UZMA BERHAD (769866-V)

ANNUAL | REPORT | 2010

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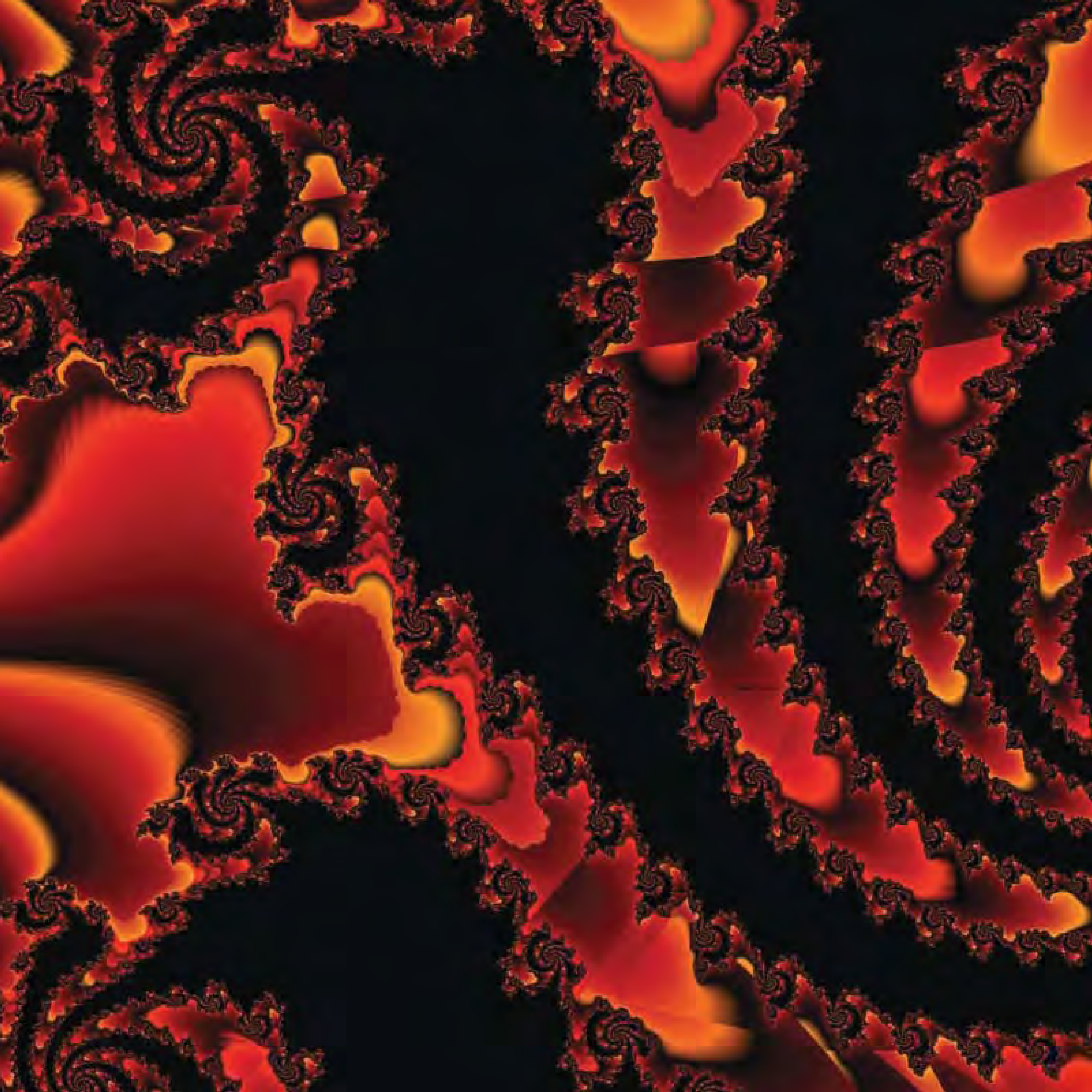


NO CONSTRAINT — OUR PEOPLE CREATIVITY, INNOVATIVENESS AND THE COURAGE TO BE BOLD, HAS ENABLED UZMA TO STAY RESILIENT THROUGHOUT THE YEARS. THE SAME SET OF QUALITIES WITH NO CONSTRAINT MINDSET WILL PROPEL UZMA TO GREATER HEIGHTS IN THE FUTURE. THUS, POSITIONING THE GROUP AS AN INTEGRATED SUBSURFACE SOLUTION PROVIDER OF CHOICE AND A LEADING WELL AND BROWN FIELD REJUVENATION SOLUTION PROVIDER IN THE EXPLORATION & PRODUCTION SECTOR OF OIL AND GAS INDUSTRY.

UZMA BERHAD (769866-V)
(Incorporated in Malaysia)
NOTICE IS HEREBY GIVEN THAT the Fourth 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 Tuesday, 28 June 2011 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 2010 and the Reports of Directors and Auditors thereon. **Ordinary Resolution 1**

2. To re-elect Dato' Kamarul Redzuan bin Muhamed who retire in accordance with Article 77 of the Company's Articles of Association. **Ordinary Resolution 2**

3. To re-elect Datin Rozita Mat Shah @ Hassan who retire in accordance with Article 77 of the Company's Articles of Association. **Ordinary Resolution 3**

4. To re-elect Che Nazahatuhisamudin bin Che Haron who retire in accordance with Article 77 of the Company's Articles of Association. **Ordinary Resolution 4**

5. To re-elect Mohd Shah bin Abdullah who retire in accordance with Article 83 of the Company's Articles of Association. **Ordinary Resolution 5**

6. To appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

7. As Special Business to consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications: -

   ORDINARY RESOLUTION 1
   AUTHORITY TO ISSUE SHARES
   "THAT subject always to the Companies Act, 1965 and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, 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 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 to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

ORDINARY RESOLUTION 2
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Ordinary Resolution 8

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("Uzma Group") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("Related Parties") as specified in Section 2.2.2 of the Circular to Shareholders dated 3 June 2011 ("Recurrent RPTs") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

8. 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

Selangor
3 June 2011

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 the Company's Share Registrar Office 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:

   Resolution 7 – Authority to Issue Shares
   The Proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue 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 Third Annual General Meeting held on 23 June 2010 and which will lapse at the conclusion of the Fourth 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.

   Resolution 8 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
   The proposed Ordinary Resolution 8, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions pursuant to paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholders dated 3 June 2011, which is despatched together with the Company's Annual Report 2010.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee
  (Independent Non-Executive Chairman)
- Dato' Kamarul Redzuan bin Muhamed
  (Managing Director / Chief Executive Officer)
- Datin Rozita binti Mat Shah @ Hassan
  (Executive Director, Corporate Services)
- Mr. Peter Angus Knowles
  (Executive Director, International Business)
- Encik Che Nazahatuhisamudin bin Che Haron
  (Executive Director, Sales and Marketing)
- Encik Mohd Khalid Embong
  (Executive Director, Strategic and Business Planning)
- Encik Mohd Shah Bin Abdullah
  (Independent Non-Executive Director)
- Dato' Dr. (H) Ab Wahab bin Haji Ibrahim
  (Independent Non-Executive Director)

AUDIT COMMITTEE

- Dato' Dr. (H) Ab Wahab bin Haji Ibrahim - Chairman
  (Independent Non-Executive Director)
- Encik Mohd Shah Bin Abdullah
  (Independent Non-Executive Director)
- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee
  (Independent Non-Executive Chairman)

NOMINATING COMMITTEE

- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman
  (Independent Non-Executive Chairman)
- Dato' Dr. (H) Ab Wahab bin Haji Ibrahim
  (Independent Non-Executive Director)
- Encik Mohd Shah Bin Abdullah
  (Independent Non-Executive Director)

REMUNERATION COMMITTEE

- Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman
  (Independent Non-Executive Chairman)
- Dato' Dr. (H) Ab Wahab bin Haji Ibrahim
  (Independent Non-Executive Director)
- Dato' Kamarul Redzuan bin Muhamed - Member
  (Managing Director / Chief Executive Officer)

CORPORATE INFORMATION

CORPORATE OFFICE
UZMA HOUSE
No. 68 & 70, Fraser Business Park
Jalan Metro Pudu 2
55200 Kuala Lumpur
Tel: 03-9232 1000
Fax: 03-9232 1032
Email : malaysia@uzmagroup.com
Website : www.uzmagroup.com

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

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

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

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

STOCK EXCHANGE LISTING
Main Market
BURSA MALAYSIA
SECURITIES BERHAD
Listed Since : 29 July 2008
Stock Name : UZMA
Stock Code : 7250

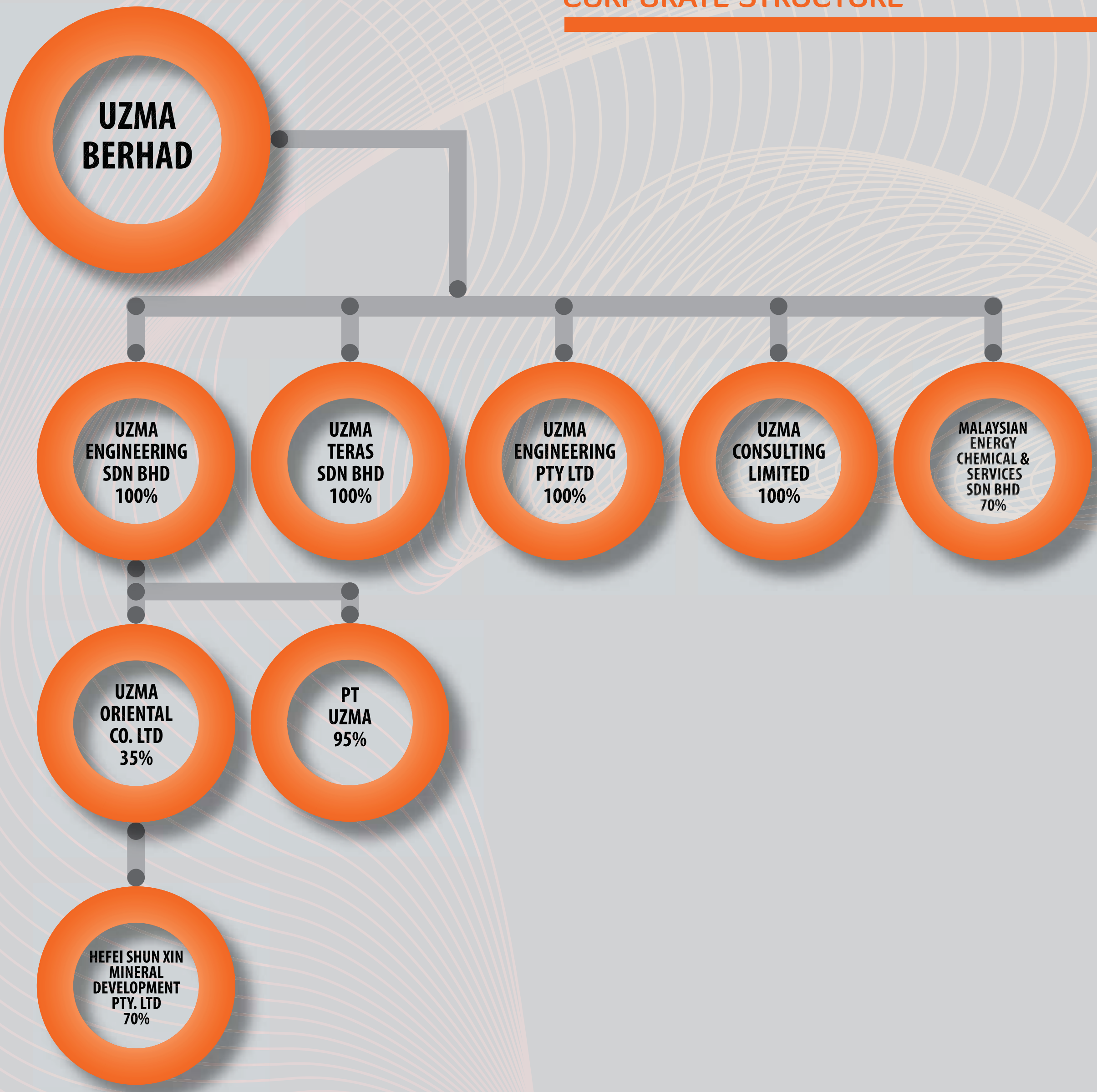
PRINCIPAL BANKERS
ALLIANCE BANK MALAYSIA
BERHAD (88103-W)
Ground & 1st Floor
No. 2, Jalan Murni 25/ 61
Taman Sri Muda, Seksyen 25
40400 Shah Alam, Selangor
Tel: 03-5121 9336
Fax: 03-5121 9373

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 OFFICE

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

DATUK WIRA SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE

Independent Non-Executive Chairman

Dear shareholders

On behalf of my fellow Directors, I am pleased to present Uzma Group's ("The Group", "The company", 'we', "our") Annual Report and Audited Financial Statements for the financial year ended 31 December 2010 (FY 2010).

FINANCIAL PERFORMANCE

Financial Results

The Group operates in the oil & gas industry is so susceptible to the level of activities of the oil & gas producers whose level of activities are influenced by the volatility of oil price. Throughout 2010, the oil price has been hovering around USD70 to USD90 per barrel. The improvement in the oil price has stimulated a lot more exploration, development and production activities in 2010 as compared to 2009. Based on this back drop, the performance of the Group has also improved significantly.

The Group recorded revenue of RM116.1 million in 2010 as compared to RM98.8 million in 2009, representing an increase of RM17.3 million or 17.5%. The increase in revenue mainly from Uzma newly acquired subsidiary, Malaysian Energy Chemical & Services Sdn Bhd ("MECAS") and from its Project Oilfield Operation Services ("POOS") division. However the growth was offset by lower revenue from Geoscience & Reservoir Engineering ("GRE") and Manpower divisions.

The Group recorded a gross profit of RM21.4 million in 2010 compared to RM15.5 million in 2009 representing an increase of RM5.9 million or 38.1%. The increase in gross profit was mainly from MECAS and favourable margin from POOS.

In line with the increase in revenue and improvement in gross profit, the Group's results before taxation have also improved significantly. The Group recorded a loss before taxation of RM2.1 million in 2010 as compared to a loss before taxation of RM12.5 million in 2009. The improvement was mainly due to the two reasons explained above and extensive cost cutting measures undertaken by the management in 2010.

MAJOR EVENTS

In anticipation of challenging business environment during the review period, the Group has decided to continue streamlining its operations, engage in aggressive business development and cost cutting initiatives to improve profitability. As planned, with the completion of acquisition of an oil field chemical based company MECAS, and the establishment of uzmaWIRELINE division, the Group is well on the road to become an integrated subsurface E&P service provider, and position itself as a leading solution provider in rejuvenating idle wells and brown fields. The services offered by MECAS and uzmaWIRELINE complement the Group's already established services; Geological Laboratory, GRE consultancy and Project Oilfield Operation Services.

The application of uzmAPRES, a mechanical technology solution for reviving old and and idle wells, is gaining momentum. The number of installations of UzmaPRES has grown from one in 2009 to three in 2010. We expect the number of uzmAPRES installations to double in the following years with the award of the Low Pressure System long term service contract expected in early 2011.

In early 2010 we concluded an agreement with Nalco Industrial Services Malaysia Sdn Bhd for the acquisition of 70% equity interest in MECAS. With the acquisition, the Group is now able to offer a more comprehensive integrated solutions.

The Group uzmaWIRELINE division, which was setup in 2009, became fully operational during the review period as planned. Through this new division, the Group is well positioned to capture well services activities which are expected to pickup in 2011. The Group GRE Consultancy, Geological Laboratory and Manpower businesses experienced some deciline in activities in early part of the review period. However, with the award of subsurface umbrella contract from PETRONAS, the Group activities in these areas are expected to pick up in year 2011 onwards.

OUTLOOK

The oil price is expected to remain volatile but remain at relatively higher level in the near term. The level of oil and gas industry activities in Malaysia and the region is expected to be high. The spate of large contracts awarded in late 2010 by the Oil and Gas producers are expected to continue in 2011. PETRONAS commitment to developing and monetizing domestic reserves, development of deep water fields, implementation of EOR projects and the awards of large risk service contract for the development of clusters of small fields offers a substantial amount of opportunities for the Group to tap into.

The Group performance is expected to improve with the award of various contracts it is now bidding and under negotiation with the clients by early 2011.

The Group will continue focusing on enhancing shareholders value by offering an integrated subsurface solutions, further streamlining and integrating our Laboratory , GRE Consultancy, Wireline and Project Oilfield Operations Services, and continuous improvement initiatives to become a more effective and efficient operations organization.

ACKNOWLEDGEMENT

On behalf of the Group Board , I wish to express our sincere appreciation to our clients, management team, our people, business associates, shreholders and my fellow Directors for their 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.

Without your unwavering support we would not be able to be where we are today. Thank you for your faith in us and continued support in our effort to taking the Group to a new height in the future.

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

CEO'S STATEMENT

DATO' KAMARUL REDZUAN BIN MUHAMED

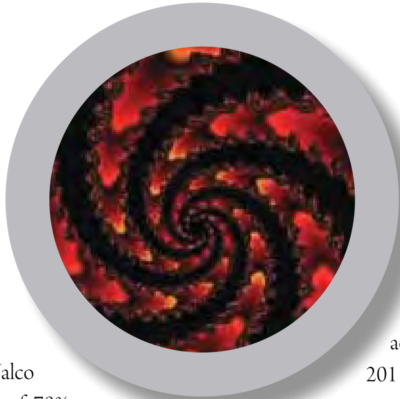
Managing Director / Chief Executive Officer, Uzma Group

Year 2010 was another challenging year for the oil and gas industry as a whole. The road to recovery was only seen towards the second half of the year with the announcement and awards of large projects via a new contracting strategy, Risk Service Contract for the development of marginal and redevelopment old brown fields. The country's quest for more oil production, the need to replenish existing hydrocarbon reserves and the need to monetize the discovered reserves due to all price at relatively high level, will result in renewed high level of Exploration& Production (E&P) activities in the coming few years. The Group is well positioned to capture parts of these renewed activities following our investments complementing our core capabilities.

Throughout the year, the initiatives in improving our management and internal control system, investment in new complementing capabilities, expanding and integrating various divisions within the Group: GRE Services, Project Oilfield Operation Services ("POOS") has enabled us to trim down our losses significantly, and has positioned the Group to actively participate in the renewed level of Exploration & Productions activities by PETRONAS and independent producers in the region.

During the period under review, we have taken initiatives in improve our operations by revising our integrated management system and embarking on the journey towards ISO 9001 certification for the various services we offered. The initiative has resulted in improving productivity, fostering a better teamwork environment, creating a more effective and efficient work process, and enhancing the quality of the group deliveries. All these enable us to minimize waste and cut down our operating expenses significantly.

I am pleased to note that the application of uzmAPRES™ – a mechanical technology solution for reviving old and and idle wells, is gaining momentum. The pilot implementations of uzmAPRES™ in 2009 enabled our customers assess its viability and realize the value of their assets faster. As a result, despite the economic uncertainty, the number of installations of uzmAPRES™ has grown from one in 2009 to three in 2010. We expect the number of uzmAPRES™ installations to double in the following years with the award of the Low Pressure System Long-term Service



contract expected in early 2011. We have expanded our POOS in order to cater for imminent growth in the uzmAPRES™ installations. The services offered by POOS Division will be complemented by the GPE Division and the newly formed uzmaWIRELINE Division for the subsurface consultancy and well intervention services respectively.

In early 2010 we concluded 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 oil field chemicals, equipment and services. With the acquisition, the Group is now able to offer more comprehensive integrated mechanical and chemical technology based solutions, complementing the Group's subsurface consultancy and oil field operations services to address flow assurance issues related to deep water development, depleting reservoirs and aging facilities.

The relationship with Nalco Group of companies- a world leading company in oil field chemical, enables us to link with another Nalco Group of companies called TIORCO, a company specializing in improved oil recovery, to complement and strengthen our Enhanced Oil Recovery Services. Combining TIORCO technology and Uzma Group experience in managing EOR project in Malaysia and our participation in the production of heavy oil in Inner Mongolia, make us the only local company with such unique capability.

The Group uzmaWIRELINE division, which was setup in 2009, become fully operational during the review period as planned. The Group has completed the acquisitions of the operating wireline unit, equipment, accessories and setting up an operational base in Labuan, and is now ready to offer

a comprehensive cased hole services (well services) to the E&P players leveraging state of the art equipment and a highly trained and experienced team. Through this new division, the Group is well positioned to capture well services activities which are expected to pickup in 2011 following PETRONAS aggressive effort to sustain domestic current production level via further development and rejuvenation activities of brown fields and development of small and deep water fields.

The Group GRE Consultancy, Geological Laboratory and Manpower businesses experienced some decline in activities in early part of the review period. However, with the award of subsurface umbrella contract from PETRONAS, the Group's activities in these areas are expected to pick up in year 2011 onwards.

Going forward, I believe E&P industry activities will be in full gear starting 2011. Having invested in various capabilities in the last 1-2 years, the Group is poised to offer an integrated subsurface solution to the E&P Industry and position us to be a leading brown field rejuvenation and EOR solutions provider.

Last but not least, I wish to express my sincere appreciation to our management team, our people, business associates for their support

Without your unwavering support we would not be able to be where we are today. Thank you for your faith in us and continued support in our effort to take the Group to a new height in the future.

Dato' Kamarul Redzuan Bin Muhamed
Managing Director / Chief Executive Officer

BOARD OF DIRECTORS
(from left - sitting)
Dato' Kamarul Redzuan bin Muhamed
Datin Rozita binti Mat Shah @ Hassan
Mohd Khalid bin Embong

BOARD OF DIRECTORS

BOARD OF DIRECTORS
(from left - sitting)
Peter Angus Knowles
Che Nazahatuhisamudin bin Che Haron
Mohd Shah bin Abdullah
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee

DATUK WIRA SYED ALI
BIN TAN SRI SYED ABBAS ALHABSHEE

Independent Non-Executive Chairman

Aged 49, 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 directorship in C.I. Holdings Berhad and Asia Media Group Bhd. He also holds Chairmanships in Composites Technology Research Malaysia Sdn Bhd, a company which is controlled by the Ministry of Finance, Tanjung Offshore Berhad, a public listed company on the Main Board of Bursa Securities and Yayasan Pendidikan Cheras, Kuala Lumpur.

Datuk Wira Syed Ali also serves as the Chairman of the Nomination Committee and Remuneration Committee of Uzma Group.

DATO' KAMARUL REDZUAN
BIN MUHAMED

Managing Director / Chief Executive Officer

Aged 38, 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
BINTI MAT SHAH @ HASSAN

Executive Director, Corporate Services

Aged 41, 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 four separate departments; the Human Resources, Corporate Relations & Administration, Information Technology and Health, Safety & Environmental departments form the backbone of Uzma.

PETER ANGUS KNOWLES

Executive Director, International Business

A British aged 54, is our Executive Director, Oilfield 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
BIN EMBONG

Executive Director, Strategic and Business Planning

Aged 55, is our Executive Director, Geoscience and Petroleum Engineering Services. 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 of 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.
- Account Manager, 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
BIN CHE HARON

Executive Director, Sales and Marketing

Aged 39, is our Executive Director, Project Oilfield & Operation 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.

MOHD SHAH
BIN ABDULLAH

Independent Non-Executive Director

Aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 2 August 2010.

He obtained his professional qualification, MBA from Cornell University in 1981 and Bachelor of Social Science (Honors) in Economic from Singapore University in 1971. He had extensive experience in the government sectors such as Ministry of Transport and Ministry of Finance from 1971 until 1984.

He then joined Malaysian International Merchant Bankers as the Head of Corporate Banking. He had the experience of sitting on the board of other listed companies as well, namely Malaysian International Shipping Corporation, MECIB Berhad, Malaysian International Finance Berhad, Asia Unit Trust, Lembaga Pelabuhan Johor, and Yayasan Tunku Abdul Rahman.

DATO' DR. (H) AB WAHAB BIN HAJI IBRAHIM

Independent Non-Executive Director

Aged 60, is our Independent Non-Executive Director. He was appointed to the Board on 25 May 2011.

He is a Chartered Accountant and also a member of the Malaysian Institute of Accountants (MIA). He holds a Diploma and Advanced Diploma in Accounting from Universiti Teknologi MARA and his experience spans over 27 years in the area of finance and accounting. He began his career in the Corporate Finance Division at PETRONAS in 1978 and later assumed the role of Finance Manager for PETRONAS Gas Berhad (PGB), a subsidiary of PETRONAS. He was also appointed as Joint Company Secretray and was a member of the Management Committee for PGB.

Following the successful implementation of the listing of PETRONAS Gas Berhad, he was further reassigned as Head of the Finance and IT Division of Oil, Gas and Petrochemical Technical Services Sdn Bhd, another subsidiary of PETRONAS in 1996, a position he held until 2004. He was awarded an Honorary Doctorate from Irish International University, Ireland in 2007. He is also an Independent Non-Executive Director of Alam Maritime Resources Berhad and Tanjung Offshore Berhad.

KEY MANAGEMENT
(from left - standing)
Lee Chen Yow
Bong Leong Sung
Ahmad Yunus bin Talib
Drs. Robert Eise Hulsbos

BOARD OF DIRECTORS
(from left - sitting)
Dato' Kamarul Redzuan bin Muhamed
Datin Rozita binti Mat Shah @ Hassan
Mohd Khalid bin Embong

KEY MANAGEMENT
(from left - standing)
Azmi bin Mahamad
Mohd Shahrin bin Saad
Zaliza binti Ahmad Zainuddin

BOARD OF DIRECTORS
(from left - sitting)
Peter Angus Knowles
Che Nazahatuhisamudin bin Che Haron
Mohd Shah bin Abdullah
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee

AZMI BIN MAHAMAD
(Chief Operating Officer)

Aged 40, is our Chief Operating Officer. Azmi graduated with a Bachelor of Engineering in Mechanical Engineering from Universiti Sains Malaysia in 1994 and a Masters of Science in Engineering Business Systems (with Distinctions) from University of Coventry, UK. His has vast experience in oil and gas industries having worked for EPMI, Lundin Malaysia Limited (which later acquired by Talisman Energy Inc.), and Talisman Malaysia Limited before joining Uzma on 1 March 2011.

BONG LEONG SUNG
(Chief Financial Officer)

Aged 37, is our Chief Financial Officer. He graduated with a degree in Accounting from University of Malaya in 1999 and obtained his professional qualification from the Chartered Accountant (Malaysia) and Certified Public Accountant (Malaysia) in 2002. Currently, he is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He played a very important role during Uzma pre-IPO days as our Corporate Finance Manager and was subsequently promoted to Chief Financial Officer.

AHMAD YUNUS BIN ABDUL TALIB
(General Manager/Managing Director, MECAS)

Ahmad Yunus Abdul Talib, aged 42, is a graduate from University of Wisconsin, Madison, USA, in Mechanical Engineering. He has over 16 years of experience in the oil and gas industry. Yunus is a Director and General Manager for Malaysian Energy Chemical and Services Sdn Bhd. He was with ExxonMobil for 13 years and held various positions of increasing responsibility in the Operations Technical and Project Departments before joining Uzma on 21st of July 2008.

LEE CHEN YOW
(Group Finance Manager)

Lee Chen Yow, aged 35, graduated from The Malaysian Institute of Certified Public Accountants (MICPA) programme. He has over 15 years of experience in audit, financial management and reporting. Prior to joining the Group, he was attached to a few listed companies with extensive experience in financial management, group reporting, tax and regional accounting across the Asian region. He is the Certified Public Accountant with the Malaysian Institute of Certified Public Accountants in Malaysia.

DRS. ROBERT EISE HULSBOS
(General Manager, Laboratory Services)

Drs. Robert Eise Hulsbos, aged 55, is the Manager for Laboratory Services. He gained his BSc and MSc degrees in Geology from the Free University in Amsterdam. He has extensive experience in laboratory services and regional basin studies having worked in the oil and gas industry for over 25 years in countries like Libya, Indonesia, Malaysia and United Kingdom.

ZALIZA BT. AHMAD ZAINUDDIN
(General Manager, Wireline Services)

Aged 40, is the General Manager for Wireline Services. She graduated from University of Malaya in Chemical Engineering. She has vast experience in Wireline services spanning from Australia and Indonesia before returned to Malaysia to take up the role of Wireline Customer Support for PETRONAS and eventually promoted to OFS Base Manager for the West Malaysia Operations before joining Uzma on 11 May 2009.

MOHD SHAHRIN BIN SAAD
(General Manager, Geoscience & Petroleum Engineering Services)

Aged 38, Shahrin graduated with BSc in Chemical and Petroleum Refining Engineering from Colorado School of Mines, Colorado, USA. He has extensive experience in drilling & completions and well intervention services. Shahrin has acquired valuable experiences in operations, marketing, sales and business development throughout his career. He is currently the General Manager for Geoscience and Petroleum Engineering Services.

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 2010.

(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 five (5) Executive Directors and three (3) Independent Non-Executive Directors. The Board composition is in line with the Bursa Malaysia Securities Berhad Main Market Listing Requirements 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 25 of this Annual Report.

Board Meeting

During the year under review, five (5) Board of Directors' meetings were held for the financial year ended 31 December 2010 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:

Name of Director	Directorate	Attendance
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Chairman	4/5
Dato' Kamarul Redzuan bin Muhamed	Managing Director/ Chief Executive Officer	5/5
Datin Rozita binti Mat Shah @ Hassan	Executive Director, Corporate Services	5/5
Mr. Peter Angus Knowles	Executive Director, International Business	5/5
Encik Che Nazahatuhisamudin bin Che Haron	Executive Director, Sales and Marketing	4/5
Encik Mohd Khalid bin Embong	Executive Director, Strategic and Business Planning	5/5
Encik Mohd Shah bin Abdullah (appointed on 2 August 2010)	Independent Non-Executive Director	2/2
Dato' Dr. (H) Ab Wahab bin Haji Ibrahim (appointed on 26 May 2011)	Independent Non-Executive Director	Not Applicable

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 2010 are set out below.

Name of Director	Training Attended	Number of Hours Attended
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee	Effective Management Skills	8
Dato' Kamarul Redzuan bin Muhamed	Contract Law for Non-Legal Professional	8
Datin Rozita binti Mat Shah@Hassan	Understand the Law & Application of the Employment Act Employee Misconduct & Disciplinary Procedures	16
Mr. Peter Angus Knowles	Petroleum Geology Conference and Exihibition	16
Encik Che Nazahatuhisamudin bin Che Haron	Contract Law for Non-Legal Professional	8
Encik Mohd Khalid bin Embong	Petroleum Geology Conference and Exihibition	16
Encik Mohd Shah bin Abdullah	Mandatory Accreditation Programme for Directors of Public Listed Companies	16
Dato' Dr. (H) Ab Wahab bin Haji Ibrahim (appointed on 26 May 2011)	Not Applicable	Not Applicable

Directors' Appointment and Re-election

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to retirement and are entitled for re-election at the first annual general meeting after their appointment. At every subsequent Annual General Meeting, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one third shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place every year.

Further, pursuant to Section 129(6) of the Companies Act, 1965, Directors who over the age of 70 may, by a resolution of which no shorter notice than that required to be given to the members of the Company of an Annual General Meeting has been duly given, be appointed or reappointed as a director of the Company to hold office until the next 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 number of Directors who served during the financial year whose remuneration and fees received/receivable from the Group falls into the following bands:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Excecutive**
< RM 100,000	-	4
RM200,001 - RM500,000	3	-
RM500,001 - RM1,000,000	2	-
Total :	5	4

	Executive	**Non-Executive**
RM'000		
Remuneration	2,553	10
Fees	-	114

(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 38 to 43 of this Annual Report.

Nominating Committee

The Nominating Committee comprises the following members:

(1) Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman
(Independent Non-Executive Chairman)
(2) Dato' Dr. (H) Ab Wahab bin Haji Ibrahim – Member (Appointed on 26 May 2011)
(Independent Non-Executive Director)
(3) Encik Md Shah bin Abdullah - Member (Appointed on 26 May 2011)
(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:

(1) Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman
(Independent Non-Executive Chairman)
(2) Dato' Dr. (H) Ab Wahab bin Haji Ibrahim – Member (Appointed on 26 May 2011)
(Independent Non-Executive Director)
(3) 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 Berhad. The latest updates and development of the Group can also be found at its corporate website, 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 acknowledge its responsibility for maintaining a sound system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Statement on Internal Control set out on page 44 - 45 of this Annual Report provides an overview of the state of internal controls within the Group. Further information on the internal audit function and its activities are set out on page 43 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements. 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 has been a fundamental part of our organizational policy, and, as a conscientious organization, we are committed to sustainable development and ensuring 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 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 ("HSE") Policy 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 the community at large and to use energy more effectively, we are actively and continously 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 prime concern and we adhere to the belief that 'a healthy body leads to a healthy mind'. 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.

The Audit Committee of Uzma Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2010.

1. MEMBERS AND ATTENDANCE

According to the Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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 Audit Committee met five (5) times during the financial year ended 31 December 2010. The members of the Audit Committee, their attendance at the Audit Committee Meeting held during the financial year ended 31 December 2010 are as follows:

Members of the Audit Committee	Total Meetings Attended
Dato' Dr. (H) Ab Wahab bin Haji Ibrahim - Chairman (appointed on 26 May 2011) (Independent Non-Executive Chairman)	Not Applicable
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee - Member (Independent Non-Executive Chairman)	4/5
Encik Mohd Shah bin Abdullah - Member (Independent Non-Executive Director)	2/2

2. TERMS OF REFERENCE

2.1 Primary Purposes

The Audit Committee shall:-

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

(2) improve the Group's business efficiency, quality of the accounting function, 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 1st Schedule of the Accountants Act, 1967, or
      - Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
   (iii) fulfil such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ; 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:-

(1) have explicit authority to investigate any matter within its terms of reference;
(2) have the resources which are required to perform its duties;
(3) have full and unrestricted access to any information pertaining to the Company;
(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
(5) 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
(6) 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 coordination 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
  - (iv) 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 on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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:-

(1) the calling of meetings;

(2) the notice to be given of such meetings;

(3) the voting and proceedings of such meetings;

(4) the keeping of minutes; and

(5) 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 2010 included the following:

(1) Reviewed the Company's quarterly financial report 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.

(2) 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.

(3) Reviewed the annual audited financial statements of the Company prior to submission to the Board for consideration and approval.

(4) 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.

(5) Reviewed with the Internal Auditors the Internal Audit Planning Memorandum, their review and findings and the management's response and actions taken.

4. INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The internal audit function, which is outsourced to a professional services firm is an integral part of the assurance mechanism in ensuring the Group's system of internal control are adequate and effective. The Internal Auditors report directly to the Audit Committee and assist the Audit Committee to discharge its duties and responsibilities.

The Internal Auditors prepare and table the Internal Audit Plan for the consideration and approval of the Audit Committee. It conducts independent reviews of the key activities with the Group's operation based on the audit plan approved by the Audit Committee. The Internal Auditors report to the Audit Committee on a regular basis and provide the Audit Committee with independent views on the adequacy, integrity and effectiveness of the system of internal control after its reviews.

The costs incurred in maintaining the outsourced the internal audit function for the financial year ended 31 December 2010 is RM138,000

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 (excluding jointly controlled entity) state of internal controls for financial year ended 31 December 2010.

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 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 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 placed 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 meeting 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 jointly controlled 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 28 April 2011.

OTHER COMPLIANCE INFORMATION

1. **Utilisation of proceeds**
   The Company did not undertake any fund raising corporate proposal during the financial year ended 31 December 2010.

2. **Share buyback**
   The Company did not purchase any of its own shares during the financial year ended 31 December 2010.

3. **Options, warrants or convertibles securities**
   The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2010.

4. **American Depository Receipts ("ADR") or Global Depository Receipts ("GDR")**
   The Company did not issue any ADR or GDR programme during the financial year ended 31 December 2010.

5. **Imposition of Sanctions and/or Penalties**
   During the financial year ended 31 December 2010, there was no material sanctions and/or penalties imposed on the Company and its subsidiaries, its Directors or Management by the relevant regulatory bodies.

6. **Variation in results from estimates, forecasts, projections, or unaudited results announced**
   The Company did not release any profit estimates, forecasts or projections for the financial year, and the audited results did not differ by 10% or more from the unaudited results announced.

7. **Profit Guarantee**
   During the financial year, there was no profit guarantees given by the Company.

8. **Non-audit Fees**
   For the financial year ended 31 December 2010, the non-audit fees from the external auditors incurred by the Group amounted to RM 93,000.

9. **Revaluation Policy of Landed Properties**
   The Group does not adopt a policy of regular revaluation.

10. **Material Contracts**
    There were no material contracts involving the Directors' interest during the financial year ended 31 December 2010.

ANALYSIS OF SHAREHOLDINGS

As at 4 May 2011
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

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	6	0.58	104	0.00
100 to 1,000	547	52.95	115,600	0.14
1,001 to 10,000	266	25.75	1,220,900	1.53
10,001 to 100,000	146	14.14	4,846,100	6.06
100,001 to less than 5% of issued shares	49	4.74	19,307,200	24.13
5% and above of issued shares	19	1.84	54,510,096	68.14
Total	1033	100.0	80,000,000	100.0

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of issued Shared Capital
1.	Kamarul Redzuan Bin Muhamed	35,777,957	44.72
2.	Rozita Binti Mat Shah @ Hassan	8,307,720	10.38
3.	Lembaga Tabung Haji	6,110,100	7.64

ANALYSIS OF SHAREHOLDINGS

No.	Name	No. of Shares	% of issued Shared Capital
4.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	1,607,000	2.01
5.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust (4892)	1,120,500	1.40
6.	CIMSEC Nominees (Asing) Sdn Bhd Pledged Securities Account For Kenwin Investment Limited	1,100,700	1.38
7.	Koperasi Permodalan Felda Malaysia Berhad	1,075,000	1.34
8.	Tengku Ab Malek Bin Tengku Mohamed	1,000,000	1.25
9.	Arman Bin Rahim	1,000,000	1.25
10.	Amsec Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (MX3441)	962,000	1.20
11.	Che Nazahatuhisamudin	927,900	1.16
12.	EB Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (KLM-SFC)	854,000	1.07
13.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	766,400	0.96
14.	Fajar Kinabalu Sdn Bhd	729,500	0.91
15.	UOBM Nominees (Tempatan) Sdn Bhd UOB-OSK Asset Management Sdn Bhd for Uni Asia Life Assurance Berhad (Par Fund)	650,000	0.81
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Koh Kin Lip (MY0502)	550,000	0.69
17.	Amsec Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (MX3448)	547,000	0.68

ANALYSIS OF SHAREHOLDINGS

No.	Name	No. of Shares	% of issued Shared Capital
18.	Mayban Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Sharehldr's FD)	535,000	0.67
19.	Amsec Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (MX3453)	462,000	0.58
20.	Amsec Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (MX3444)	455,000	0.57
21.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Apex Dana AL-SOFI-I (UT-APEX-SOFI)	409,100	0.51
22.	Abdullah Ghanim A Alghanim	400,000	0.50
23.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	393,000	0.49
24.	Universal Trustee (Malaysia) Berhad CIMB Islamic Small Cap Fund	390,900	0.49
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK -UOB Emerging Opportunity Unit Trust (4611)	378,600	0.47
26.	Mayban Nominees (Tempatan) Sdn Bhd Avenue Invest Berhad For Lam Soo Heng @ Lam Seo Han (AIS012-240263)	367,000	0.46
27.	Amsec Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Kamarul Redzuan Bin Muhamed (MX3447)	359,000	0.45
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledges Securities Account For Lee Kok Keong	350,000	0.44
29.	Mayban Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Non-Par Fund 2)	344,000	0.43
30.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For CIMB – Principal Small Cap Fund (240218)	325,600	0.41

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Kamarul Redzuan Bin Muhamed	39,999,957	50.00	8,400,039*	10.50
Datin Rozita Binti Mat Shah @ Hassan	8,400,039	10.50	39,999,957+	50.00
Lembaga Tabung Haji	6,110,100	7.64	-	-

Notes :

* *Deemed interested by virtue of his Spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.*

\+ *Deemed interested by virtue of her Spouse, Dato' Kamarul Redzuan Bin Muhamed's interest.*

DIRECTOR'S SHAREHOLDINGS AS PER REGISTER OF DIRECTOR'S SHAREHOLDINGS

	No. of Shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Kamarul Redzuan Bin Muhamed	39,999,957	50.00	8,400,039*	10.50
Datin Rozita Binti Mat Shah @ Hassan	8,400,039	10.50	39,999,957+	50.00
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	74,300	0.09	-	-
Peter Angus Knowles	50,000	0.06	-	-
Che Nazahatuhisamudin Bin Che Haron	927,900	1.16	-	-
Mohd Khalid Embong	300,000	0.38	-	-

Notes :

* *Deemed interested by virtue of his Spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.*

\+ *Deemed interested by virtue of her Spouse, Dato' Kamarul Redzuan Bin Muhamed's interest.*

LIST OF PROPERTIES

Title/ Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land/ Built-Up Area	Tenure	Net Book Value as at 31.12.2010 (RM'000)	Original Cost (RM'000)
H.S. (D) 110395 & 110396 P.T. No 549 & 550 Seksyen 92 Bandar Kuala Lumpur No 68 & 70, Fraser Business Park Jalan Metro Pudu 2 55200 KL	A multi-storey building for use as office premises	Uzma Engineering Sdn. Bhd	3 years	1,722sq ft/ 8,034 sq ft per multi storey lot	Freehold	RM 5,690	5,860
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	Geological Laboratory	Uzma Engineering Sdn. Bhd	10 years	892 sq mtr or 9601.49 sq ft	Freehold	RM 3,561	3,626

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

UZMA

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 2010.

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 5 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 after taxation for the financial year	**(1,229)**	(6,368)
Attributable to:-		
Owners of the Company	**(2,049)**	(6,368)
Minority interests	**820**	-
	(1,229)	(6,368)

DIVIDENDS

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.

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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

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

The contingent liability is disclosed in Note 42 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.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in Note 34 to the financial statements, 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:-
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 (RESIGNED ON 23.3.2011)
MD.SHAH BIN ABDULLAH (APPOINTED ON 2.8.2010)

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 1.1.2010	BOUGHT	SOLD	AS AT 31.12.2010
THE COMPANY				
DIRECT INTERESTS				
DATO' KAMARUL REDZUAN BIN MUHAMED	39,999,957	-	-	39,999,957
DATIN ROZITA BINTI MAT SHAH @ HASSAN	8,400,039	-	-	8,400,039
DATUK WIRA SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE	100,000	-	25,700	74,300
PETER ANGUS KNOWLES	500,000	-	450,000	50,000
CHE NAZAHATUHISAMUDIN BIN CHE HARON	1,300,000	-	322,100	977,900

DIRECTORS' INTERESTS (CONT"D)

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AS AT 1.1.2010	BOUGHT	SOLD	AS AT 31.12.2010
MOHD KHALID EMBONG	400,000	-	-	400,000
KHALID BIN SUFAT	100,000	-	94,000	6,000
DEEMED INTERESTS				
DATO' KAMARUL REDZUAN BIN MUHAMED^	8,400,039	-	-	8,400,039
DATIN ROZITA BINTI MAT SHAH @ HASSAN *	39,999,957	-	-	39,999,957

Notes:-

^ *Deemed interested by virtue of his spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.*

* *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.

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 end of the reporting period are disclosed in Notes 46 and 47 to the financial statements, respectively.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 28 APRIL 2011

Dato' Kamarul Redzuan Bin Muhamed

Che Nazahatuhisamudin Bin Che Haron

STATEMENT BY DIRECTORS

We, Dato' Kamarul Redzuan Bin Muhamed and Che Nazahatuhisamudin Bin Che Haron, being two of the directors of Uzma Berhad, state that, in the opinion of the directors, the financial statements set out on pages 63 to 136 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 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 48 on page 137, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2011

Dato' Kamarul Redzuan Bin Muhamed

Che Nazahatuhisamudin Bin Che Haron

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 63 to 137 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 28 April 2011

Bong Leong Sung

PESURUHJAYA SUMPAH
No. W - 275
Datin Hajah Raihela Wanchik
MALAYSIA

Before me

Datin Hajah Raihela Wanchik (W 275)
Commissioner for Oaths

B-16-5
Blok B, Ting. 16 Unit 5
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 012-3008300
03-27156556

Report on the Financial Statements

We have audited the financial statements of Uzma Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 63 to 136.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 control relevant to the Company's preparation of financial statements that give a true and fair view 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 control. 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.

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 2010 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 5 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UZMA BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No : 769866 - V

The supplementary information set out in Note 48 on page 137 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ooi Song Wan
Approval No: 2901/10/12 (J)
Chartered Accountant

28 April 2011

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
	NOTE	**RM'000**	RM'000	**RM'000**	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	**-**	-	**39,880**	31,675
Interest in a jointly controlled entity	6	**3,882**	3,901	**-**	-
Other investment		**11**	11	**-**	-
Property, plant and equipment	7	**19,195**	15,415	**-**	-
Deferred tax asset	8	**2,032**	-	**-**	-
Goodwill on consolidation	9	**1,653**	-	**-**	-
		26,773	19,327	**39,880**	31,675
CURRENT ASSETS					
Inventories	10	**5,271**	-	**-**	-
Trade receivables	11	**28,327**	24,860	**-**	-
Other receivables, deposits and prepayments	12	**4,026**	4,024	**2**	2
Tax recoverable		**2,130**	2,307	**3**	3
Amount owing by contract customers	13	**11,041**	15,025	**-**	-
Amount owing by subsidiaries	14	**-**	-	**20,531**	29,144
Short-term investments	15	**1**	1,237	**1**	1,237
Fixed deposits with licensed banks	16	**6,356**	3,652	**-**	-
Cash and bank balances		**5,276**	3,591	**123**	367
		62,428	54,696	**20,660**	30,753
TOTAL ASSETS		**89,201**	74,023	**60,540**	62,428

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

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2010 (CONT'D)

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**40,000**	40,000	**40,000**	40,000
Share premium	18	**21,966**	21,966	**21,966**	21,966
Merger deficit	19	**(29,700)**	(29,700)	**-**	-
Capital reserve	20	**51**	51	**-**	-
Foreign exchange translation reserve	21	**(52)**	(97)	**-**	-
Retained profits/(Accumulated losses)	22	**15,659**	17,708	**(5,997)**	371
SHAREHOLDERS' EQUITY		**47,924**	49,928	**55,969**	62,337
MINORITY INTERESTS		**4,312**	682	**-**	-
TOTAL EQUITY		**52,236**	50,610	**55,969**	62,337
NON-CURRENT LIABILITIES					
Long-term borrowings	23	**8,258**	6,445	**-**	-
Long-term payable	24	**2,171**	-	**2,171**	-
		10,429	6,445	**2,171**	-
CURRENT LIABILITIES					
Trade payables	25	**12,101**	3,675	**-**	-
Other payables and accruals	26	**11,295**	11,750	**2,400**	91
Amount owing to contract customers	13	**-**	226	**-**	-
Provision for taxation		**70**	26	**-**	-
Short-term borrowings	27	**3,070**	1,170	**-**	-
Bank overdrafts	31	**-**	121	**-**	-
		26,536	16,968	**2,400**	91
TOTAL LIABILITIES		**36,965**	23,413	**4,571**	91
TOTAL EQUITY AND LIABILITIES		**89,201**	74,023	**60,540**	62,428
NET ASSETS PER ORDINARY SHARE (SEN)	32	**60**	62		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2010

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
	NOTE	**RM'000**	RM'000	**RM'000**	RM'000
REVENUE	33	**116,099**	98,827	**135**	4,151
COST OF SALES		**(94,665)**	(83,356)	**-**	-
GROSS PROFIT		**21,434**	15,471	**135**	4,151
OTHER INCOME		**2,201**	702	**488**	171
		23,635	16,173	**623**	4,322
ADMINISTRATIVE EXPENSES		**(21,938)**	(21,480)	**(491)**	(423)
OPERATING EXPENSES		**(3,284)**	(6,451)	**(6,500)**	-
FINANCE COSTS		**(561)**	(632)	**-**	-
SHARE OF LOSS IN A JOINTLY CONTROLLED ENTITY		**(19)**	(99)	**-**	-
(LOSS)/PROFIT BEFORE TAXATION	34	**(2,167)**	(12,489)	**(6,368)**	3,899
INCOME TAX EXPENSE	35	**938**	603	**-**	(997)
(LOSS)/PROFIT AFTER TAXATION		**(1,229)**	(11,886)	**(6,368)**	2,902
OTHER COMPREHENSIVE INCOME, NET OF TAX					
- Foreign currency translation		**47**	(114)	**-**	-
TOTAL COMPREHENSIVE (EXPENSES) /INCOME FOR THE FINANCIAL YEAR		**(1,182)**	(12,000)	**(6,368)**	2,902

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2010 (CONT'D)

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
	NOTE	**RM'000**	RM'000	**RM'000**	RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**(2,049)**	(11,959)	**(6,368)**	2,902
Minority interests		**820**	73	**-**	-
		(1,229)	(11,886)	**(6,368)**	2,902
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**(2,004)**	(12,095)	**(6,368)**	2,902
Minority interests		**822**	95	**-**	-
		(1,182)	(12,000)	**(6,368)**	2,902
LOSS PER SHARE					
- basic (sen)	36	**(2.6)**	(14.9)		
- diluted (sen)	36	**N/A**	N/A		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2010

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANS-LATION RESERVE RM'000	MERGER DEFICIT RM'000	CAPITAL RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL SHARE HOLDERS EQUITY RM'000	NON-CONT-ROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
		ATTRIBUTABLE TO OWNERS OF THE COMPANY								
		NON-DISTRIBUTABLE					DISTRIBUTABLE			
THE GROUP										
Balance at 1.1.2009		40,000	21,966	39	(29,700)	-	31,718	64,023	724	64,747
Total comprehensive expenses for the year		-	-	(136)	-	-	(11,959)	(12,095)	95	(12,000)
Subscription of shares in a subsidiary		-	-	-	-	-	-	-	18	18
Dividend	37	-	-	-	-	-	(2,000)	(2,000)	(155)	(2,155)
Appropriated to capital reserve		-	-	-	-	51	(51)	-	-	-
Balance at 31.12. 2009/1.1.2010		40,000	21,966	(97)	(29,700)	51	17,708	49,928	682	50,610
Total comprehensive expenses for the year		-	-	45	-	-	(2,049)	(2,004)	822	(1,182)
Acquisition of a subsidiary	38	-	-	-	-	-	-	-	2,808	2,808
Balance at 31.12.2010		40,000	21,966	(52)	(29,700)	51	15,659	47,924	4,312	52,236

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2010 (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 1.1.2009		40,000	21,966	(531)	61,435
Total comprehensive income for the financial year		-	-	2,902	2,902
Dividend	37	-	-	(2,000)	(2,000)
Balance at 31.12.2009/1.1.2010		40,000	21,966	371	62,337
Total comprehensive expenses for the financial year		-	-	(6,368)	(6,368)
Balance at 31.12.2010		40,000	21,966	(5,997)	55,969

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2010

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		**(2,167)**	(12,489)	**(6,368)**	3,899
Adjustments for:-					
Allowance for impairment losses on receivables		**-**	4,755	**-**	-
Bad debts written off		**1**	-	**-**	-
Depreciation of property, plant and equipment		**1,603**	1,446	**-**	-
Interest expense		**506**	526	**-**	-
Inventories written down		**42**	-	**-**	-
Loss on foreign exchange - unrealised		**828**	-	**-**	-
Other investment written off		**-**	12	**-**	-
Property, plant and equipment written off		**364**	-	**-**	-
Share of loss in jointly controlled entity, net of income tax expense		**19**	99	**-**	-
Waiver of debts		**-**	-	**6,500**	-
Dividend income		**-**	-	**-**	(4,151)
Gain on disposal of property, plant and equipment		**-**	(2)	**-**	-
Gain on foreign exchange - unrealised		**(337)**	(157)	**(337)**	-
Interest income		**(109)**	(243)	**(12)**	-
Write-back of allowance for impairment loss on receivables		**(417)**	-	**-**	-
Operating profit/(loss) before working capital changes		**333**	(6,053)	**(217)**	(252)
Decrease/(Increase) in net amount owing by contract customers		**3,758**	(365)	**-**	-
Decrease in receivables		**799**	18,330	**-**	364
Increase/(Decrease) in payables		**1,263**	(5,431)	**4,817**	(28)
Decrease in inventories		**566**	-	**-**	-
CASH FROM OPERATIONS		**6,719**	6,481	**4,600**	84
Interest paid		**(506)**	(526)	**-**	-
Income tax paid		**(1,954)**	(2,747)	**-**	-
Refund of income tax		**2,427**	-	**-**	-
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD		**6,686**	3,208	**4,600**	84

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2010 (CONT'D)

	NOTE	THE GROUP 2010 RM'000	THE GROUP 2009 RM'000	THE COMPANY 2010 RM'000	THE COMPANY 2009 RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		**6,686**	3,208	**4,600**	84
CASH FLOWS FOR INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(5,724)**	(6,438)	-	-
Interest in a jointly controlled entity		-	(2,000)	-	-
Proceeds from disposal of property, plant and equipment		**1**	2	-	-
Interest received		**109**	243	**12**	-
Dividend received		-	-	-	3,151
Net cash (outflow)/inflow from acquisition of subsidiaries	38	**(1,520)**	18	**(8,205)**	-
Repayment from/(Advances to) subsidiaries		-	-	**2,113**	(8,291)
NET CASH FOR INVESTING ACTIVITIES		**(7,134)**	(8,175)	**(6,080)**	(5,140)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid		-	(2,000)	-	(2,000)
Dividend paid to minority shareholders by a subsidiary		-	(155)	-	-
Drawdown of term loans		**3,000**	2,880	-	-
Repayment of term loans		**(348)**	(478)	-	-
Repayment of hire purchase obligations		**(58)**	(58)	-	-
Drawdown of factoring		**1,119**	523	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		**3,713**	712	-	(2,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,265**	(4,255)	**(1,480)**	(7,056)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**8,359**	12,731	**1,604**	8,660
Effect of exchange rate differences		**9**	(117)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39	**11,633**	8,359	**124**	1,604

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

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, 3rd 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, 55200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2011.

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 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. 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.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

3. BASIS OF PREPARATION (CONT'D)

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

3. BASIS OF PREPARATION (CONT'D)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, includingsensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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 classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 45(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

3. BASIS OF PREPARATION (CONT'D)

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The adoption does not have any material financial impact to the financial statements for the current financial year.

(iv) The Company has previously asserted explicitly that it regards financial guarantee contracts of banking facilities granted to its subsidiaries as insurance contracts and will apply FRS 4 to such financial guarantee contracts. Accordingly, the adoption of FRS 139 did not have any financial impact on the financial statements in respect of the financial guarantee contracts issued by the Company to its subsidiaries. These financial guarantee contracts issued are disclosed as contingent liabilities under Note 42 to the financial statements.

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

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010

3. BASIS OF PREPARATION (CONT'D)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

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

(i) FRS 3 (Revised) introduces significant changes to 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.

(ii) FRS 127 (Revised) 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 FRS 127 (Revised) 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 its future transactions or arrangements.

4. 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, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant 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.

4. SIGNIFICANT ACCOUNTING POLICIES

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

(i) Depreciation of Property, Plant and Equipment (Cont'd)

The Group anticipates that the residual values of its property, plant 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.

(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 Non-Financial 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 judgment 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) 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 end of the reporting period 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 recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and and accumulated inequity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustment arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate of the reporting period.

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries made up to 31 December 2010.

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 formerger accounting for common control combinations. These subsidiaries are accounted for using merger accounting principles.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Basis of Consolidation (Cont'd)

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 in the consolidated statement of financial position consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with minority interests are accounted for as transaction with owners. Gain or loss on disposal to minority interests is recognised directly in equity.

(d) 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 profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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 profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investments

(i) Investments in Subsidiaries/Jointly Controlled Entities

Investments in subsidiaries/jointly controlled entities are initially stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period 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 recognised in profit or loss.

(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 recognised in profit or loss.

(f) 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.

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 2010. Under the equity method, the investment in a joint venture is carried in the statement of financial position 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 profit or loss. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments

Financial instruments are recognised in the statements of financial position 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 a financial instrument 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) *Financial Assets*

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement are recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Loans and Receivables Financial Assets*
  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*
  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially stated at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(iii) 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.

(h) Property, Plant and Equipment

Property, plant 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%
Wireline equipment	20%
Computers, EDP and software	20%
Furniture, fittings and renovation	20%
Motor vehicles	20%
Plant and office equipment	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when the costs is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant 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 recognised in profit or loss.

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period 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' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss 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 recoverableamount, 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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(k) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of raw materials comprises costs of purchase. Cost of finished goods includes direct materials, direct labour, and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (Cont'd)

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(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) Income Taxes

Income tax for the year comprises 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 end of the reporting period.

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.

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 profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to 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 end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Taxes (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination 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.

(n) 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.

(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 the end of each reporting period and adjusted to reflect the current best estimate. Where the 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) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of 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 recognised in profit or loss as expenses in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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 recognised in profit or loss 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.

(r) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

(t) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010	2009
	RM'000	RM'000
Unquoted shares, at cost	**39,880**	31,675

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Direct subsidiaries:				
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")#*	Thailand	49%	49%	Provision of surface software and consultancy services for oil and gas industries.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2010	2009	Principal Activities
Uzma Engineering Pty. Ltd. ("Uzma Australia")*	Australia	100%	100%	Provision of geosciense and reservoir engineering services, and management systems.
Uzma Teras Sdn. Bhd. ("Uzma Teras")	Malaysia	100%	100%	Provision of aviation engineering, support services and agency business of aircraft and machines.
Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS")	Malaysia	70%	-	Manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.
Held by Uzma Engineering:				
PT Uzma Indonesia	95%	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.

- 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.

* - not audited by Messrs. Crowe Horwath.

6. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2010	2009
	RM'000	RM'000
Unquoted shares, at cost	**4,000**	4,000
Share of post acquisition loss a jointly controlled entity	**(118)**	(99)
	3,882	3,901

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

Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	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	
	2010	2009
	RM'000	RM'000
Assets and Liabilities		
Current assets	**748**	907
Current liabilities	**(66)**	(27)
Results		
Revenue	-	-
Expense	**(19)**	(99)

7. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2010 RM'000	Acquisition of a Subsidiary RM'000	Additions RM'000	Depreciation Charge RM'000	Translation Differences RM'000	Disposal RM'000	Write off RM'000	At 31.12.2010 RM'000
THE GROUP								
NET BOOK VALUE								
Freehold land	5,740	-	-	-	-	-	-	5,740
Buildings	3,564	-	-	(53)	-	-	-	3,511
Laboratory equipment	1,668	-	321	(203)	-	-	-	1,786
Wireline equipment	-	-	4,804	-	-	-	-	4,804
Computers, EDP and software2,427	5	501	(774)	-	-	(209)	1,950	
Furniture, fittings and renovation	1,540	15	11	(410)	(2)	(1)	(155)	998
Motor vehicles	264	-	-	(95)	-	-	-	169
Plant and office equipment	212	6	87	(68)	-	-	-	237
	15,415	26	5,724	(1,603)	(2)	(1)	(364)	19,195

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	At 1.1.2009 RM'000	Reclassi-fications RM'000	Additions RM'000	Depreciation Charge RM'000	Translation Differences RM'000	At 31.12.2009 RM'000
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

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
THE GROUP			
AT 31.12.2010			
Freehold land	5,740	-	5,740
Buildings	3,745	(234)	3,511
Laboratory equipment	2,142	(356)	1,786
Wireline equipment	4,804	-	4,804
Computers, EDP and software	4,183	(2,233)	1,950
Furniture, fittings and renovation	2,460	(1,462)	998
Motor vehicles	475	(306)	169
Plant and office equipment	639	(402)	237
	24,188	(4,993)	19,195
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
	18,528	(3,113)	15,415

The total net book value of the motor vehicles of the Group acquired under hire purchase terms at the end of the reporting period amounted to approximately RM165,000 (2009 : RM257,000).

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

8. DEFERRED TAX ASSET

	THE GROUP	
	2010	2009
	RM'000	RM'000
At 1 January	**-**	(551)
Acquisition of a subsidiary (Note 38)	**171**	-
Recognised in profit or loss	**1,861**	551
At 31 December	**2,032**	-

The deferred tax assets and liabilities consist of the tax effects of the following items:-

	THE GROUP	
	2010	2009
	RM'000	RM'000
Deferred tax assets:-		
Allowance for impairment losses on receivables	**818**	627
Unabsorbed capital allowances	**1,026**	-
Unutilised tax losses	**962**	-
Others	**370**	-
	3,176	627
Deferred tax liabilities:-		
Accelerated capital allowances	**(1,144)**	(588)
Others		(39)
	2,032	-

Previously unrecognised capital allowances, tax losses and other deductible temporary differences totalling RM5,586,000, of a subsidiary that was suffering losses, were recognised as deferred tax assets during the current financial year based on the financial forecast for the financial year ending 31 December 2011, as management considered it probable that future taxable profits will be available for which they can be utilised.

8. DEFERRED TAX ASSET (CONT'D)

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

	THE GROUP	
	2010	2009
	RM'000	RM'000
Allowance for impairment losses on receivables	**-**	1,918
Unabsorbed capital allowances	**-**	1,474
Unutilised tax losses	**2,392**	2,194
Others	**-**	-
	2,392	5,586

9. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2010	2009
	RM'000	RM'000
At 1 January	**-**	-
Acquisition of a subsidiary (Note 38)	**1,653**	-
At 31 December	**1,653**	-

(a) For the purpose of impairment testing, goodwill is allocated to the Group's trading segment which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 4 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

Gross Margin	30%
Growth Rate	5%
Discount Rate	6%

(i)	Budgeted gross margin	The basis used to determined the value assigned to the budgeted gross margin is the average gross margin projected for the financial year ending 31 December 2011.
(ii)	Growth rate	The growth rates used are based on the expected projection of the type of business.
(iii)	Discount rate	The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

10. INVENTORIES

	THE GROUP 2010 RM'000	2009 RM'000
At cost:-		
Finished goods	**3,537**	-
Raw materials	**1,734**	-
	5,271	-

None of the inventories is carried at net realisable value.

11. TRADE RECEIVABLES

	THE GROUP 2010 RM'000	2009 RM'000
Trade receivables	**21,040**	20,886
Allowance for impairment losses		
At 1 January	**(4,428)**	-
Addition during the year	-	(4,428)
Write-off of allowance for impairment loss	**740**	-
Write-back of allowance for impairment loss	**417**	-
At 31 December	**(3,271)**	(4,428)
	17,769	16,458
Accrued billings	**10,558**	8,402
	28,327	24,860

The Group's normal trade credit terms range from 30 to 60 days (2009 : 30 to 45 days). Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Other receivables, deposits and prepayments	**4,353**	4,351	**2**	2
Allowance for impairment losses				
At 1 January	**(327)**	-	-	-
Addition during the financial year	-	(327)	-	-
	(327)	(327)	-	-
At 31 December	**4,026**	4,024	**2**	2

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

	THE GROUP	
	2010	2009
	RM'000	RM'000
Balance of consideration receivable from a buyer for the disposal of a subsidiary	**1,338**	1,338
Deposit paid for purchase of equipment	-	500

The balance of the consideration for the disposal of a subsidiary bore interest of 4% (2009 : 4%) per annum at the end of the reporting date.

13. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2010	2009
	RM'000	RM'000
Contract costs incurred todate	**9,287**	27,464
Attributable profits	**20,983**	28,871
	30,270	56,335
Progress billings	**(19,229)**	(41,536)
Net amount owing by contract customers	**11,041**	14,799

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

	THE GROUP	
	2010	2009
	RM'000	RM'000
Amount owing by contract customers	**11,041**	15,025
Amount owing to contract customers	**-**	(226)
	11,041	14,799

14. AMOUNT OWING BY SUBSIDIARIES

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

During the financial year, the Company had waived an amount of RM6,500,000 owing by a subsidiary.

15. SHORT-TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Quoted unit trusts in Malaysia:-				
At cost	**-**	1,237	**-**	1,237
At fair value	**1**	-	**1**	-
	1	1,237	**1**	1,237

The short-term investments were previously stated at the lower of cost and market value determined on an aggregate basis. Upon adoption of FRS 139 during the financial year, these short term investments are now classified as financial assets at fair value through profit or loss and measured at fair value.

16. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits at the end of the reporting period was an amount of approximately RM5,552,000 (2009 : RM3,642,000) which has been pledged to licensed banks as security for banking facilities granted to the Group.

The effective interest rates of the fixed deposits at the end of the reporting period ranged from 0.75% to 3.50% (2009 : 0.75% to 3.40%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 months (2009 : 1 to 12 months).

17. SHARE CAPITAL

	THE COMPANY			
	2010		2009	
	Number of Shares RM'000	Share Capital RM'000	Number of Shares RM'000	Share Capital RM'000
ORDINARY SHARES OF RM0.50 EACH				
AUTHORISED				
At 1 January/31 December	200,000	100,000	200,000	100,000
ISSUED AND FULLY PAID-UP				
At 1 January/31 December	80,000	40,000	80,000	40,000

18. SHARE PREMIUM

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.

19. 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.

20. CAPITAL RESERVE

The capital reserve refers to statutory requirements on a foreign subsidiary which has been set aside as a statutory reserve (capital reserve). The capital reserve constituted at least 5% of its net profit until it reaches 10% of the subsidiary's registered share capital. The capital reserve is not available for distribution.

21. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

22. RETAINED PROFITS/(ACCUMULATED LOSSES)

The Company may distribute dividends out of its entire retained profits under the single tier system.

23. LONG-TERM BORROWINGS

	THE GROUP	
	2010	2009
	RM'000	RM'000
Hire purchase payables (Note 28)	**138**	197
Term loans (Note 29)	**8,120**	6,248
	8,258	6,445

24. LONG-TERM PAYABLE

The long-term payable represents the balance of the purchase price to be paid arising from the Company's acquisition of a subsidiary during the financial year.

Upon the adoption of FRS 139 during the financial year, the amount was stated at fair value and subsequently measured at amortised cost using the effective interest method. The interest rate used is 6%.

25. TRADE PAYABLES

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

26. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Other payables	**1,790**	5,956	**90**	91
Accrued contract costs	**3,606**	2,876	**-**	-
Accruals	**3,589**	2,918	**-**	-
Balance of consideration payable to a seller for the acquisition of a subsidiary	**2,310**	-	**2,310**	-
	11,295	11,750	**2,400**	91

27. SHORT-TERM BORROWINGS

	THE GROUP	
	2010	2009
	RM'000	RM'000
Hire purchase payables (Note 28)	**59**	58
Term loans (Note 29)	**1,369**	589
Factoring (Note 30)	**1,642**	523
	3,070	1,170

28. HIRE PURCHASE PAYABLES

	THE GROUP	
	2010	2009
	RM'000	RM'000
Future minimum hire purchase payments:		
- not later than one year	**68**	68
- later than one year but not later than five years	**166**	218
- later than five years	**-**	15
	234	301
Less: Future finance charges	**(37)**	(46)
Present value of hire purchase payables	**197**	255
Current portion (Note 27):		
- not later than one year	**59**	58
Non-current portion (Note 23):		
- later than one year but not later than five years	**138**	186
- later than five years	**-**	11
Total non-current portion	**138**	197
	197	255

The hire purchase payables of the Group bore effective interest rates ranging from 4.35% to 5.75% (2009 : 4.35% to 5.75%) per annum at the end of the reporting period.

29. TERM LOANS

	THE GROUP	
	2010	2009
	RM'000	RM'000
Current portion (Note 27):		
- repayable within one year	**1,369**	589
Non-current portion (Note 23):		
- repayable between one and two years	**2,076**	625
- repayable between two and five years	**3,257**	2,098
- repayable after five years	**2,787**	3,525
Total non-current portion	**8,120**	6,248
	9,489	6,837

Details of the term loans are as follows:-

Term Loan	Monthly Instalment	Interest Rate	Number Of Monthly Instalments	Date Of Commencement Of Repayment	Amount Outstanding Rm'000
1	Year 1 - RM20,151	BLR - 3.35%	144	13 February 2008	1,869
	Year 2 - RM23,836	BLR + 0%			
	Year 3 onwards - RM24,156	BLR + 0.30%			
2	Year 1 - RM19,812	BLR - 3.35%	144	13 February 2008	1,839
	Year 2 - RM23,435	BLR + 0%			
	Year 3 onwards - RM23,750	BLR + 0.30%			
3	Year 1 to 5 - RM30,901	BLR - 1.50%	120	25 May 2009	2,487
	Year 6 onwards - RM30,618	BLR - 1.70%			
4	Year 1 to 4 – RM143,000	7%	42	1 July 2011	3,294
					9,489

29. TERM LOANS (CONT'D)

The term loans bore a weighted average effective interest rate of 6.15% (2009 : 4.95%) per annum at the end of the reporting period.

The following is a summary of the securities used for the term loans:

(a) Term loans 1 and 2 are secured by:-
   (i) a first legal charge over the freehold land and buildings of a subsidiary; and
   (ii) a joint and several guarantee of two directors of the Company.

(b) Term loan 3 is secured by:-
   (i) a first legal charge over the freehold land and buildings of a subsidiary; and
   (ii) a corporate guarantee of RM11,000,000 by the Company.

(c) Term loan 4 is secured by:-
   (i) a fixed deposit of RM2,000,000 of a subsidiary; and
   (ii) a corporate guarantee by the Company.

30. FACTORING

The factoring of the Group bore an effective interest rate of 7.80% (2009 : 7.30%) per annum at the end of the reporting period and was secured in the same manner as the bank overdrafts as disclosed in Note 31 to the financial statements.

31. BANK OVERDRAFTS

The bank overdrafts bore effective interest rates ranging from 7.30 to 7.80% (2009: 7.05% to 7.30%) per annum at the end of the reporting period 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.

32. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of approximately RM47,924,000 (2009: RM49,928,000) divided by the number of ordinary shares in issue at the end of the reporting period of 80,000,000 (2009: 80,000,000) shares.

33. REVENUE

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Services rendered	**81,217**	82,048	**-**	-
Contract revenue	**8,304**	16,779	**-**	-
Sales of goods	**26,578**	-	**-**	-
Dividend income	**-**	-	**-**	4,151
Management fee	**-**	-	**135**	-
	116,099	98,827	**135**	4,151

34. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/Profit before taxation is arrived at after charging:-				
Statutory audit fee:				
- for the financial year	**122**	121	**30**	28
- underprovision in the previous financial year	**10**	10	**2**	-
Non-statutory audit fee	**93**	-	**93**	-
Allowance for impairment losses on receivables	**-**	4,755	-	**-**
Bad debts written off	**1**	-	**-**	-
Contract expenses	**5,483**	11,858		
Depreciation of property, plant and equipment	**1,603**	1,446	**-**	-

34. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Directors' fee	**114**	132	**114**	132
Directors' non-fee emoluments:				
- salaries and allowances	**2,292**	2,585	**10**	14
- defined contribution plans	**198**	183	-	-
- other benefit	**73**	13	-	-
Interest expense:				
- bank overdrafts	**68**	140	-	-
- factoring	**121**	57	-	-
- hire purchase	**9**	10	-	-
- term loans	**308**	319	-	-
Inventories written down	**42**	-	-	-
Other investment written off	**-**	12	-	-
Property, plant and equipment written off	**364**	-	-	-
Loss on foreign exchange				
- realised	**859**	202	-	-
- unrealised	**828**	-	-	-
Rental of premises	**407**	510	-	-
Rental of software and equipment	**64**	52	-	-
Rental of office equipment	**14**	-	-	-
Rental of forklift and cranes	**88**	-	-	-
Rental of warehouse	**9**	-	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	**13,602**	13,518	-	-
- defined contribution plans	**1,086**	893	-	-
- other benefit	**408**	290	-	-
Waiver of debts	**-**	-	**6,500**	-
Gain on disposal of property, plant and equipment	**-**	(2)	-	-
Gain on foreign exchange:				
- realised	**(776)**	-	-	-
- unrealised	**(337)**	(157)	**(337)**	-
Interest income	**(109)**	(243)	**(12)**	-
Writeback of allowance for impairment loss on receivables	**(417)**	-	-	-

35. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Current tax:				
- for the current financial year	**906**	82	-	997
- under/(over)provision in the previous financial year	**17**	(134)	-	-
	923	(52)	-	997
Deferred tax (Note 8):				
- relating to origination and reversal of temporary differences	**(1,861)**	(551)	-	-
	(938)	(603)	-	997

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	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/Profit before taxation	**(2,167)**	(12,489)	**(6,368)**	3,899
Tax at the statutory tax rate of 25%	**(542)**	(3,122)	**(1,592)**	975
Tax effects of:-				
Non-deductible expenses	**731**	1,188	-	22
Non-taxable gains	**(223)**	-	-	-
Deferred tax assets not recognised during the financial year	**706**	1,478	**1,592**	-
Under/(Over)provision of current tax in the previous financial year	**17**	(134)	-	-
Different tax rates in other countries	**49**	(13)	-	-
Deferred tax assets recognised during the financial year	**(1,676)**	-	-	-
Tax for the financial year	**(938)**	(603)	-	997

36. LOSS PER SHARE

The basic loss per share ("LPS") is arrived at by dividing the Group's loss attributable to the owners of the Company of approximately RM2,049,000 (2009 : RM11,959,000) by the number of ordinary shares in issue during the financial year of 80,000,000 (2009 : 80,000,000) 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 end of the reporting period.

37. DIVIDEND

	THE COMPANY	
	2010	2009
	RM'000	RM'000
Paid:		
- interim dividend of 2.5 sen per ordinary share in respect of the previous financial year	-	2,000

38. ACQUISITION OF SUBSIDIARIES

On 30 March 2010, the Company acquired 70,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of MECAS for a cash consideration of USD 2,500,000 (equivalent to approximately RM8,205,000 based on the foreign exchange rate of USD1.00 : RM3.28 as at the date of acquisition).

In the previous financial year, the Company 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 and a subsidiary, Uzma Engineering, subscribed for 950 ordinary shares of USD1.00 each representing 95% of the issued and paid-up share capital of PT Uzma for a total cash consideration of approximately RM345,000.

38. ACQUISITION OF SUBSIDIARIES (CONT'D)

The fair values of the identifiable assets and liabilities arising from the acquisition of the subsidiaries as at the date of acquisition were:-

	2010 At The Date Of Acquisition		2009 At The Date Of Acquisition	
	Carrying Amount RM'000	Fair Value Recognised RM'000	Carrying Amount RM'000	Amount Recognised RM'000
Property, plant and equipment	26	26	-	-
Deferred tax asset	171	171	-	-
Tax refundable	1,175	1,175	-	-
Trade and other receivables	4,109	4,109	-	-
Inventories	5,879	5,879	-	-
Cash and cash equivalents	2,204	2,204	363	363
Trade payables and accruals	(4,204)	(4,204)	-	-
Net identifiable assets	9,360	9,360	363	363
Less: Minority interests		(2,808)		(18)
Add: Goodwill on acquisition		1,653		-
Total purchase consideration		8,205		345
Less: Cash and cash equivalents of subsidiaries acquired		(2,204)		(363)
Less: Deferred payment		(4,481)		-
Net cash outflow/(inflow) for acquisition of subsidiaries		1,520		(18)

38. ACQUISITION OF SUBSIDIARIES (CONT'D)

The acquired subsidiaries have contributed the following results to the Group:-

	2010	2009
	RM'000	RM'000
Revenue	**26,578**	1,939
Profit after taxation	**1,779**	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:-

	2010	2009
	RM'000	RM'000
Revenue	**36,469**	1,939
Profit after taxation	**2,772**	57

39. CASH AND CASH EQUIVALENTS

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

	THE GROUP		**THE COMPANY**	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Short-term investments	**1**	1,237	**1**	1,237
Fixed deposits with licensed banks (Note 16)	**6,356**	3,652	**-**	-
Cash and bank balances	**5,276**	3,591	**123**	367
Bank overdrafts	**-**	(121)	**-**	-
	11,633	8,359	**124**	1,604

40. 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	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Executive directors:				
- salaries and other emoluments	**2,480**	2,767	**-**	-
- benefits-in-kind	**73**	-	**-**	-
Non-executive directors:				
- fee	**114**	132	**114**	132
- other emoluments	**10**	14	**10**	14
	2,677	2,913	**124**	146

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	No. of Directors	No. of Directors	**No. of Directors**	No. of Directors
Executive directors:				
- RM900,001 – RM950,000	**1**	-	**-**	-
- RM750,001 – RM800,000	**-**	-	**-**	-
- RM700,001 – RM750,000	**-**	1	**-**	-
- RM500,001 – RM550,000	**1**	1	**-**	-
- RM350,001 – RM400,000	**3**	-	**-**	-
- RM300,001 – RM350,000	**-**	3	**-**	-
- RM250,001 – RM300,000	**-**	-	**-**	-
Non-executive directors:				
- RM50,001 – RM100,000	**1**	1	**1**	1
- Below RM50,000	**3**	2	**3**	2
	9	8	**4**	3

41. CAPITAL COMMITMENTS

	THE GROUP	
	2010	2009
	RM'000	RM'000
Approved and contracted for:		
- property, plant and equipment	**1,300**	1,138

42. CONTINGENT

	THE COMPANY	
	2010	2009
	RM'000	RM'000
Unsecured:-		
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	**12,393**	7,468

43. OPERATING SEGMENTS

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

(i) Services segment - involved in provision of geoscience and reservoir engineering, drilling, project and operations services, and other specialised services within the oil and gas industry.

(ii) Trading segment - involved in manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.

(iii) Investment holding

43. OPERATING SEGMENTS (CONT'D)

Business Segments (Cont'd)

THE GROUP 2010	Services RM'000	Trading RM'000	Investment Holding RM'000	Eliminations RM'000	The Group RM'000
REVENUE					
External revenue	89,521	26,578	-	-	116,099
Inter-segment revenue	475	-	135	(610)	-
Total revenue	89,996	26,578	135	(610)	116,099
RESULTS					
Segment results	(4,068)	2,349	132	-	(1,587)
Finance costs	(553)	(8)	-	-	(561)
Share of loss in a jointly controlled entity					(19)
Loss from ordinary activities before taxation					(2,167)
Income tax expense					938
Loss from ordinary activities after taxation					(1,229)
Minority interests					(820)
Net loss attributable to owners of the Company					(2,049)

43. OPERATING SEGMENTS (CONT'D)

Business Segments (Cont'd)

THE GROUP	**Services** RM'000	**Trading** RM'000	**Investment Holding** RM'000	**Eliminations** RM'000	**The Group** RM'000
2010					
OTHER INFORMATION					
Segment assets	49,580	15,197	60,537	(40,275)	85,039
Unallocated assets					4,162
					89,201
Segment liabilities	(28,744)	(3,715)	(4,571)	135	(36,895)
Unallocated liabilities					(70)
					(36,965)
Depreciation	1,533	70	-	-	1,603
Capital expenditure	5,229	495	-	-	5,724
Other non-cash expenses, other than depreciation	365	42	-	-	407

43. OPERATING SEGMENTS (CONT'D)

Business Segments (Cont'd)

	Services RM'000	Investment Holding RM'000	Elimina-tions 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)	-	-	(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 owners of the Company				(11,959)
OTHER INFORMATION				
Segment assets	41,406	62,426	(32,116)	71,716
Unallocated assets				2,307
				74,023
Segment liabilities	(23,296)	(91)	-	(23,387)
Unallocated liabilities				(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

43. OPERATING SEGMENTS (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of the Company and its subsidiaries are as follows:-

	Revenue		Non-Current Assets	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Malaysia	**106,342**	88,017	**26,630**	19,129
Thailand	**7,701**	8,398	**120**	167
Australia	**1,999**	865	**9**	13
Others	**57**	1,547	**14**	18
	116,099	98,827	**26,773**	19,327

Major customers

Revenue from two major customers, with revenue equal to or more than 10% of the Group's revenue amounted to approximately RM42,451,000 (2009 : RM26,984,000) arising from sales by the services segment.

44. RELATED PARTY DISCLOSURES

(a) The Company has related party relationships with:-

- (i) its subsidiaries as disclosed in Note 5 to the financial statements;
- (ii) its jointly controlled entity as disclosed in Note 6 to the financial statements;
- (iii) the key management personnel; and
- (iv) an entity controlled by an immediate family of a director.

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	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
(i) **Subsidiaries**				
Management fees	**-**	-	**135**	-
Dividend income	**-**	-	**-**	4,151
(ii) **Entity controlled by the immediate family of a director**				
Administrative expenses paid	**75**	201	**-**	120
(iii) **Key management personnel (including directors)**				
Short-term employee benefits	**4,008**	4,011	**124**	146

Key management personnel comprise members of the senior management team who are directly responsible for the financial and operating policies and decisions of the Group and the Company.

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses in the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are primarily denominated in United States Dollar.

The Group's investments in foreign subsidiaries whose reporting and operations are in foreign currencies are Australian Dollar, Thai Baht and Indonesian Rupiah. The Group is exposed to foreign currency translation risk on the consolidation of these companies into Ringgit Malaysia. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk is as follows:-

THE GROUP	United States Dollar RM'000	Others RM'000	Total RM'000
2010			
Financial assets			
Trade receivables	6,349	756	7,105
Other receivables and deposit	156	1,183	1,339
Fixed deposits with licensed banks	-	237	237
Cash and bank balances	2,544	1,330	3,874
	9,049	3,506	12,555
Financial liabilities			
Trade payables	6,947	2,032	8,979
Long-term other payable	2,171	-	2,171
Other payables and accruals	3,520	477	3,997
Factoring	766	-	766
	13,404	2,509	15,913
Net financial (liabilities)/assets	(4,355)	997	(3,358)
Less: Net financial asset denominated in the respective entities functional currencies	-	(923)	(923)
Currency exposure	(4,355)	74	(4,281)

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	**United States Dollar** RM'000	**Others** RM'000	**Total** RM'000
2009			
Financial assets			
Trade receivables	7,170	1,099	8,269
Other receivables and deposits	-	1,376	1,376
Fixed deposits with licensed banks	-	236	236
Cash and bank balances	1,794	922	2,716
	8,964	3,633	12,597
Financial liabilities			
Trade payables	2,506	547	3,053
Other payables and accruals	590	649	1,239
	3,096	1,196	4,292
Net financial assets	5,868	2,437	8,305
Less: Net financial asset denominated in the Company's functional currency	-	(2,184)	(2,184)
Currency exposure	5,868	253	6,121

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	United States Dollar
THE COMPANY	RM'000
2010	
Financial liabilities	
Long-term payable	2,171
Other payables and accruals	2,310
	4,481

The Company was not exposed to any foreign currency risk in the previous financial year.

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2010 Increase/ (Decrease) RM'000	THE COMPANY 2010 Increase/ (Decrease) RM'000
Effects on profit after taxation		
United States Dollar:-		
- strengthened by 10%	(435)	(448)
- weakened by 10%	435	448

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	THE GROUP 2010 Increase/ (Decrease) RM'000	THE COMPANY 2010 Increase/ (Decrease) RM'000
Effect on equity		
United States Dollar:-		
- strengthened by 10%	(435)	(448)
- weakened by 10%	435	448

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 45(a)(iii) to the financial statements.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis
The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at end of the reporting period, with all other variables held constants:-

	THE GROUP 2010 Increase/ (Decrease) RM'000	THE COMPANY 2010 Increase/ (Decrease) RM'000
Effects on profit after taxation		
Increase of 100 basis points	(15)	-
Decrease of 100 basis points	15	-
Effects on equity		
Increase of 100 basis points	(15)	-
Decrease of 100 basis points	15	-

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk

The Group's expose to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes on allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

<u>Credit risk concentration profile</u>
The Group's major concentration of credit risk relates to the amounts owing by four (4) customers which constituted approximately 80% of its trade receivables as at the end of the reporting period.

<u>Exposure to credit risk</u>
As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the financial period.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Yemen	**1,593**	840	-	-
Thailand	**1,895**	668	-	-
Malaysia	**24,151**	20,374	-	-
Other	**688**	2,978	-	-
	28,327	24,860	-	-

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

	Gross Amount	**Individual Impairment**	**Collective Impairment**	**Carrying Value**
THE GROUP	RM'000	RM'000	RM'000	RM'000
2010				
Not past due:-	23,348	-	-	23,348
Past due:				
- less than 3 months	2,913	-	-	2,913
- 3 to 6 months	562	-	-	562
- over 6 months	4,775	(3,271)	-	1,504
	31,598	(3,271)	-	28,327

At the end of the reporting period, trade receivables that are individually impaired were those long overdue for more than 180 days and doubtful of collection. These receivables are not secured by any collateral or credit enhancement.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Trade receivables that are past due but not impaired
The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired.
A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Actual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
2010						
Hire purchase payable	2.61	197	234	68	166	-
Term loans	6.27	9,489	11,533	1,804	6,440	3,289
Trade payables	-	12,101	12,101	12,101	-	-
Long-term payable	-	2,171	2,310	-	2,310	-
Other payables and accruals	-	11,295	11,295	11,295	-	-
Factoring	7.65	1,642	1,642	1,642	-	-
		36,895	39,115	26,910	8,916	3,289

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Actual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
2009						
Hire purchase payable	2.61	255	301	68	218	15
Term loans	4.95	6,837	8,956	944	3,781	4,231
Trade payables	-	3,675	3,675	3,675	-	-
Other payables and accruals	-	11,750	11,750	11,750	-	-
Factoring	7.30	523	523	523	-	-
Bank overdrafts	7.05	121	121	121	-	-
		23,161	25,326	17,081	3,999	4,246

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Actual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
2010						
Long-term payable	-	2,171	2,310	-	2,310	-
Other payables and accruals	-	2,400	2,400	2,400	-	-
		4,571	4,710	2,400	2,310	-
THE COMPANY						
2009						
Other payables and accruals	-	91	91	91	-	-

45. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustment to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2010	2009
	RM'000	RM'000
Hire purchase payables	**197**	255
Term loans	**9,489**	6,837
Factoring	**1,642**	523
Bank overdrafts	-	121
	11,328	7,736
Less: Short-term investments	**(1)**	(1,237)
Less: Fixed deposits with licensed banks	**(6,356)**	(3,652)
Less: Cash and bank balances	**(5,276)**	(3,591)
(Excess of cash and cash equivalents over borrowings)/Net debt	**(305)**	(744)
Total equity	**52,236**	50,610
Debt-to-equity ratio	Not applicable	Not applicable

The debt-to-equity ratio of the Group as at the end of the reporting period is not applicable as its cash and cash equivalents exceeded the total debts.

45. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) not less than 25% of the issued and paid-up share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

One of the subsidiaries is also required to maintain a maximum gearing ratio of 1.0 to comply with a bank's covenant, failing which, the bank may call an event of default. The gearing ratio is calculated based on the total bank borrowings plus financial guarantees over shareholders' equity less intangible assets. The subsidiary has complied with this requirement.

(c) Classification of Financial Instruments

	THE GROUP RM'000	THE COMPANY RM'000
Financial assets		
Loans and receivables financial assets		
Trade receivables	28,327	-
Other receivables and deposits	4,026	2
Amount owing by subsidiaries	-	20,531
Fixed deposits with licensed banks	6,356	-
Cash and bank balances	5,276	123
	43,985	20,656
Fair value through profit or loss		
Short-term investment	1	1
Financial liabilities		
Other financial liabilities		
Hire purchase payables	197	-
Term loans	9,489	-
Factoring	1,642	-
Trade payables	12,101	-
Other payables and accruals	11,295	2,400
	34,724	2,400

45. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Of Financial Instruments

The carrying amounts of all the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturing of the financial instruments.

(ii) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The interest rate used to discount estimated cash flows, where applicable, is as follows:-

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	%	%	**%**	%
Long-term payable	**6**	-	**6**	-

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 30 March 2010, the Company entered into an agreement with Nalco Industrial Services Malaysia Sdn. Bhd. for the acquisition of a 70% equity interest in MECAS, a company incorporated in Malaysia for a cash consideration of USD2,500,000 (equivalent to approximately RM8,205,000 based on the foreign exchange rate of USD1.00 : RM3.28 as at the date of acquisition) ("Acquisition"). The Acquisition was completed on 15 April 2010.

47. SIGNIFICANT EVENT SUBSEQUENT TO THE REPORTING PERIOD

On 18 February 2011, the Group was awarded a long term service agreement by PETRONAS to provide for Low Pressure System (LPS) for its domestic upstream operations. The contract period for the LPS is three (3) years commencing 18 February 2011 to 17 February 2014 with the option to extend for another two (2) years. The contract value is approximately RM200 million.

48. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in a accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysia Institute of Accountants, as follows:-

	THE GROUP 2010 RM'000	THE COMPANY 2010 RM'000
Total retained profits/(accumulated losses):		
- realised	14,098	(6,472)
- unrealised	1,679	475
	15,777	(5,997)
Total share of retained losses of a jointly controlled entity:		
- realised	(118)	-
At 31 December	15,659	(5,997)

PROXY FORM

CDS Account No.

UZMA BERHAD
(Company No. 769866-V)
CDS Account No.

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 Fourth 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 Tuesday, 28 June 2011 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		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		

Dated this ____________ day of ___________________________ 2011

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

Please fold here to seal

Please Affix
Stamp Here

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

Please fold here to seal


UZMA


Edit

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