensure that the Company has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively;
- Rigorous review of key information such as financial performance, key business indicators, management accounts and budgets by the Board;
- The Executive Directors are closely involved in the running of business and operation of the Group and they report to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;
- Regular management meetings are held to discuss the Group's performance, business operation and management issues as well as formulate appropriate measures to address them; and
- The Group has established policies and procedures to support the Group's various business activities.

The internal audit function did not perform any review and assessment of the Group's jointly controlled entity as Uzma Group does not have the full management control over the said entity.

## Conclusion

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholder's investments and the Group's assets. However, the Board is conscious of the fact that the systems of internal control and risk management practices must continuously evolve to support the Group's operations and changing business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 27th April 2010.

## OTHER COMPLIANCE INFORMATION

### 1. Imposition of Sanctions and/or Penalties

During the financial year, there was no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

### 2. Non-audit Fees

The Company did not pay any amount of non-audit fees to external auditors the financial year ended 31 December 2009.

### 3. Variation in Results for the Financial Year

There was a variance in the Company's consolidated audited results for the financial year ended 31 December 2009 and unaudited results for the same period which was announced on 25 February 2010. The difference between the unaudited and audited results is as follows:

	31 December 2009		Variance	
	Unaudited RM'000	Audited RM'000	RM'000	%
Net loss after taxation and minority interest	7,371	11,886	4,515	61.25

Compare to unaudited results, the Company's consolidated audited loss after taxation has widen by RM4.52 million, representing a decrease of 61.25%. The difference in net loss after taxation was arising from the material adjustments as follows:

<i>Adjustment</i>	<i>Reason for adjustment</i>	<i>Amount RM '000</i>
Charge out of costs incurred of a project which was previously underestimated.	Originally, this project comprises supply of equipment and manpower to a customer in a few locations. Accordingly, the costs were allocated to single project basis, as the management was of the view that the nature and the customer of the work orders of the different locations were similar. Hence, the costs incurred were charged out over the duration of the entire project. However, after subsequent reassessment, the management decided that the project which comprised a few smaller, distinct and separately identifiable work orders should be accounted for separately, to better reflect the financial outcome of the project. As a result, costs related to completed work orders are charged out in the income statement.	1,965
Allowance for doubtful debts	On prudence ground the management decided to make further provision. In mitigating the trade debtors' collection risk, the management has set up an Account Receivable Task Force to closely monitor the status of collection.	1,802
Loss incurred from a project.	Originally, the second test of this project was scheduled to commence in last quarter of 2009. However, the client has verbally informed the Company to delay the commencement until further notice. Recently, the Company has also been verbally informed by the client that the project is closed. Currently, the client is in the midst of transferring all works done by all contractors and sub-contractors involved to a new project to be implemented under a new budget. The Company may only able to recover its cost incurred until the new budget is approved by the client.	889
Other adjustments	Immaterial	(141)
	Total :	4,515

#### **4. Profit Guarantee**

During the financial year, there was no profit guarantees given by the Company.

#### **5. Revaluation Policy of Landed Properties**

The Group does not adopt a policy of regular revaluation.

#### **6. Material Contracts**

There were no material contracts involving the Directors' interest during the financial year ended 31 December 2009.

## ANALYSIS OF SHAREHOLDINGS

As at 22 April 2010

Class of shares : Ordinary Shares of RM0.50 each

Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

### Distribution of Shareholdings

<i>Size of Holding</i>	<i>No. of Shareholders</i>	<i>% of Shareholders</i>	<i>No. of Shares</i>	<i>% of Issued Share Capital</i>
Less than 100	6	0.64	104	0.00
100 to 1,000	587	62.25	141,600	0.18
1,001 to 10,000	181	19.19	817,800	1.02
10,001 to 100,000	119	12.62	4,412,719	5.51
100,001 to less than 5% of issued shares	47	4.98	21,117,681	26.40
5% and above of issued shares	3	0.32	53,510,096	66.89
<b>Total :</b>	<b>943</b>	<b>100.00</b>	<b>80,000,000</b>	<b>100.00</b>

### Thirty Largest Shareholders

<i>Name</i>	<i>Shareholdings</i>	<i>%</i>
1. Kamarul Redzuan bin Muhamed	37,817,957	42.27
2. Rozita Binti Mat Shah @ Hassan	8,307,720	10.38
3. Lembaga Tabung Haji	5,110,100	6.39
4. Koperasi Permodelan Felda Berhad	2,000,000	2.50
5. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	1,607,000	2.01
6. Fajar Kinabalu Sdn Bhd	1,500,000	1.88
7. Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For HLG Penny Stock Fund (UT-HLG-PSF)	1,400,000	1.75
8. Azuddin Bin Daud	1,350,100	1.69
9. Che Nazahatuhisamudin	1,069,900	1.34
10. Tengku Ab Malek Bin Tengku Mohamed	1,000,000	1.25
11. Arman Bin Rahim	1,000,000	1.25
12. Mayban Nominees (Tempatan) Sdn Bhd Etiqa Takaful Berhad (Family Fund)	887,000	1.11
13. EB Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (KLM-SFC)	854,000	1.07

14.	Mayban Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Shareholder's FD)	700,000	0.88
15.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Life Assurance Berhad (Non-Par Fund)	600,000	0.75
16.	AB Rahman Izaini Bin Ghani @ Ab Ghani	600,000	0.75
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Prudential Dana Al-Ilham	550,000	0.69
18.	CIMSEC Nominees (Asing) Sdn Bhd Pledged Securities Account For Kenwin Investment Limited	516,200	0.65
19.	Mayban Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Non-Par FD)	500,000	0.63
20.	EB Nominees (Asing) Sendirian Berhad Pledges Securities Account For Peter Angus Knowles	500,000	0.63
21.	Abdullah Ghanim A Alghanim	400,000	0.50
22.	Malaysia Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	393,000	0.49
23.	Lee Choon Hooi	388,000	0.49
24.	Amsec Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Muhamed (MX3441)	353,000	0.44
25.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For HLG Dana Maa'Rof (UT-HLG-MRF)	335,500	0.42
26.	Tung Keow Kheng	320,000	0.40
27.	EB Nominees (Tempatan) Sdn Bhd Pledged securities Account For Ahmad Nazhri Bin Mohd Zain (SFC)	300,000	0.38
28.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Khalid Bin Embong (KLM-SFC)	300,000	0.38
29.	HLG Nominee (Tempatan) Sdn Bhd HLG Asset Management Sdn Bhd For Koperasi Pekerjs Intel Berhad (1087)	280,000	0.35
30.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Dana Al-Jadid	250,000	0.31

### Substantial Shareholders As Per Register Of Substantial Shareholders

Name	No of shares held			
	Direct	%	Indirect	%
Dato' Kamarul Redzuan Bin Muhamed	39,999,957	50.00	8,400,039 <sup>(1)</sup>	10.50
Datin Rozita Binti Mat Shah @ Hassan	8,400,039	10.50	39,999,957 <sup>(2)</sup>	50.00
Lembaga Tabung Haji	5,110,100	6.39	-	-

#### Notes :

<sup>(1)</sup> Deemed interested by virtue of his Spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.

<sup>(2)</sup> Deemed interested by virtue of her Spouse, Dato' Kamarul Redzuan Bin Muhamed's interest.

## Director's Shareholdings As Per Register of Director's Shareholdings

<i>Name</i>	<i>Direct</i>	<i>%</i>	<i>Indirect</i>	<i>%</i>
Dato' Kamarul Redzuan Bin Muhamed	39,999,957	50.00	8,400,039 <sup>(1)</sup>	10.50
Datin Rozita Binti Mat Shah @ Hassan	8,400,039	10.50	39,999,957 <sup>(2)</sup>	50.00
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	100,000	0.13	-	-
Peter Angus Knowles	500,000	0.63	-	-
Che Nazahatuhisamudin Bin Che Haron	1,069,900	1.34	-	-
Mohd Khalid Embong	400,000	0.50	-	-
Khalid Bin Sufat	100,000	0.13	-	-

Notes :

<sup>(1)</sup> Deemed interested by virtue of his Spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.

<sup>(2)</sup> Deemed interested by virtue of her Spouse, Dato' Kamarul Redzuan Bin Muhamed's interest.



## LIST OF PROPERTIES

<i>Title/Location</i>	H.S.(D) 110395 & 110396 P.T. No. 549 & 550 Seksyen 92 Bandar Kuala Lumpur  No. 68 & 78 Jalan Metro Pudu 2, 55200 Kuala Lumpur	H.S.(D) 102228 P.T. No. 16042 Damansara, Selangor Darul Ehsan  No. 29, Jalan Kartunis U1/47 Temasya Industrial Park, Section U1, Shah Alam, Selangor Darul Ehsan
<i>Description/Existing Use</i>	A multi-storey building for use as office premises	Geological Laboratory
<i>Registered Owner</i>	Uzma Engineering Sdn Bhd	Uzma Engineering Sdn Bhd
<i>Age of Building (Years)</i>	2 Years	9 Years
<i>Land/Built-Up Area</i>	1,722 sq mtr / 8,034 sq ft per multi storey lot	892 sq mtr / 9601.49 sq ft
<i>Tenure</i>	Freehold	Freehold
<i>Net Book Value as at 31.12.2009</i>	5,726,406.63	3,577,274.88
<i>Original Cost (RM)</i>	5,550,000.00	3,600,000.00





## **FINANCIAL STATEMENTS**



# **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

## **FINANCIAL REPORT** *for the financial year ended 31 December 2009*

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## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### DIRECTORS' REPORT

---

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of its subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
(Loss)/Profit after taxation for the financial year	(11,886)	2,902
Attributable to:-		
Equity holders of the Company	(11,959)	2,902
Minority interests	73	-
	(11,886)	2,902

### DIVIDENDS

Since the end of the previous financial year, the Company paid an interim single tier dividend of 2.5 sen per ordinary share amounting to RM2,000,000 in respect of the previous financial year.

The directors do not recommend the payment of any dividend for the current financial year.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.



## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **DIRECTORS' REPORT**

---

#### **ISSUES OF SHARES AND DEBENTURES**

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

#### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

#### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **DIRECTORS' REPORT**

---

#### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

#### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

#### **CONTINGENT AND OTHER LIABILITIES**

Other than the contingent liability as disclosed in Note 41 to the financial statements, at the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

#### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **DIRECTORS' REPORT**

---

#### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

#### **DIRECTORS**

The directors who served since the date of the last report are as follows:-

Senator Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee  
Dato' Kamarul Redzuan Bin Muhamed  
Datin Rozita Binti Mat Shah @ Hassan  
Peter Angus Knowles  
Che Nazahatuhisamudin Bin Che Haron  
Mohd Khalid Embong  
Khalid Bin Sufat  
Nordin Md. Nor (Resigned on 2.2.2010)

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### DIRECTORS' REPORT

---

#### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

##### NUMBER OF ORDINARY SHARES OF RM0.50 EACH

	As at 1.1.2009	Bought	Sold	As at 31.12.2009
<b>The Company</b>				
<i>Direct Interests</i>				
Dato' Kamarul Redzuan Bin Muhamed	39,999,957	-	-	39,999,957
Datin Rozita Binti Mat Shah @ Hassan	12,000,039	-	3,600,000	8,400,039
Senator Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	100,000	-	-	100,000
Peter Angus Knowles	500,000	-	-	500,000
Che Nazahatuhsamudin Bin Che Haron	1,300,000	-	-	1,300,000
Mohd Khalid Embong	1,400,000	-	1,000,000	400,000
Nordin Md. Nor	100,000	-	-	100,000
Khalid Bin Sufat	100,000	-	-	100,000
<i>Deemed Interests</i>				
Dato' Kamarul Redzuan Bin Muhamed <sup>^</sup>	12,000,039	-	3,600,000	8,400,039
Datin Rozita Binti Mat Shah @ Hassan <sup>*</sup>	39,999,957	-	-	39,999,957

*Notes:-*

<sup>^</sup> - Deemed interested by virtue of his spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.

<sup>\*</sup> - Deemed interested by virtue of her spouse, Dato' Kamarul Redzuan Bin Muhamed's interest.

By virtue of their interests in the Company, Dato' Kamarul Redzuan Bin Muhamed and Datin Rozita Binti Mat Shah @ Hassan are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **DIRECTORS' REPORT**

---

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with related parties as disclosed in Note 44 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### **SIGNIFICANT EVENTS**

The significant events during the financial year and subsequent to the balance sheet date are disclosed in Notes 46 and 47 to the financial statements respectively.

**UZMA BERHAD**  
(Incorporated in Malaysia)  
Company No : 769866 - V

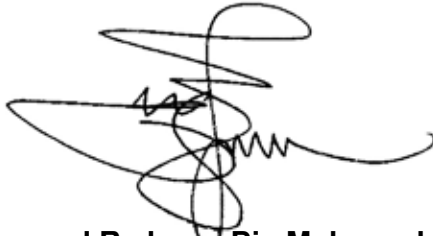
**DIRECTORS' REPORT**

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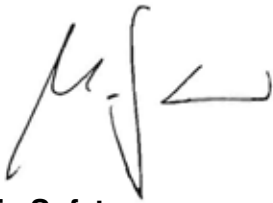
**AUDITORS**

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 27 APRIL 2010**



**Dato' Kamarul Redzuan Bin Muhamed**



**Khalid Bin Sufat**

**UZMA BERHAD**  
(Incorporated in Malaysia)  
Company No : 769866 - V

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**STATEMENT BY DIRECTORS**

We, Dato' Kamarul Redzuan Bin Muhamed and Khalid Bin Sufat, being two of the directors of Uzma Berhad, state that, in the opinion of the directors, the financial statements set out on pages 11 to 66 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2009 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 27 APRIL 2010**



**Dato' Kamarul Redzuan Bin Muhamed**

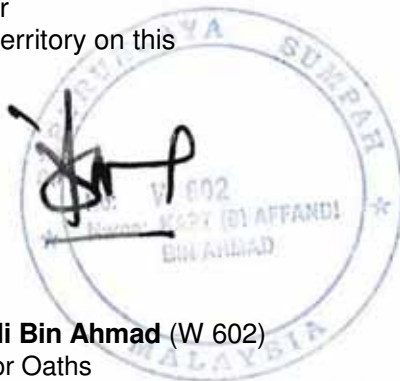


**Khalid Bin Sufat**

**STATUTORY DECLARATION**

I, Bong Leong Sung, being the officer primarily responsible for the financial management of Uzma Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 66 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Bong Leong Sung,  
at Kuala Lumpur  
in the Federal Territory on this  
27 April 2010



Before me

**Kapt (B) Affandi Bin Ahmad (W 602)**  
Commissioner for Oaths



**Bong Leong Sung**



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **Report on the Financial Statements**

We have audited the financial statements of Uzma Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 66.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UZMA BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No : 769866 - V

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

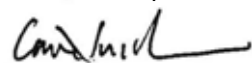
### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Matters**

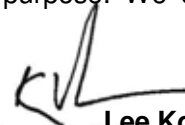
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur

30 April 2010



**Lee Kok Wai**  
Approval No: 2760/06/10 (J)  
Chartered Accountant

# UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

## BALANCE SHEETS AT 31 DECEMBER 2009

		THE GROUP		THE COMPANY	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	6	-	-	31,675	31,675
Interest in a jointly controlled entity	7	3,901	2,000	-	-
Other investment		11	23	-	-
Property and equipment	8	15,415	10,415	-	-
		<u>19,327</u>	<u>12,438</u>	<u>31,675</u>	<u>31,675</u>
<b>CURRENT ASSETS</b>					
Trade receivables	9	24,860	43,042	-	-
Other receivables, deposits and prepayments	10	4,024	8,676	2	366
Tax recoverable		2,307	-	3	-
Amount owing by contract customers	11	15,025	15,239	-	-
Amount owing by subsidiaries	12	-	-	29,144	20,853
Short-term investments	13	1,237	8,064	1,237	8,064
Fixed deposits with licensed banks	14	3,652	5,700	-	-
Cash and bank balances	15	3,591	1,614	367	596
		<u>54,696</u>	<u>82,335</u>	<u>30,753</u>	<u>29,879</u>
<b>TOTAL ASSETS</b>		<u>74,023</u>	<u>94,773</u>	<u>62,428</u>	<u>61,554</u>

The annexed notes form an integral part of these financial statements.

# UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

## BALANCE SHEETS AT 31 DECEMBER 2009 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	16	40,000	40,000	40,000	40,000
Share premium	17	21,966	21,966	21,966	21,966
Merger deficit	18	(29,700)	(29,700)	-	-
Capital reserve	19	51	-	-	-
Foreign exchange translation reserve		(97)	39	-	-
Retained profits/(Accumulated losses)	20	17,708	31,718	371	(531)
<b>SHAREHOLDERS' EQUITY</b>		<b>49,928</b>	<b>64,023</b>	<b>62,337</b>	<b>61,435</b>
<b>MINORITY INTERESTS</b>		<b>682</b>	<b>724</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>50,610</b>	<b>64,747</b>	<b>62,337</b>	<b>61,435</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	21	-	551	-	-
Long-term borrowings	22	6,445	4,364	-	-
		<b>6,445</b>	<b>4,915</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	23	3,675	8,437	-	-
Other payables and accruals	24	11,750	12,320	91	119
Amount owing to contract customers	11	226	805	-	-
Provision for taxation		26	518	-	-
Short-term borrowings	25	1,170	384	-	-
Bank overdrafts	29	121	2,647	-	-
		<b>16,968</b>	<b>25,111</b>	<b>91</b>	<b>119</b>
<b>TOTAL LIABILITIES</b>		<b>23,413</b>	<b>30,026</b>	<b>91</b>	<b>119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>74,023</b>	<b>94,773</b>	<b>62,428</b>	<b>61,554</b>
<b>NET ASSETS PER ORDINARY SHARE (SEN)</b>					
	30	<b>62</b>	<b>80</b>		

The annexed notes form an integral part of these financial statements.

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
REVENUE	31	98,827	134,591	4,151	-
COST OF SALES		(83,356)	(102,875)	-	-
GROSS PROFIT		15,471	31,716	4,151	-
OTHER INCOME		702	688	171	86
		16,173	32,404	4,322	86
ADMINISTRATIVE EXPENSES		(21,480)	(17,494)	(423)	(604)
OPERATING EXPENSES		(6,451)	(932)	-	-
FINANCE COSTS		(632)	(863)	-	-
SHARE OF LOSS IN A JOINTLY CONTROLLED ENTITY		(99)	-	-	-
(LOSS)/PROFIT BEFORE TAXATION	32	(12,489)	13,115	3,899	(518)
INCOME TAX EXPENSE	33	603	(2,646)	(997)	-
(LOSS)/PROFIT AFTER TAXATION		(11,886)	10,469	2,902	(518)
ATTRIBUTABLE TO:-					
Equity holders of the Company		(11,959)	10,273	2,902	(518)
Minority interests		73	196	-	-
		(11,886)	10,469	2,902	(518)
(LOSS)/EARNINGS PER SHARE					
- basic (sen)	34	(15)	15		
- diluted (sen)	34	N/A	N/A		

The annexed notes form an integral part of these financial statements.

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		MERGER DEFICIT RM'000	CAPITAL RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL SHAREHOLDERS' EQUITY RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
				NON-DISTRIBUTABLE FOREIGN EXCHANGE TRANSLATION RESERVE RM'000	DISTRIBUTABLE						
THE GROUP											
Balance at 1.1.2008		31,000	-	(17)	(29,700)	-	21,445	22,728	520	23,248	
Shares issued pursuant to the listing scheme:											
- public issue		9,000	25,200	-	-	-	-	34,200	-	34,200	
- listing expenses		-	(3,234)*	-	-	-	-	(3,234)	-	(3,234)	
Foreign exchange translation difference		-	-	56	-	-	-	56	8	64	
Profit after taxation for the financial year		-	-	-	-	10,273	-	10,273	196	10,469	
Balance at 31.12.2008/1.1.2009		40,000	21,966	39	(29,700)	-	31,718	64,023	724	64,747	
Foreign exchange translation difference		-	-	(136)	-	-	-	(136)	22	(114)	
Subscription of shares in a subsidiary		-	-	-	-	-	-	-	18	18	
Loss after taxation for the financial year		-	-	-	-	(11,959)	-	(11,959)	73	(11,886)	
Dividend	35	-	-	-	-	(2,000)	-	(2,000)	(155)	(2,155)	
Appropriated to capital reserve		-	-	-	-	(51)	-	(51)	-	-	
Balance at 31.12.2009		40,000	21,966	(97)	(29,700)	51	17,708	49,928	682	50,610	

Note:-

\* - represents gain/(expenses) not recognised in the income statement.

The annexed notes form an integral part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)**

THE COMPANY	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE SHARE PREMIUM RM'000	(ACCUMULATED LOSSES)/ RETAINED PROFIT RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2008		#	-	(13)	(13)
Shares issued pursuant to the listing scheme:					
- acquisition of subsidiaries		31,000	-	-	31,000
- public issue		9,000	25,200	-	34,200
Listing expenses		-	(3,234)*	-	(3,234)
Profit after taxation for the financial year		-	-	(518)	(518)
Balance at 31.12.2008/1.1.2009		40,000	21,966	(531)	61,435
Profit after taxation for the financial year		-	-	2,902	2,902
Dividend	35	-	-	(2,000)	(2,000)
Balance at 31.12.2009		40,000	21,966	371	62,337

Notes:-

# - RM2

\* - represents gain/(expenses) not recognised in the income statement.

The annexed notes form an integral part of these financial statements.



## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES (Loss)/Profit before taxation		(12,489)	13,115	3,899	(518)
Adjustments for:-					
Allowance for doubtful debts		4,755	-	-	-
Depreciation of property and equipment		1,446	889	-	-
Interest expense		526	563	-	-
Dividend income		-	-	(4,151)	-
(Gain)/Loss on disposal of equipment		(2)	7	-	-
Gain on foreign exchange - unrealised		(157)	(317)	-	-
Share of loss in jointly controlled entity, net of income tax expense		99	-	-	-
Other investment written off		12	-	-	-
Interest income		(243)	(141)	-	-
Operating (loss)/profit before working capital changes		(6,053)	14,116	(252)	(518)
Increase in net amount owing by contract customers		(365)	(9,952)	-	-
Decrease/(Increase) in trade and other receivables		18,330	(9,652)	364	287
(Decrease)/Increase in trade and other payables		(5,431)	1,681	(28)	(547)
CASH FROM/(FOR) OPERATIONS		6,481	(3,807)	84	(778)
Interest paid		(526)	(563)	-	-
Income tax paid		(2,747)	(4,199)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD		3,208	(8,569)	84	(778)

The annexed notes form an integral part of these financial statements.

# UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

## CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		3,208	(8,569)	84	(778)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property and equipment	36	(6,438)	(8,496)	-	-
Interest in a jointly controlled entity		(2,000)	(2,000)	-	-
Proceeds from disposal of property and equipment		2	1	-	-
Interest received		243	141	-	-
Dividend received		-	-	3,151	-
Net cash inflow from acquisition of subsidiaries	37	18	-	-	(675)
Advances to subsidiaries		-	-	(8,291)	(20,853)
NET CASH FOR INVESTING ACTIVITIES		(8,175)	(10,354)	(5,140)	(21,528)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from issuance of shares		-	34,200	-	34,200
Listing expenses		-	(3,234)	-	(3,234)
Dividend paid		(2,000)	-	(2,000)	-
Dividend paid to minority shareholders by a subsidiary		(155)	-	-	-
Repayment of promissory note		-	(2,939)	-	-
Drawdown of term loans		2,880	4,720	-	-
Repayment of term loans		(478)	(285)	-	-
Repayment of hire purchase obligations		(58)	(45)	-	-
Drawdown of factoring		523	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		712	32,417	(2,000)	30,966
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,255)	13,494	(7,056)	8,660
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		12,731	(866)	8,660	-
Effect of exchange rate differences		(117)	103	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	8,359	12,731	1,604	8,660

The annexed notes form an integral part of these financial statements.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **1. GENERAL INFORMATION**

The Company is a public company limited by shares and is incorporated under the Companies Act 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 312, 3<sup>rd</sup> Floor, Block C, Kelana Square,  
17, Jalan SS7/26, 47301 Petaling Jaya,  
Selangor Darul Ehsan.

Principal place of business : No. 68 & 70, Fraser Business Park,  
Jalan Metro Pudu 2 Off Jalan Yew,  
55200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 April 2010.

#### **2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding whilst the principal activities of its subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

#### **3. FINANCIAL RISK MANAGEMENT POLICIES**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

##### **(a) Market Risk**

###### *(i) Foreign Currency Risk*

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

The Group's foreign currency transactions and balances are substantially denominated in United States Dollar, Australian Dollar and Thai Baht.

Foreign currency risk is monitored closely and managed to an acceptable level.

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

###### (ii) Interest Rate Risk

The Group obtains financing through banking and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

###### (iii) Price Risk

The Group's principal exposure to price risk arises mainly from changes in quoted securities prices. Price risk is monitored closely and managed to an acceptable level.

##### (b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risks relates to the amounts owing by two customers which constituted approximately 26% of its trade receivables at the balance sheet date.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

##### (c) Liquidity and Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>FRSs/IC Interpretations</b>	<b>Effective date</b>
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 4. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations (Cont'd)	Effective date
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision In Relation to Compound Instruments	1 January 2010 /1 March 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **4. BASIS OF PREPARATION (CONT'D)**

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:-

The revised FRS 3 (2010) introduces significant changes to the 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 will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 8 replaces FRS 114<sub>2004</sub> Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial 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. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.



## **UZMA BERHAD**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **4. BASIS OF PREPARATION (CONT'D)**

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while 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 minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **4. BASIS OF PREPARATION (CONT'D)**

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

#### **5. SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Critical Accounting Estimates And Judgements**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### *(i) Depreciation of Property and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) Critical Accounting Estimates And Judgements (Cont'd)

###### (ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

###### (iii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

###### (iv) *Contracts*

Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

###### (i) *Contract Revenue*

Contract accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

###### (ii) *Contract Costs*

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) Critical Accounting Estimates And Judgements (Cont'd)

###### (v) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

##### (b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

##### (c) Functional and Foreign Currencies

###### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (c) Functional and Foreign Currencies (Cont'd)

###### (ii) *Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

###### (iii) *Foreign Operations*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

##### (d) **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 December 2009.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method except for subsidiaries acquired which have met the criteria for merger accounting for common control combinations. These subsidiaries are accounted for using merger accounting principles.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(d) Basis of Consolidation (Cont'd)**

Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests are measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquired subsidiary. Separate disclosure is made for minority interest.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

##### **(e) Goodwill on Consolidation**

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (e) Goodwill on Consolidation (Cont'd)

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

##### (f) Investments

###### (i) *Investments in Subsidiaries/Jointly Controlled Entities*

Investments in subsidiaries/jointly controlled entities are initially stated at cost in the balance sheet of the Company and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries/jointly controlled entities, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

###### (ii) *Other Investments*

Other investments held on a long-term basis are stated at cost less allowance for diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

##### (g) Interest in a Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (g) Interest in a Joint Venture (Cont'd)

The interest in a joint venture in the consolidated financial statements is accounted for under the equity method, based on the financial statements of the joint venture made up to 31 December 2009. Under the equity method, the investment in a joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of profit or loss after tax of the joint venture is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect of the Group's net investment in the joint venture.

The joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

##### (h) Property and Equipment

Property and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Laboratory equipment	10%
Computers, EDP and software	20%
Furniture, fittings and renovation	20%
Motor vehicles	20%
Office equipment	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.



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#### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(h) Property and Equipment (Cont'd)**

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

##### **(i) Impairment of Assets**

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

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#### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(j) Assets under Hire Purchase**

Equipment acquired under hire purchase are capitalised in the financial statements.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease and hire purchase agreements.

Equipment acquired under hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms or their useful lives.

##### **(k) Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

##### **(l) Amounts Owing By/To Contract Customers**

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

##### **(m) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(n) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

##### **(o) Provisions**

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

##### **(p) Interest-bearing Borrowings**

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

##### **(q) Income Taxes**

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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#### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(q) Income Taxes (Cont'd)**

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

##### **(r) Equity Instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (s) Employee Benefits

###### (i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

###### (ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### (t) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
  - (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (b) has an interest in the entity that gives it significant influence over the entity; or
  - (c) has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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#### **5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(u) Revenue Recognition**

###### *(i) Contract Income*

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

###### *(ii) Sale of Goods*

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

###### *(iii) Services*

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

###### *(iv) Interest Income*

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (v) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint venture and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

##### (w) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	RM'000	RM'000
Unquoted shares, at cost	31,675	31,675

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#### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009	2008	
<i>Direct subsidiaries:</i>				
Uzma Engineering Sdn Bhd ("Uzma Engineering")	Malaysia	100%	100%	Provision of geoscience and reservoir engineering, drilling, project and operations services, and other specialised services within the oil and gas industry.
Uzma Consulting Limited ("Uzma Thailand") <sup>#</sup>	Thailand	49%	49%	Provision of surface software and consultancy services for oil and gas industries.
Uzma Engineering Pty. Ltd. ("Uzma Australia") <sup>*</sup>	Australia	100%	100%	Provision of geoscience and reservoir engineering services, and management systems.
Uzma Teras Sdn Bhd ("Uzma Teras")	Malaysia	100%	-	Provision of aviation engineering, support services and agency business of aircraft and machines.
<i>Held by Uzma Engineering:</i>				
PT Uzma <sup>^</sup>	Indonesia	95%	-	Provision of consultation services which consist of hook-up and commissioning, project and operation services, technical studies, human resources management and other specialised services in oil and gas industries.

<sup>#</sup> - Uzma Thailand is considered a subsidiary although the Company does not own more than 50% of its equity shares because the Company has the power to appoint and remove the majority of the Board of Directors and therefore control the Board.

<sup>\*</sup> - not audited by Messrs. Crowe Horwath.

<sup>^</sup> - audited by a business associate of Crowe Horwath International.



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#### 7. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	4,000	1,000
Advances to the jointly controlled entity	-	1,000
Share of post acquisition loss in jointly controlled entity	(99)	-
	<u>3,901</u>	<u>2,000</u>

The details of the jointly controlled entity are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2009	Equity Interest 2008	Principal Activity
Uzma-Oriental Co Ltd*	Hong Kong	35%	35%	Investment holding.

\* - audited by a member of Crowe Horwath International.

The Group's share of the assets, liabilities and income and expenses of the jointly controlled entity are as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
<b>Assets and Liabilities</b>		
Current assets	907	467
Current liabilities	(27)	(346)
<b>Results</b>		
Revenue	-	-
Expenses	(99)	(4)

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#### 8. PROPERTY AND EQUIPMENT

	AT 1.1.2009 RM'000	RECLASSIFICATIONS RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	TRANSLATION DIFFERENCES RM'000	AT 31.12.2009 RM'000
THE GROUP						
NET BOOK VALUE						
Freehold land	4,060	-	1,680	-	-	5,740
Buildings	1,703	-	1,945	(84)	-	3,564
Laboratory equipment	-	320	1,473	(125)	-	1,668
Computers, EDP and software	2,355	-	694	(621)	(1)	2,427
Furniture, fittings and renovation	1,425	-	567	(458)	6	1,540
Motor vehicles	359	-	-	(95)	-	264
Office equipment	513	(320)	79	(63)	3	212
	10,415	-	6,438	(1,446)	8	15,415

	AT 1.1.2008 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2008 RM'000
THE GROUP					
NET BOOK VALUE					
Freehold land	-	4,060	-	-	4,060
Buildings	-	1,800	-	(97)	1,703
Computers, EDP and software	1,041	1,656	-	(342)	2,355
Furniture, fittings and renovation	177	1,565	(7)	(310)	1,425
Motor vehicles	205	228	-	(74)	359
Office equipment	158	422	(1)	(66)	513
	1,581	9,731	(8)	(889)	10,415

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 8. PROPERTY AND EQUIPMENT (CONT'D)

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE GROUP			
At 31.12.2009			
Freehold land	5,740	-	5,740
Buildings	3,745	(181)	3,564
Laboratory equipment	1,821	(153)	1,668
Computers, EDP and software	3,868	(1,441)	2,427
Furniture, fittings and renovation	2,494	(954)	1,540
Motor vehicles	475	(211)	264
Office equipment	385	(173)	212
	<u>18,528</u>	<u>(3,113)</u>	<u>15,415</u>
At 31.12.2008			
Freehold land	4,060	-	4,060
Buildings	1,800	(97)	1,703
Laboratory equipment	28	(28)	-
Computers, EDP and software	3,175	(820)	2,355
Furniture, fittings and renovation	1,921	(496)	1,425
Motor vehicles	475	(116)	359
Office equipment	627	(114)	513
	<u>12,086</u>	<u>(1,671)</u>	<u>10,415</u>

The total net book value of the motor vehicles of the Group acquired under hire purchase terms at the balance sheet date amounted to approximately RM257,000 (2008 - RM350,000).

The freehold land and buildings have been pledged to financial institutions as security for banking facilities granted to the Group.

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#### 9. TRADE RECEIVABLES

	THE GROUP	
	2009 RM'000	2008 RM'000
Trade receivables	20,886	31,682
Allowance for doubtful debts		
At 1.1.2009/2008	-	-
Addition during the year	(4,428)	-
At 31.12.2009/2008	(4,428)	-
	<hr/>	<hr/>
Accrued billings	16,458	31,682
	8,402	11,360
	<hr/>	<hr/>
	24,860	43,042
	<hr/>	<hr/>

The Group's normal trade credit terms range from 30 to 45 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Australian Dollar	238	257
Euro	209	-
Thai Baht	652	1,380
United States Dollar	7,170	14,416
	<hr/>	<hr/>

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
Other receivables, deposits and prepayments	4,351	8,676
Allowance for doubtful debts		
At 1.1.2009/2008	-	-
Addition during the year	(327)	-
At 31.12.2009/2008	(327)	-
	<u>4,024</u>	<u>8,676</u>

Included in the other receivables, deposits and prepayments are the following:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Balance of consideration for the disposal of a subsidiary	1,338	2,786
Deposit paid for the acquisition of freehold land and buildings	-	720
Deposit paid for purchase of equipment	500	-
	<u>1,838</u>	<u>3,506</u>

The balance of the consideration for the disposal of a subsidiary bore interest at 4% (2008 - 4%) per annum at the balance sheet date.

The foreign currency exposure profile of the other receivables, deposits and prepayments is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Australian Dollar	4	-
Indonesian Rupiah	4	-
Thai Baht	1,368	763
	<u>1,376</u>	<u>763</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 11. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2009 RM'000	2008 RM'000
Contract costs incurred to date	27,464	19,188
Attributable profits	28,871	21,271
	<hr/>	<hr/>
Progress billings	56,335 (41,536)	40,459 (26,025)
	<hr/>	<hr/>
Net amount owing by contract customers	14,799	14,434
	<hr/>	<hr/>

The net amount owing by contract customers comprises the following:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Amount owing by contract customers	15,025	15,239
Amount owing to contract customers	(226)	(805)
	<hr/>	<hr/>
	14,799	14,434
	<hr/>	<hr/>

The foreign currency exposure profile of the amount owing by contract customers is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Australian Dollar	36	273
United States Dollar	1,333	3,650
	<hr/>	<hr/>

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#### 12. AMOUNT OWING BY SUBSIDIARIES

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

#### 13. SHORT-TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Quoted unit trusts in Malaysia, at cost	1,237	8,064	1,237	8,064
Market value	1,237	8,064	1,237	8,064

Short-term investments represent funds placed with investment fund management companies.

#### 14. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits at the balance sheet date was an amount of approximately RM3,642,000 (2008 - RM4,864,000) which has been pledged to licensed banks as security for banking facilities granted to the Group.

The effective interest rate of the fixed deposits at the balance sheet date ranged from 0.75% to 3.40% (2008 - 1.75% to 3.40%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2008 - 7 to 12 months).

The foreign currency exposure profile of the fixed deposits with licensed banks is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Thai Baht	236	225

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#### 15. CASH AND BANK BALANCES

The foreign currency exposure profile of the cash and bank balances is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Australian Dollar	90	324
Euro	106	-
Indonesian Rupiah	15	-
Thai Baht	711	527
United States Dollar	1,794	154

#### 16. SHARE CAPITAL

	PAR VALUE	THE COMPANY			
		2009 NUMBER OF SHARES RM'000	SHARE CAPITAL RM'000	2008 NUMBER OF SHARES '000	SHARE CAPITAL RM'000
ORDINARY SHARES					
AUTHORISED					
At 1.1.2009/2008	0.50	200,000	100,000	200	100
Created during the financial year	0.50	-	-	199,800	99,900
At 31.12.2009/2008		200,000	100,000	200,000	100,000
ISSUED AND FULLY PAID-UP					
At 1.1.2009/2008		80,000	40,000	^	#
Allotment of shares pursuant to the:					
- acquisition of subsidiaries	0.50	-	-	62,000	31,000
- public issue	0.50	-	-	18,000	9,000
At 31.12.2009/2008		80,000	40,000	80,000	40,000

Notes:-

# - RM2

^ - 4 ordinary shares



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 17. SHARE PREMIUM

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1.1.2009/2008	21,966	-	21,966	-
Premium arising from public issue	-	25,200	-	25,200
Listing expenses	-	(3,234)	-	(3,234)
At 31.12.2009/2008	<u>21,966</u>	<u>21,966</u>	<u>21,966</u>	<u>21,966</u>

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

#### 18. MERGER DEFICIT

The merger deficit relates to the difference between the nominal value of shares issued for the purchase of a subsidiary amounting to RM31,000,000 and the nominal value of the shares acquired of RM1,300,000.

#### 19. CAPITAL RESERVE

According to the Thai Civil and Commercial Code, when the subsidiary which is incorporated in Thailand pays a dividend, it is required to set aside a statutory reserve ("capital reserve") of at least 5% of its net profit, until such reserve reaches 10% of the subsidiary's registered share capital. The capital reserve is not available for distribution.

#### 20. RETAINED PROFITS

At the balance sheet date, the Company has elected for the single tier system which allows the Company to distribute dividends out of its entire retained profits under the single tier tax system.

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#### 21. DEFERRED TAX LIABILITIES

	THE GROUP	
	2009 RM'000	2008 RM'000
At 1.1.2009/2008	551	75
Recognised in income statement (Note 33)	(551)	476
At 31.12.2009/2008	-	551

The deferred tax consists of the tax effects of the following items:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Deferred tax liabilities:-		
Accelerated capital allowances	588	462
Others	39	89
	627	551
Deferred tax assets:-		
Allowance for doubtful debts	(627)	-
	-	551

No deferred tax assets are recognised on the following items:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Allowance for doubtful debts	2,245	-
Unabsorbed capital allowances	1,474	-
Unutilised tax losses	2,194	-
	5,913	-

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 22. LONG-TERM BORROWINGS

	THE GROUP	
	2009 RM'000	2008 RM'000
Hire purchase payables (Note 26)	197	260
Term loans (Note 27)	6,248	4,104
	<hr/>	<hr/>
	6,445	4,364
	<hr/>	<hr/>

#### 23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 30 days.

The foreign currency exposure profile of the trade payables is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Australian Dollar	93	106
Pound Sterling	20	-
Euro	3	-
Thai Baht	431	712
United States Dollar	2,506	4,028
	<hr/>	<hr/>

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 24. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other payables	5,956	2,738	91	119
Accrued contract costs	2,876	4,905	-	-
Accruals	2,918	4,677	-	-
	<u>11,750</u>	<u>12,320</u>	<u>91</u>	<u>119</u>

The foreign currency exposure profile of the other payables and accruals is as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Australian Dollar	78	-
Euro	39	-
Thai Baht	532	171
United States Dollar	590	43
	<u>590</u>	<u>43</u>

#### 25. SHORT-TERM BORROWINGS

	THE GROUP	
	2009 RM'000	2008 RM'000
Hire purchase payables (Note 26)	58	53
Term loans (Note 27)	589	331
Factoring (Note 28)	523	-
	<u>1,170</u>	<u>384</u>

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 26. HIRE PURCHASE PAYABLES

	THE GROUP	
	2009 RM'000	2008 RM'000
Future minimum hire purchase payments:		
- not later than one year	68	68
- later than one year but not later than five years	218	286
- later than five years	15	15
	<hr/>	<hr/>
	301	369
Less: Future finance charges	(46)	(56)
	<hr/>	<hr/>
Present value of hire purchase payables	255	313
	<hr/>	<hr/>
Current portion (Note 25):		
- not later than one year	58	53
Non-current portion (Note 22):		
- later than one year but not later than five years	186	248
- later than five years	11	12
	<hr/>	<hr/>
Total non-current portion	197	260
	<hr/>	<hr/>
	255	313
	<hr/>	<hr/>

The hire purchase payables of the Group bore effective interest rates ranging from 4.35% to 5.75% (2008 - 4.35% to 5.75%) per annum at the balance sheet date.

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 27. TERM LOANS

	THE GROUP	
	2009 RM'000	2008 RM'000
Current portion (Note 25): - repayable within one year	589	331
Non-current portion (Note 22): - repayable between one and two years	625	344
- repayable between two and five years	2,098	1,161
- repayable after five years	3,525	2,599
Total non-current portion	6,248	4,104
	<u>6,837</u>	<u>4,435</u>

Details of the term loans are as follows:-

TERM LOAN	MONTHLY INSTALMENT	EFFECTIVE INTEREST RATE PER ANNUM	NUMBER OF MONTHLY INSTALMENTS	DATE OF COMMENCEMENT OF REPAYMENT	AMOUNT OUTSTANDING RM'000
1	Year 1 - RM20,151 Year 2 - RM23,836 Year 3 onwards - RM24,156	3.15% 5.55% 5.85%	144	13 February 2008	2,078
2	Year 1 - RM19,812 Year 2 - RM23,435 Year 3 onwards - RM23,750	3.15% 5.55% 5.85%	144	13 February 2008	2,029
3	Year 1 to 5 - RM30,901 Year 6 onwards - RM30,618	4.05% 3.85%	120	25 May 2009	2,730
					<u>6,837</u>

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **27. TERM LOANS (CONT'D)**

The term loans bore a weighted average effective interest rate of 4.95% (2008 - 3.15%) per annum at the balance sheet date and were secured by:-

- (i) a first legal charge over the freehold land and buildings of a subsidiary;
- (ii) a joint and several guarantee of two directors of the Company; and
- (iii) a corporate guarantee of RM11,000,000 by the Company.

#### **28. FACTORING**

The factoring of the Group bore an effective interest rate of 7.30% per annum at the balance sheet date and was secured in the same manner as the bank overdrafts as disclosed in Note 29 to the financial statements.

#### **29. BANK OVERDRAFTS**

The bank overdrafts bore effective interest rates ranging from 7.05% to 7.3% (2008 - 8.25% to 10.00%) per annum at the balance sheet date and were secured by:-

- (i) a pledge of certain fixed deposits of a subsidiary; and
- (ii) a joint and several guarantee of two directors of the Company.

#### **30. NET ASSETS PER ORDINARY SHARE**

The net assets per ordinary share is calculated based on the net assets value of approximately RM49,928,000 (2008 - RM64,023,000) divided by the number of ordinary shares in issue at the balance sheet date of 80,000,000 (2008 - 80,000,000) shares.

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 31. REVENUE

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Services rendered	82,048	111,635	-	-
Contract revenue	16,779	22,956	-	-
Dividend Income	-	-	4,151	-
	<u>98,827</u>	<u>134,591</u>	<u>4,151</u>	<u>-</u>

#### 32. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/Profit before taxation is arrived at after charging:-				
Audit fee:				
- for the financial year	121	81	28	20
- underprovision in the previous financial year	10	-	-	-
Allowance for doubtful debts	4,755	-	-	-
Depreciation of property and equipment	1,446	889	-	-
Directors' fee	132	81	132	81
Directors' non-fee emoluments	2,781	2,262	14	-
Interest expense:				
- bank overdrafts	140	198	-	-
- factoring	57	-	-	-
- hire purchase	10	7	-	-
- term loans	319	358	-	-
Loss on foreign exchange				
- realised	202	80	-	-
Other investment written off	12	-	-	-
Rental of premises	510	265	-	-
Rental of software and equipment	52	53	-	-
Staff costs	14,701	8,262	-	-



## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 32. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
and crediting:-				
(Gain)/Loss on disposal of equipment	(2)	7	-	-
Gain on foreign exchange:				
- realised	-	(26)	-	-
- unrealised	(157)	(317)	-	-
Interest income	(243)	(141)	-	-

#### 33. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax:				
- for the current financial year	82	3,606	997	-
- overprovision in the previous financial year	(134)	(1,436)	-	-
	(52)	2,170	997	-
Deferred tax (Note 21):				
- relating to origination and reversal of temporary differences	(551)	476	-	-
	(603)	2,646	997	-

During the current financial year, the statutory tax rate was reduced from 26% to 25%, as announced in the Malaysian Budget 2008.

As gazetted in the Financial Act 2009, certain subsidiaries of the Company will no longer enjoy the preferential tax rate of 20% on its chargeable income of up to RM500,000 effective from year of assessment 2009 as the Company has a paid-up share capital exceeding RM2,500,000.

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 33. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/Profit before taxation	(12,489)	13,115	3,899	(518)
Tax at the statutory tax rate of 25% (2008 - 26%)	(3,122)	3,410	975	(135)
Tax effects of:-				
Non-deductible expenses	1,188	807	22	135
Non-taxable gains	-	(128)	-	-
Deferred tax assets not recognised during the financial year	1,478	-	-	-
Overprovision of current tax in the previous financial year	(134)	(1,436)	-	-
Different tax rates in other countries	(13)	-	-	-
Effect of differential in tax rates on deferred tax	-	(7)	-	-
Tax for the financial year	(603)	2,646	997	-

#### 34. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share (“(LPS)/EPS”) is arrived at by dividing the Group’s loss attributable to the equity holders of the Company of approximately RM11,959,000 (2008 - profit attributable to equity holders of RM10,273,000) by the number of ordinary shares in issue during the financial year of 80,000,000 shares (2008 - weighted average of 70,186,301 ordinary shares).

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the balance sheet date.

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 35. DIVIDEND

	2009 RM'000	2008 RM'000
Paid:		
- interim dividend of 2.5 sen per ordinary share in respect of the previous financial year	2,000	-

#### 36. PURCHASE OF PROPERTY AND EQUIPMENT

	THE GROUP	
	2009 RM'000	2008 RM'000
Cost of property and equipment purchased	6,438	9,731
Deposit paid in the previous financial year	-	(1,036)
Amount financed through hire purchase	-	(199)
Cash disbursed for purchase of property and equipment	6,438	8,496

#### 37. ACQUISITION OF SUBSIDIARIES

The Company's wholly-owned subsidiary, Uzma Engineering had on 3 June 2009 received the final approval from the relevant authorities of the Republic of Indonesia for the incorporation of a company namely PT Uzma. Uzma Engineering subscribed for 950 ordinary shares of USD100 each representing 95% of the issued and paid-up share capital of PT Uzma for a total cash consideration of approximately RM345,000.

The Company had on 18 September 2009 acquired two ordinary shares of RM1 each representing 100% of the issued and paid-up share capital of Uzma Teras for a total cash consideration of RM2.

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 37. ACQUISITION OF SUBSIDIARIES (CONT'D)

The effects of the acquisition of the subsidiaries on the financial results of the Group for the financial year are as follows:-

	2009 RM'000	2008 RM'000
Revenue	1,939	-
Profit after taxation for the financial year	57	-

If the acquisitions had occurred at the beginning of the financial year, the Group's revenue and loss for the financial year would have been as follows:-

	2009 RM'000	2008 RM'000
Revenue	1,939	-
Profit after taxation for the financial year	57	-

The details of net assets acquired and cash flow arising from the acquisition of the subsidiaries are as follows:-

	THE GROUP	
	2009 RM'000	2008 RM'000
Non-current assets	-	28
Current assets	363	2,486
Current liabilities	-	(1,593)
Minority interests	(18)	(462)
Fair value of net assets acquired/Purchase consideration	345	459
Less: Cash and bank balances on acquisition of the subsidiary	(363)	(459)
Net cash inflow on acquisition of the subsidiary	(18)	-

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 38. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise of:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term investments	1,237	8,064	1,237	8,064
Fixed deposits with licensed banks (Note 14)	3,652	5,700	-	-
Cash and bank balances	3,591	1,614	367	596
Bank overdrafts	(121)	(2,647)	-	-
	<u>8,359</u>	<u>12,731</u>	<u>1,604</u>	<u>8,660</u>

#### 39. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors:				
- salaries and other emoluments	2,767	2,262	-	-
Non-executive directors:				
- fee	132	81	132	81
- other emoluments	14	-	14	-
	<u>2,913</u>	<u>2,343</u>	<u>146</u>	<u>81</u>

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 39. DIRECTORS' REMUNERATION (CONT'D)

Details of the number of directors of the Company and their respective remuneration bands are analysed as follows:-

	THE GROUP		THE COMPANY	
	2009 No. of Directors	2008 No. of Directors	2009 No. of Directors	2008 No. of Directors
Executive directors:				
- RM750,001 – RM800,000	-	1	-	-
- RM700,001 – RM750,000	1	-	-	-
- RM500,001 – RM550,000	1	1	-	-
- RM350,001 – RM400,000	-	1	-	-
- RM300,001 – RM350,000	3	1	-	-
- RM250,001 – RM300,000	-	1	-	-
Non-executive directors:				
- RM50,001 – RM100,000	1	-	1	-
- Below RM50,000	2	3	2	3
	<u>8</u>	<u>8</u>	<u>3</u>	<u>3</u>

#### 40. CAPITAL COMMITMENTS

	THE GROUP	
	2009 RM'000	2008 RM'000
Approved and contracted for:-		
- property and equipment	1,138	2,880
- additional capital contribution for jointly controlled entity	-	2,000
	<u>-</u>	<u>2,000</u>

#### 41. CONTINGENT LIABILITY

	THE COMPANY	
	2009 RM'000	2008 RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	7,468	5,200
	<u>7,468</u>	<u>5,200</u>

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 42. SEGMENTAL REPORTING

##### Business Segments

	SERVICES RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	THE GROUP RM'000
THE GROUP 2009				
REVENUE				
External revenue	98,827	-	-	98,827
Inter-segment revenue	889	4,151	(5,040)	-
Total revenue	99,716	4,151	(5,040)	98,827
RESULTS				
Segment results	(11,506)	3,899	(4,151)	(11,758)
Finance costs				(632)
Share of loss in a jointly controlled entity				(99)
Loss from ordinary activities before taxation				(12,489)
Income tax expense				603
Loss from ordinary activities after taxation				(11,886)
Minority interests				(73)
Net loss attributable to equity holders of the Company				(11,959)
OTHER INFORMATION				
Segment assets	41,406	62,426	(32,116)	71,716
Unallocated assets	2,304	3	-	2,307
				74,023
Segment liabilities	(23,296)	(91)	-	(23,387)
Unallocated liabilities	(26)	-	-	(26)
				(23,413)
Depreciation	1,446	-	-	1,446
Capital expenditure	6,438	-	-	6,438
Other non-cash expenses, other than depreciation	4,767	-	-	4,767

## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

#### 42. SEGMENTAL REPORTING (CONT'D)

##### Business Segments (Cont'd)

	SERVICES RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	THE GROUP RM'000
THE GROUP 2008				
REVENUE				
External revenue	134,591	-	-	134,591
Inter-segment revenue	500	-	(500)	-
Total revenue	135,091	-	(500)	134,591
RESULTS				
Segment results	14,787	(517)	(292)	13,978
Finance costs				(863)
Profit from ordinary activities before taxation				13,115
Income tax expense				(2,646)
Profit from ordinary activities after taxation				10,469
Minority interests				(196)
Net profit attributable to equity holders of the Company				10,273
OTHER INFORMATION				
Segment assets	89,189	61,554	(55,970)	94,773
Segment liabilities	53,133	119	(24,295)	28,957
Unallocated liabilities	-	-	-	1,069
				30,026
Depreciation	889	-	-	889
Capital expenditure	9,731	-	-	9,731

Segmental information on geographical segment is not presented as the revenue of the Group was derived mainly from customers located in Malaysia. The overseas operations accounted for less than 10% of the revenue, segment results and assets of the Group.



## UZMA BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 43. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	THE GROUP	
	2009	2008
Australian Dollar	3.06	2.40
Euro	4.92	-
Pound Sterling	5.50	-
Thai Baht	0.10	0.10
United States Dollar	3.42	3.46
Indonesian Rupiah	0.00036	-

#### 44. RELATED PARTY DISCLOSURES

- (a) The Company has related party relationships with:-
- (i) its subsidiaries as disclosed in Note 6 to the financial statements;
  - (ii) its jointly controlled entity as disclosed in Note 7 to the financial statements;
  - (iii) the key management personnel; and
  - (iv) an entity controlled by an immediate family of a director.

## UZMA BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 44. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(i) <b>Subsidiaries</b>				
Dividend income	-	-	4,151	-
(ii) <b>Entity controlled by an immediate family of a director</b>				
Administrative expenses paid	201	202	120	59
(iii) <b>Key management personnel (including directors)</b>				
Short-term employee benefits	4,011	3,284	146	81

## UZMA BERHAD

(Incorporated in Malaysia)  
Company No : 769866 - V

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

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#### 45. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

**(a) Hire Purchase Payables and Long-Term Borrowings**

The carrying amounts approximated the fair values of these instruments. The fair values of the hire purchase payables and the long-term borrowings are determined by discounting the relevant cash flows using the current interest rates at the balance sheet date.

**(b) Cash and Cash Equivalents and Other Short-Term Receivables/Payables**

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

**(c) Quoted Investments**

The fair values of quoted investments are estimated based on quoted market prices for these investments.

**(d) Contingent Liability**

The nominal amount and net fair value of the financial instrument not recognised in the balance sheet is as follows:-

		THE COMPANY			
		2009		2008	
	Note	Nominal Amount RM'000	Net Fair Value RM'000	Nominal Amount RM'000	Net Fair Value RM'000
Contingent liability	41	7,468	*	5,200	*

\* - The net fair value of the contingent liability is estimated to be minimal as the subsidiary is expected to fulfil its obligations to repay the borrowings.

## **UZMA BERHAD**

(Incorporated in Malaysia)  
Company No : 769866 - V

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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#### **46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are as follows:-

- (i) Uzma Engineering subscribed for 950 ordinary shares of USD100 each representing 95% of the issued and paid-up share capital of PT Uzma for a total cash consideration of approximately RM345,000.
- (ii) The Company had on 18 September 2009 acquired two ordinary shares of RM1 each representing 100% of the issued and paid-up share capital of Uzma Teras for a total cash consideration of RM2.
- (iii) The Company subscribed for the rights issue which amounted to approximately RM3,000,000 of Uzma-Oriental Co. Ltd., a jointly controlled entity.

#### **47. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE**

Subsequent to the balance sheet date, the Company had on 31 March 2010, entered into an agreement with Nalco Industrial Services Malaysia Sdn. Bhd. for the acquisition of a 70% equity interest in Malaysia Energy Chemical Services Sdn. Bhd. for a total cash consideration of USD2,500,000.



UZMA BERHAD  
(Company No. 769866-V)

CDS Account No.

PROXY FORM

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK)  
of \_\_\_\_\_  
(ADDRESS)

being a member/members of UZMA BERHAD (the "Company") hereby appoint

\_\_\_\_\_ of  
(FULL NAME)  
\_\_\_\_\_ (ADDRESS)

or failing him/her, \_\_\_\_\_  
(FULL NAME)  
of \_\_\_\_\_  
(ADDRESS)

as \*my/our proxy, to vote for \*me/us and on \*my/our behalf at the Third Annual General Meeting ("AGM") of the Company to be held at Kelab Golf Sultan Abdul Aziz Shah, No 1. Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 23 June 2010 at 10.00 a.m. or at any adjournment thereof.

With reference to the agenda set forth in the Notice of Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

No. of ordinary shares held

\_\_\_\_\_  
Signature of Member / Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof

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Please Affix Stamp  
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The Share Registrar  
UZMA BERHAD (769866-V)  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46, 47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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31 May 2010

Dear Shareholder,

RE: eDividend (Electronic Dividend) Service

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In line with the implementation of eDividend in the third quarter of 2010, Uzma Berhad ("the Company") is pleased to inform you of the benefits of and the registration requirements for eDividend.

The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the dividend payment system which is aligned to the national agenda of migrating to electronic payment.

## 1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad ("listed issuers") and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorized deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
  - (a) The convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
  - (b) The option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better account management.

## 2. Registration for eDividend

- 2.1 Registration for eDividend commenced on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at <http://www.bursamalaysia.com>

- 2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-
  - (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification;  
  
Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and
  - (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's

verification. For corporate entities, a certified true copy is to be submitted. If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

### 3. Notification of eDividend payment after registration

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

### 4. Additional information for shareholders

- 4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysia Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: [http://www.meps.com.my/faq/interbank\\_giro.asp?id=2#answer](http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer)

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|--|---|
| 1. Affin Bank Berhad                     | 12. EON Bank Berhad                         |
| 2. Alliance Bank Malaysia Berhad         | 13. Hong Leong Bank Berhad                  |
| 3. AmBank (M) Berhad                     | 14. HSBC Bank Malaysia Berhad               |
| 4. Bank Islam Malaysia Berhad            | 15. Malayan Banking Berhad                  |
| 5. Bank Muamalat Malaysia Berhad         | 16. OCBC Bank (Malaysia) Berhad             |
| 6. Bank Kerjasama Rakyat Malaysia Berhad | 17. Public Bank Berhad                      |
| 7. Bank of America                       | 18. RHB Bank Berhad                         |
| 8. Bank Simpanan Nasional                | 19. Standard Chartered Bank Malaysia Berhad |
| 9. CIMB Bank Berhad                      | 20. The Royal Bank of Scotland Berhad       |
| 10. Citibank Berhad                      | 21. United Overseas Bank (Malaysia) Bhd     |
| 11. Deutsche Bank Berhad                 |   |

- 4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorize the disclosure in writing. For eDividend purposes, you will be authorizing disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

- 4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation and to serving you better as our valued shareholders.

Thank you.

Yours faithfully,



DATU' KAMARUL REDZUAN BIN MUHAMED  
Managing Director / Chief Executive Officer