UZMA

NO CONSTRAINTS

ANNUAL REPORT • 2012

CONTENTS

Corporate Information

Board Of Directors

Datuk Seri 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 / SGM Corporate Services

Peter Angus Knowles
Executive Director / SVP International Business

Che Nazahatuhisamudin bin Che Haron
Executive Director / SVP Sales & Marketing

Md 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

Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee
Member – Independent Non-Executive Chairman

Md Shah bin Abdullah
Member – Independent Non-Executive Director

Nominating Committee

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

Dato' Dr. (H) Ab Wahab bin Haji Ibrahim
Member – Independent Non-Executive Director

Md Shah bin Abdullah
Member – Independent Non-Executive Director

Remuneration Committee

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

Dato' Dr. (H) Ab Wahab bin Haji Ibrahim
Member – Independent Non-Executive Director

Dato' Kamarul Redzuan bin Muhamed
Member – Managing Director / Chief Executive Officer

Secretaries

Kang Shew Meng
(MAICSA 0778565)

Seow Fei San
(MAICSA 7009732)

Share 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

802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03 7803 1126
Fax: 03 7806 1387

Auditors

Cro we Horwath (AF1018)
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur.
Tel: 03 2788 9999
Fax: 03 2788 9998

Corporate Office
Uzma House

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

Principal Bankers

HSBC Amanah Malaysia Berhad (807705-X)
No. 2 Leboh Ampang
50100 Kuala Lumpur
Tel: 03 2070 0744
Fax: 03 2070 1146

Standard Chartered Bank Malaysia Berhad (115793-P)
Level 16, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 1 300 88 33 99
Fax: 03 2142 8933

AmBank (M) Berhad (8515-D)
Level 18 Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03 20263939
Fax: 03 2026 6866

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

Malaysia Debt Venture Berhad (578113-A)
Level 5, Menara Bank Pembangunan
1016 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03 2617 2888
Fax: 03 26978998

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

Stock Exchange Listing

Main Market – Bursa Malaysia Securities Berhad
Listed Since: 29 July 2008
Stock Name: UZMA
Stock Code: 7250

Notice of The Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at **Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan** on Wednesday, 26 June 2013 at 9.00 a.m. to transact the following businesses:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of Directors and Auditors thereon. **Ordinary Resolution 1**

2. To re-elect the following Directors who retire in accordance with Article 77 of the Company's Articles of Association:-

   (i) Datin Rozita Binti Mat Shah @ Hassan **Ordinary Resolution 2**

   (ii) Che Nazahatuhisamudin Bin Che Haron **Ordinary Resolution 3**

3. 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 4**

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

   ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES **Ordinary Resolution 5**

   "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 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."

5. To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya
3 June 2013

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 19 June 2013 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

2. 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.

3. 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.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. 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.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.

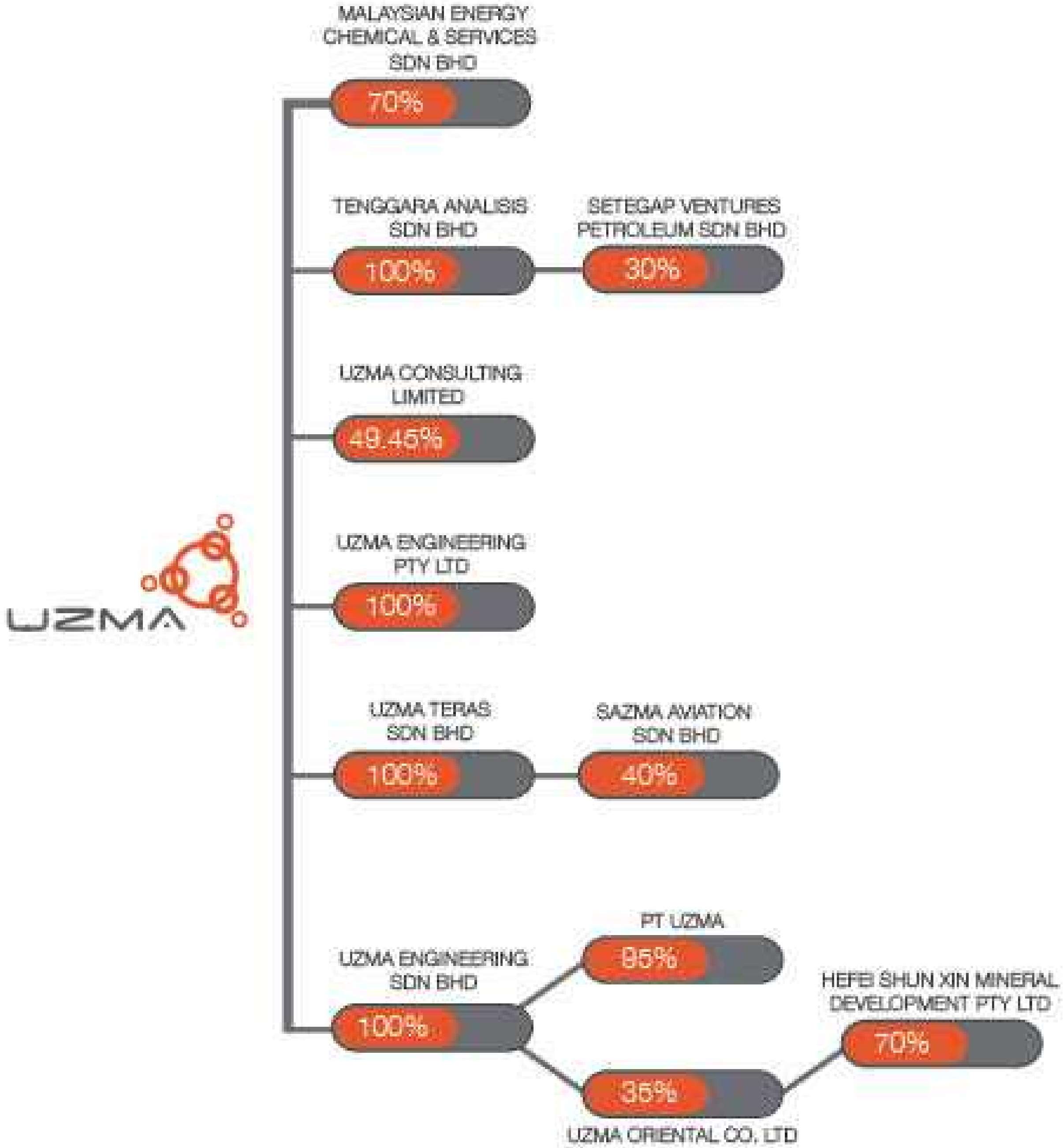
8. Explanatory notes on special business:

   Resolution 5 – Authority to Issue Shares
   The Proposed Ordinary Resolution 5, 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 issued pursuant to the authority granted to the Directors at the Fifth Annual General Meeting held on 28 June 2012 and which will lapse at the conclusion of the Sixth 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.

Corporate Structure



Our ambition, drive and motivation to soar above the challenges are highly looked out at by us. In the face of adversity and challenge, we have risen and now we soar high up to reach for greater value. The promise of delivering better performances to come is in the horizons and we at Uzma, equipped with a great opportunity handed to us, are now geared up to fly high ahead and aim towards a brighter and better future.

Chairman's Statement

Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshe
Independent Non-Executive Chairman

Financial year 2012 saw Uzma grew one-half bigger in terms of size. More impressively is our growth in Profit before Tax, which saw a growth rate of 92% compared to financial year 2011. I believe this statistic demonstrates that Uzma has not only grown bigger in size, but in doing so, it has become more effective and efficient in managing its costs.

Fellow Shareholders,

We continued to produce robust cash flows in financial year 2012, which has further strengthened our financial standing. At the end of 2012, our cash and cash equivalents stood at RM38.9 million, an outstanding 71% jump from the amount we had at the end of the previous year. I foresee that cash flow shall be one of the main focuses moving into 2013 with significant growth in all our business divisions.

It is imperative that the growth that we experienced in 2012 in terms of revenue and size of operations be complemented by appropriate growth in operational support and governance. This shall ensure that the organisational expansion is being realised through appropriate and methodological processes and its increased operational activities are being controlled by strict governance.

I am pleased that Uzma, with its pro-active management approach has managed to strategically plan and execute the expansion of the vital resources to support the growth of its operations. This translated into increase of human capital into its operations and back-office support, as well as introduce more systematic solutions to cater for the increased activities in 2012. I was

informed that 2012 saw an enhancement of several key operational governance policies like procurement procedures, project management processes and tender/contract management processes.

I was also made aware that Health, Safety & Environment (HSE) has been given its due and upmost attention this past year. This is appropriately so, especially now that exploration, drilling and production of oil and gas has become more and more challenging. I am pleased that, along with Quality, HSE has, in this past year, been improved and sufficient resources have been allocated to plan, execute, monitor and continually improve the Integrated Management System. This has helped to maneuver our expansion, ensuring proper governance in all the vital steps of the operations.

Those were the activities executed in 2012, and I commend Uzma's management for its excellent planning and execution of the plans.

Moving to 2013, I would like to challenge Uzma's leadership to keep the momentum of continually putting in place more governance into the organisation's operations. I would like to see aggressive actions on developing and implementing an effective vendor management program, among other focuses. I always have the notion that we and our vendors, to put it into a simple analogy, are sharing the same patch: they sneeze and we'll catch a cold. We are only as strong as our weakest vendor. So it is vital that due focus shall be given in the way Uzma manages its supply chain to ensure that a high degree of quality and safety required for each of the projects is being consistently delivered.

Of course, it goes without saying that I hope Uzma shall grow to greater heights in 2013, and I don't have the slightest doubt that 2013 shall be another great year for Uzma. With the hands-on leadership of our CEO Dato' Kamarul Muhamed and his leadership team and an army of highly capable staff, we anticipate another stellar year in 2013. However, I would like to take this opportunity to remind Uzma's leadership that growth executed without complementing it with a parallel institutionalization of management & operational governance shall expose the organisation to risks of internal problems and inefficiency.

To end, I would like to express my deepest gratitude to our shareholders, stakeholders, business partners, investors and supply chain for your trust and support.

To the management and staff of Uzma, I leave you with a heartfelt thank you.

See you next year.

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

Compared to financial year 2011, revenue grew by 50% to a record high of RM289.2 million. This extends UZMA's superb performance with compound annual Profit Before Tax at 92% year on year, standing at RM32.1 million in 2012 compared to RM16.7 million the previous year. Profit After Tax grew 87% to RM23.9 million. Earnings Per Share rose to RM0.171 from RM0.151 a year ago, a jump of about 13%.

Driving this track record is our constant focus on identifying and successfully addressing customers' changing appetite and market trends. Success in securing this very positive numbers has relied heavily on our capability of delighting customers with cost-effective, high-quality and reliable products and services to address those identified appetite & trends.

As if it wasn't a clear enough indication of a good year, we kicked off 2012 by completing the 30% equity acquisition of Setegap Venture Petroleum (SVP). With this move, Uzma now has access to our own Coil Tubing Unit (CTU), pumping and cementing capabilities. This has been a very strategic business move I am personally very proud of, and it has been opening new frontier for Uzma. We should be able to reap more reward of this venture in the financial year 2013.

Find

Our strategic core competency remains with Geosciences and Petroleum Engineering (GPE), which has done very well in financial year 2012. It was a positive start for 2012 when GPE won a contract for provision of consultancy in Enhanced Oil

Recovery (EOR) for Exploration and Production Technical Centre (EPTC). Following suit are projects on subsurface/ surface engineering services, Water Injection Studies and Geological Database Software Licenses, Maintenance and Services.

On top of securing contracts with the national oil and gas operator and its subsidiaries, GPE has also been active with international players like Lundin, Talisman, Shell and Petrofac. Moving into 2013, we are strategically positioning GPE to the forefront of Uzma, in-line with its responsibility of being the backbone of the organization. We shall move aggressively to be a one-stop-center for integrated Enhanced Oil Recovery (EOR) and to be the organization of choice to provide subsurface studies.

Complementing GPE is our reservoir description laboratory uzmALAB, which has started to realize positive gains in 2012. As for 2013, we shall execute an array of aggressive actions to lift uzmALAB to new heights with more alliances, fit-for-purpose equipments and new capabilities. Our laboratory facility in Shah Alam shall have new capabilities for heightened activities in 2013 and beyond.

Connect

Our Well Services division, through uzmaWIRELINE has turned around and contributed a bigger chunk to our total revenue last year. Our slickline has been busy working on the Idle Well Reactivation Project. With the addition of SVP into Uzma, bringing their CTU, pumping and cementing to complement our well services capabilities, we have reached another frontier not yet explored by any other competitors; we now have a highly mobile integrated well services solution on a work boat. We'd expect our well services to be occupied for a good period of operational up-time. Our challenge for the rest of 2013 depends heavily on how well execude the projects and deliver the results to our clients.

Drilling Management Projects which we operate via uzmAMS, have set steps into a new frontier never before imagined possible, with an international project in Australia for Coal Seam management system and Formal Safety Assessment and Safety Case Review for the "Prelude" – the world's biggest Floating LNG Facility. The floating facility is so huge that if we set it vertically next to the KLCC, its span will be taller than the twin towers. Given such a big task to ensure process and operational safety onboard such an important facility demonstrates our expertise in drilling and safety management consultancy.

Our robust capability to provide Drilling Management System services to global players with very streamlined resources, gives us the agility to run concurrent projects with local and regional clients accross Malaysia, Thailand, Myanmar, Qatar, Spain & Australia. Moving into 2013, we have added more resources into uzmAMS to ensure that we could cope up with the increasing demand from our list of loyal customers.

Produce

Our production arm, Production Operations & Optimisation Services (POOS), has emerged stronger than ever, contributing a very significant income to our total revenue. Barely a month into 2012, we won the contract for the provision of well testing equipments and services worth RM350 million. This has been very important in two fronts: it is the biggest single contract we won so far, and it is the first time in the Malaysia oil and gas history that such a safety-critical contract is awarded to a local company. POOS continued to march strong throughout the year, winning and executing a Water Injection project, provision of scale acidizing and associated services, and a few more technically-challenging projects.

For POOS, we have exciting front in 2013, with the plan of mobilizing more uzmAPRES units, delivering our first portable water injection system, and ensuring efficient and effective execution of the well test project. It is imperative that, on top of Quality, we give ultimate emphasis on Health, Safety and Environment (HSE) to ensure smooth and safe operations throughout the execution phase of all our projects. It is worth remembering that all the good track records which we built so far could collapse with a single incident; HSE excursion could break any organization instantly. I am confident that with the increasing focus which we have put into QHSE, we shall be able to demonstrate our excellence in executing safe operations.

Following positive performance of all our other divisions is our oilfield chemical division, MECAS, which kicked off 2012 by winning the Newfield Production Chemical long term contract. I am very proud that MECAS has contributed handsomely to our total revenue in 2012. Keeping its momentum, 2013 has witnessed stronger start for MECAS, when it won the highly coveted Gold Award for Safety from EPMI. It was surely a double joy when EPMI awarded a long term oilfield chemical supply and services contract to MECAS early this year.




Find, Connect And Produce

The world oil & gas transaction for 2012 grew to record high, worth a whopping USD402 billion. Compare that to USD337 billion in 2011, this represents a healthy 20% jump. I look at the overall transactions in the oil and gas industry in 2012 and come to a very interesting conclusion that the major driver of those transactions has been technology. Organizations around the world are on the hunt for that innovative technology which could enhance efficiency and increase recovery of hydrocarbons. Owning an effective technology is a very important attributes to get us access to national oil companies across the globe. It is our aspiration to move along this path - we need to gear ourselves with our own technology. Preliminary initiatives are under way to get one step closer to this vision. This will definitely put us in a class of its own among the local and regional players in the not-so-distant future.

The good old days where oil companies could easily find hydrocarbon reservoir has becoming things of the past. The industry is now facing a significantly more challenging frontier in exploring, drilling and producing oil & gas from deepwater reservoirs and high pressure / high temperature (HPHT) conditions. Faced with such challenges with heightened risks, the industry requires highly capable supply chain to deliver safe and competitive return on its investments. I wish to reiterate our commitment to aggressively build our HSE culture, making sure that safety shall become embedded into our day to day activities. My key leadership team and I shall be instrumental in executing and implementing all the strategic programs to promote HSE as one of our core values which shall be embraced by everybody within the organisation.

I am quoting the Prime Minister, YAB Dato' Seri Mohd Najib Tun Abdul Razak, who asserted that "Oil, gas and energy are an essential driving force for any modern economy...". He set out a mission in his Economic Transformation Programme (ETP) to make Malaysia as the Oil & Gas hub for the Far East. We need to embrace this mission, and strive to do our very best to achieve our national aspirations.

I am reaffirming UZMA's core competencies and business model by the following 3 simple words: Find, Connect & Produce. We shall strategise and execute our plans along this guiding disciplines right into 2013, which comes with more challenges. We are at the juncture where the industry is facing scarcity of resources, and I'm afraid it applies to both the commodity and the human resources needed to extract it. As if that's not challenging enough, there are now more competitions in each of the discipline of our core competencies and we have no choice but to face them heads-on. With escalating costs in operations opposing the aggressive cost-down calls from clients, looks like it could be very challenging for UZMA to sustain our growth trajectory. However, given the high performance team we have in-house, I have little doubt that 2013 will be just as exciting, if not more, than the blessed, blessed 2012.

To end, I would like to extend my gratitude to all our stakeholders and business partners for their support. I thank my leadership team and all of UZMA's staffs for their commitment and continuing hard work. It is our well-planned strategy and superb execution of the day-to-day operations that has put us where we are today. I am confident that together we shall put Uzma to greater heights.

It was with a big smile that I bid farewell to 2012. It is with an even bigger smile that I welcome 2013 with all its challenges.

Till we meet again, thank you.

Board Of Directors

From Left

Md Shah bin Abdullah
Che Nazahatuhisamudin bin Che Haron
Peter Angus Knowles
Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee
Dato' Kamarul Redzuan bin Muhamed
Datin Rozita binti Mat Shah @ Hassan
Dato' Dr. (H) Ab Wahab bin Haji Ibrahim

Directors' Profile

Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshe, Aged 51

Independent Non-Executive Chairman

Appointed to the Board on 21 May 2008.

Datuk Wira Syed Ali was awarded a Professional Diploma in Leadership and Management by the New Zealand Institute of Management in 2003. He ventured into the corporate world in the early 1980s and held directorships in several private and public corporations involved in a diverse range of businesses. He holds a directorship in C.I. Holdings Berhad and Asia Media Group Berhad. He is the Chairman of Composites Technology Research Malaysia Sdn. Bhd. and Tanjung Offshore Berhad. He is the Deputy Chairman in REDtone International Berhad. Datuk Wira Syed Ali was a member of Dewan Negara (Senate) of Malaysia from 2003 to 2009. Rendering service to society, he is also the Chairman of Yayasan Pendidikan Cheras. Closer to home, Datuk Wira Syed Ali serves as the Chairman of Remuneration Committee and Nominating Committee, as well as a member of Audit Committee within Uzma Group.

Dato ' Kamarul Redzuan Bin Muhamed, Aged 40

Managing Director / Chief Executive Officer

Appointed to the Board on 21 May 2008.

A high achiever since his school days, Dato' Kamarul is the product of the country's first 'American Top Universities (ATU)' programme. He attended Colorado School of Mines, a world-renowned producer of high quality talents in the petroleum industry. He graduated in 1995 with a Bachelor's Degree in Petroleum Engineering.

Dato' Kamarul is a hands-on CEO, having worked as a reservoir engineer on an integrated reservoir engineering study in the USA before returning to Malaysia. He began his local career as a Facilities Engineer in Esso Production Malaysia Inc. ("EPMI") where he worked on a number of offshore projects. Gaining a good ground in offshore engineering, he started to develop a network of exploration and production contacts in Malaysia. To further expand his horizon, he joined Sedco Forex, a leading International Drilling Contractor. Shifting to test his entrepreneurship skills, he later joined Smedvig Technologies Sdn. Bhd. as a Technical Representative. Turned out to be a natural entrepreneur, he helped to spur exciting growth in the organisation, which landed him a fast-tracked promotion to become the Business Development Manager for the Asian Division. During his tenure, he built and maintained a good relationship with PETRONAS and other PSCs securing multi-million dollar contracts for Smedvig Technologies Sdn Bhd across the region.

When Smedvig Technologies Sdn Bhd was acquired by Roxar in 1999, he was instrumental in setting up its KL operations and later putting it on a launch pad to become the regional office and hub for Roxar's activities in Asia Pacific. Realising that his dreams could only be materialised by answering to the most demanding boss that is himself, he left Roxar to set up Uzma in May 2000.

Despite being a competent and a hands-on engineer, it is his business development skills and entrepreneurship nature that contribute most to the growth of Uzma. He has established and developed a vast network in many Malaysian Oil and Gas companies, earning the respect of senior management in many Malaysian-based Oil and Gas companies. Today, Dato' Kamarul still plays an active and vital role in strategising, governing and ensuring effective execution of his key management team to put Uzma into greater heights. Dato' Kamarul is a member of the Remuneration Committee.

Datin Rozita Binti Mat Shah @ Hassan, Aged 43

Executive Director / SGM Corporate Services

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 stint as a Project Engineer with OGP Technical Services Sdn Bhd, a PETRONAS subsidiary, she joined forces with her husband, Dato' Kamarul to set up Uzma.

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 business acumen, people skills and strong management techniques have won her respect from the staffs, customers and consultants. 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 resource and information technology, as well as corporate social responsibility. Until the appointment of Group Finance Manager, she also managed accounting and finance. Currently as SGM of Corporate Services, Datin Rozita has an additional and demanding role to play as she is also in charge of three separate departments: the Human Resource, Corporate Relations & Administration and Information Technology Department.

Peter Angus Knowles, Aged 56

Executive Director / SVP International Business

Appointed to the Board on 21 May 2008.

A British fondly known via his middle name within the industry, Angus graduated 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 more than 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. Very much active running Uzma Australia and Uzma Thailand, Angus carries on with his passion in providing Drilling Management System consultancy to a vast array of his loyal clients worldwide.

Che Nazahatuhisamudin Bin Che Haron, Aged 41

Executive Director / SVP Sales & Marketing

Appointed to the Board on 21 May 2008.

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 the satellite communications company where he also assisted in business development. He joined AKK Management, 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 exceptional dedicated and trustworthy key management. 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 2001, after building AKK Management into a viable operation, he joined Uzma Malaysia, focusing on opening up opportunities in the Middle East. He took up the near-impossible challenge with open arms, 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 entrusted to be Uzma's Sales and Operations Director, a role which he can comfortably apply his excellent people and negotiating skills to its maximum. In addition to directing Account Managers and managing tenders and proposals, he spends a great deal of his time engaging customers for business development and marketing. His unquestionable loyalty, dedication and business skills are valuable assets to Uzma's continued growth. Naza currently helms Uzma's Business Development with a mission of fast-tracking its vision to be one of the biggest service companies in Malaysia.

Md Shah Bin Abdulah, Aged 63

Independent Non-Executive Director

Appointed to the 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 also sat on the board of other listed companies, namely Malaysian International Shipping Corporation, MECIB Berhad, Malaysian International Finance Berhad, Asia Unit Trust, Lembaga Pelabuhan Johor and Yayasan Tunku Abdual Rahman. Encik Md Shah Bin Abdulah is a member of the Audit Committee and Nominating Committee of Uzma Group.

Dato ' Dr. (H) Ab Wahab Bin Haji Ibrahim, Aged 61

Independent Non-Executive Director

Appointed to the Board on 26 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 Secretary 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 OGP Technical Services Sdn. Bhd., another subsidiary of PETRONAS in 1996, a position he held until 2004. In 2007, he obtained his Master of Business Administration (Management Studies) from University of Rockhampton, USA and in the same year was honoured with the Honorary Doctorate Degree in Public Service by the Irish International University, Ireland. He is currently an Independent Non-Exective Director on the board of Alam Maritim Resources Berhad and Tanjung Offshore Berhad. Dato' Dr. (H) Ab Wahab bin Haji Ibrahim also serves as the Chairman of Audit Committee and a member of Nominating Committee and Remuneration Committee of Uzma Group.

Additional Information On The Board Of Directors

- There is no family relationship among the directors and substantial shareholders of the Company except for Dato' Kamarul Redzuan bin Muhamed and Datin Rozita binti Mat Shah @ Hassan who relationship is husband and wife.
- None of the directors have any conviction for offences, other than traffic offences, within the past 10 years.
- With the exception of Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee and Dato' Dr. (H) Ab Wahab bin Haji Ibrahim, none of the directors hold any directorship in other public companies.
- The Director's holdings in shares of the Company are disclosed in the Analysis of Shareholding section of the Annual Report.

The solid foundation laid here at Uzma that has seen it grow through the strength of teamwork, track record and professional reputation of Uzma in the industry. As we continue to pursue our goals and mission of the group, we can only get stronger while we strive to secure more opportunities, we are in agreement that moving forward; we will only get stronger, and seize every opportunity.

Key Leadership

1. Khong Kheng Ting

Chief Operation Officer

Graduated from University Technology Malaysia in Petroleum Engineering and from University of Strathclyde, United Kingdom with an MBA. He has more than 26 years of experience in the upstream oil and gas services industry. He was formerly the Vice President of Roxar/ Emerson Asia Pacific. Prior to this, he held various senior sales and operations management positions globally in Schlumberger, Halliburton and Baker Hughes, the top three global oil field services provider. He has served as Secretary and Director of the Society of Petroleum Engineers (SPE) - Kuala Lumpur Chapter in the past, and currently Auditor for SPE - Kuala Lumpur Chapter. He is also a member of Industry Advisory Council for Geology Department, University Malaya. He joined Uzma in 2012, with the responsibility of managing all the key operations, as well as introducing better, exciting new programmes within Uzma to ensure a fast-tracked growth.

2. Azmi Bin Mahamad

Senior Vice President, Strategic

Graduated with a Bachelor of Engineering in Mechanical Engineering from Universiti Sains Malaysia in 1994 and obtained Masters of Science in Engineering Business Systems (with Distinctions) from University of Coventry, UK. He has vast experience in oil and gas industries having worked for EPMI, Lundin Malaysia Limited (which later acquired by Talisman Malaysia Limited), and Talisman Energy Inc., Canada before returning home and joining Uzma in 2011. Azmi currently manages Uzma's new venture into integrated water solutions, as well as other exciting new projects to spur bigger growth for Uzma.

3. Bong Leong Sung

Chief Financial Officer

Graduated with a degree in Accounting from University of Malaya in 1999. He has vast experience in financial and corporate management having worked for Arthur Anderson, Ernst & Young, Kuala Lumpur City Securities Berhad, Alliance Investment Bank Berhad and European Credit Investment Bank Ltd. 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, ensuring Uzma's financial management complies to the highest of global standards.

4. Ahmad Yunus Bin Abdul Talib

Managing Director, MECAS

Graduated from University of Wisconsin - Madison, USA in Mechanical Engineering. He has over 18 years of experience in the oil and gas industry. Yunus is a Managing Director for Malaysian Energy Chemical & Services Sdn Bhd, a subsidiary company that specializes in production, enhanced oil recovery, and deepwater related chemicals. He was with ExxonMobil for 13 years and held various positions of increasing responsibility in the Operations Technical and Project Departments before joining Uzma in 2008.

5. Drs. Robert Eise Hulsbos

Senior General Manager, Laboratory Services

Graduated from the Free University in Amsterdam where he obtained his BSc and MSc degrees in Geology. He has extensive experience in laboratory services and regional basin studies having worked in the oil and gas industry for over 26 years in countries like Libya, Indonesia, Malaysia and United Kingdom. Robert currently heads UzmALAB, with a vision of expanding the business to become one of the leading laboratory service centres in the region.

6. Zaliza Bt. Ahmad Zainuddin

Senior General Manager, Wireline Services

Graduated from University of Malaya in Chemical Engineering. She has 18 years international experienced in E-Line Services (Open Hole and Cased Hole) when working with Schlumberger before she joined Uzma. In Schlumberger, she held various positions which includes Operations, Operations Management, Sales & Support. During the time period, she also held a position of a Regional Safety Manager for Brunei, Malaysia and Philippines for more than 3 years. She was the E-Line Operation Manager for East Malaysia, Brunei and Philippines before she joined Uzma in 2009.

7. Rizal Bin Mohd Arifin

Senior General Manager, Geoscience & Petroleum Engineering Services

Graduated from Marquette University, Milwaukee, Wisconsin in Business Administration. His excellent capability with 13 years of experience in Sales & Marketing have brought his previous company, ROXAR, in securing big projects with PETRONAS and numerously awarded as Best Sales Manager of the Year by the company. He joined Uzma in 2011 and is instrumental in building geosciences capabilities as the back-bone to Uzma's offerings to the local and international industry.

8. Tengku Zuraidi Yazli Tengku Yahaya

General Manager, Project Oilfield and Operation Services.

Graduated from Universiti Teknologi Petronas in Mechanical Engineering (majoring in Petroleum Engineering). He worked as Drilling Engineer at PETRONAS before he joined Uzma as a Sales Engineer-Drilling Service. To expand his horizon, he then switched to be the Account Manager & Sales Manager in production services-a responsibility which he performed excellently. A young leader with great capabilities and energy, balanced skills between technical and commercial, he now helms the Production Operation and Optimisation Services, managing the day-to-day operations as well as strategizing for its future growth.

9. Sa'adiah Binti Omar

General Manager, Oilfield Manpower Services

Graduated from University of Malaya, she began her career with various construction companies before joining Uzma in 2008. Started out in production services as Operations Exective, she was later reassigned into Manpower Consultancy to help its growth-a challenge which she readily took up and excelled. She has been instrumental in growing Manpower Consultancy division to where it is today. Her interpersonal and business development skill manoeuvring the division through the industries most demanding clients and consultants have contributed significantly to the division's stellar achievements.

10. Hakimi Nasir

General Manager, QHSE & Business Improvement

Graduated from the University of Michigan, Ann Arbor in Mechanical Engineering, with over 18 years of multi-national experience in QHSE and engineering. He brought with him extensive experience in Total QHSE Management, Mechanical Design, Process Engineering, Quality Engineering and Supply Chain Management. An ASQ (American Society for Quality) certified quality engineer, OHSAS18001/ISO9001/ISO14001 lead auditor and six sigma practitioner, he joined Uzma in 2011 and currently oversees Quality Assurance, HSE, Procurement & Vendor Management, IT, Integrated Management System and Organisational Improvement.

1. **Khong Kheng Ting**
   Chief Operation Officer
2. **Azmi Bin Mahamad**
   Senior Vice President, Strategic
3. **Bong Leong Sung**
   Chief Financial Officer
4. **Ahmad Yunus Bin Abdul Talib**
   Managing Director, MECAS
5. **Drs. Robert Eise Hulsbos**
   Senior General Manager, Laboratory Services
6. **Zaliza Bt. Ahmad Zainuddin**
   Senior General Manager, Wireline Services
7. **Rizal Bin Mohd Arifin**
   Vice President, Geoscience & Petroleum Engineering Services
8. **Tengku Zuraidi Yazli Tengku Yahaya**
   General Manager, Project Oilfield and Operation Services
9. **Sa'adiah Binti Omar**
   General Manager, Oilfield Manpower Services
10. **Hakimi Nasir**
    General Manager, QHSE & Business Improvement

Corporate Governance Statement

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

Uzma Group's corporate governance structure has been developed and enhanced based on the principles and recommendations of best practices prescribed in the Malaysian Code on Corporate Governance 2012 ("the Code").

In this Statement, the Board reports on the manner in which the Group has adopted and applied the principles and recommendations in the Code and the extent to which it has complied with the best practices of good governance as set out in the Code throughout the year under review.

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

1.1 Board Charter and Code of Conduct and Ethics

The Board has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Board Charter provides guidance for Directors and Management on the responsibilities of the Boards, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct and Ethics provide guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during their appointment..

The Board Charter and Code of Conduct and Ethics are made available for reference in the Company's website *www.uzmagroup.com*.

1.2 Composition of the Board

The Board has a balanced composition of seven (7) Directors consisting of four (4) 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 at least 2 or one-third (1/3) of the Board members to be independent directors.

The present size and composition of the Board is appropriate for the complexity and scale of operations of Uzma Group. As presently constituted, the Board is well balanced and has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

1.2 Composition of the Board (cont'd)

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 position of the Chairman is held by an independent Director. There is a division of responsibility between the Chairman who is leading the Board in the oversight of management and Executive Directors, who responsible for managing the overall business and day to day operations of the Company to ensure that there is a balance of power and authority, promotion of accountability and facilitation of division of responsibilities between them.

The key duties and responsibilities of the Chairman are to provide leadership to the Board, chairing the meetings of the Board and shareholders, ensuring that the Board fully discharges its responsibilities and acting as liaison person between the Board and the management.

None of the independent Directors has served the Company exceeding a cumulative terms of nine (9) years.

1.3 Board Meeting

The Board meets at least once in a quarter with additional meeting convened as and when necessary. All Directors are provided with agenda and set of Board papers issued prior to Board meetings to ensure that the directors can appreciate the issues to be obtained further explanations, where necessary and to make an informed decision. Senior management is invited to attend these meetings to explain and clarify matters being tabled.

The Board has a formal schedule of matters reserved at Board Meetings which includes, corporate plans, annual budgets, management and Group's performance review, major investments and financial decisions, changes to the management and control structure within the Group, including key policies and procedures and delegated authority limits.

The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties 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.

During the year under review, five (5) Board of Directors' meetings were held for the financial year ended 31 December 2012 to review the Group's quarterly and annual financial statements and its operations. The record of attendance is as follows:-

1.3 Board Meeting (cont'd)

Name of Director	Directorate	Attendance
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Chairman	5/5
Dato' Kamarul Redzuan Bin Muhamed	Managing Director/Chief Executive Officer	5/5
Datin Rozita Binti Mat Shah @ Hassan	Executive Director	5/5
Peter Angus Knowles	Executive Director	3/5
Che Nazahatuhisamudin Bin Che Haron	Executive Director	5/5
Md Shah Bin Abdullah	Independent Non-Executive Director	5/5
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	Independent Non-Executive Director	5/5

1.4 Appointment and Re-election of Directors

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. The election of each Director is voted on separately.

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 conclusion of the next annual general meeting.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall be eligible for re-election.

1.5 Directors' Training

The Directors recognise the importance and value of attending programmes, seminars and forums in order to keep themselves abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The training needs of each Director would be assessed and proposed by the individual Director.

The trainings attended by the Directors during the financial year ended 31 December 2012, which they considered as useful to enhance their knowledge to effectively discharge their duties as Directors, are set out below:-

1.5 Directors' Training (cont'd)

Name of Director	Training Attended
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	1
Dato' Kamarul Redzuan Bin Muhamed	1
Datin Rozita Binti Mat Shah @ Hassan	2
Peter Angus Knowles	1
Che Nazahatuhisamudin Bin Che Haron	1
Md Shah Bin Abdullah	1
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	3

2. Board Committees

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

2.1 Audit Committee

The role of the Audit Committee is to support the Board in overseeing the processes for production of the financial data, review the financial reports and the internal control of the Company. The composition and terms of reference of the Audit Committee together with its report are presented on pages 36 to 40 of this Annual Report.

2.2 Nominating Committee

The Nominating Committee comprises the following members:

(1) Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee - Chairman (Independent Non-Executive Chairman)
(2) Md Shah bin Abdullah – Member (Independent Non-Executive Director)
(3) Dato' Dr. (H) Ab Wahab bin Haji Ibrahim - Member (Independent Non-Executive Director)

The functions of the Nominating Committee are:

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

2.2 Nominating Committee (cont'd)

The Nominating Committee was set up by the Board to ensure that it has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organisation towards achieving its intended goals and objectives. The Nominating Committee shall propose new candidates for the Board and assess Directors on an on-going basis.

The nomination and election process of Board members are as follows:-

Appointment of New Directors

The Board nomination process is to facilitate and provide a guide for the Nominating Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company.

The Board does not set specific criteria for the assessment and selection of director candidate. However, the consideration would be taken on the need to meet the regulatory requirement such as Companies Act, 1965 and Main Market Listing Requirements, the achievement in the candidate personal career, integrity, wisdom, independence of the candidate, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board to select the suitable candidate.

The Nominating Committee is responsible to recommend identified candidate to the Board to fill vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board identified by the Nominating Committee. The potential candidate may be proposed by existing director, senior management staff, shareholders or third party referrals.

Upon receipt of the proposal, the Nominating Committee is responsible to conduct an assessment and evaluation on the proposed candidate.

The assessment/evaluation process may include, at the Nominating Committee's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview at the Nominating Committee's discretion. The Nominating Committee would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidate, the Nominating Committee would make its recommendation to the Board. Based on the recommendation of the Nominating Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

The Chairman of the Board would then make an invitation or offer to the proposed/potential candidate to join the Board as a director. With the acceptance of the offer/invitation, the candidate would be appointed as director of the Company.

2.2 Nominating Committee (cont'd)

Annual Assessment of Existing Directors

The director who is subject to re-election and/or re-appointment at next Annual General Meeting shall be assessed by the Nominating Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nominating Committee would be based on the yearly assessment conducted.

Assessment on Independence of Directors

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the Main Market Listing Requirements.

On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The following gender diversity policy has been established by the Board:-

- During selection process, any list of proposed candidates to the Board shall consist of at least one woman candidate, wherever reasonably possible.
- The Nominating Committee is responsible in ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.
- The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation in the Board.

The Board will monitor the Company's performance in meeting the target and shall review the policy and target set to achieve gender diversity in the boardroom as and when needed.

2.3 Remuneration Committee

The Remuneration Committee comprises the following members:

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

The function of the Remuneration Committee is to recommend to the Board, the remuneration packages of Managing Director, Executive Directors and/or other persons of the Group as the Remuneration Committee is designated to consider and getting professional advice as and when necessary.

The number of Directors who served during the financial year ended 31 December 2012 whose remuneration and fees received/receivable from the Group falls into the following bands:

2.3 Remuneration Committee (cont'd)

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
< RM100,000	-	3
RM100,001 – RM200,000	-	-
RM200,001 – RM600,000	1	-
RM600,001 – RM1,000,000	3	-
Total:	4	3

	Executive	Non-Executive
RM'000		
Remuneration	2,733	-
Fees	-	172

The remuneration policies and procedures are as follows:-

- **Remuneration of Executive Directors**

  The remuneration of the Executive Directors shall be reviewed and proposed by the Remuneration Committee for their consideration and recommendation to the Board for approval. 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 Executive Directors whereby the respective Executive Directors abstained from discussions and decisions on their own remuneration.

- **Annual Bonus**

  The Executive Directors shall be entitled to participate in the Company's annual cash bonus. The amount of bonus shall be proposed by the RC for their consideration and recommendation to the Board for approval.

- **Other benefits**

  Executive Directors shall also be entitled to other benefits provided to employee of the Company and other additional benefits if so proposed by the RC for their consideration and recommendation to the Board for approval.

- **Remuneration for Non-Executive Directors**

  The remuneration of non-executive directors, which made up of Director fee, meeting allowance and other benefits, if any, is determined by the Board.

2.3 Remuneration Committee (cont'd)

The Directors' fee is determined by the Board and subject to the approval of the shareholders of the Company at general meeting.

In addition to the above, the Directors may be remunerated by a fixed sum (for non executive director) or by a percentage of profits (for executive directors) or otherwise as may be determined by the Board for the performance of extra services or to make any special exertions in going or residing away from his usual place of business or residence for any purpose of the Company or giving special attention to the business of the Company. Such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the directors. Such remuneration would be proposed by the Remuneration Committee for their review, consideration and recommendation to the Board for decision.

3. Shareholders

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders. Communication between the Company and its shareholders are done in the following manner:-

3.1 Relationship with Shareholders and Investors

The Board recognises the value of good investor relation and the importance of disseminating information in a fair and equitable manner, the participation of shareholders and investors, both individual and institutional, at Annual General Meeting is encouraged. Such information is disseminated via the Company's annual reports, quarterly financial results and various prescribed announcements made to Bursa Securities from time to time in the Bursa Securities' website at *www.bursamalaysia.com*.

The Group also maintains a website at *www.uzmagroup.com* which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

Any enquiry regarding the Company and its group of companies may be conveyed to the following personnel:-

Mr. Bong Leong Sung (Chief Financial Officer)
Telephone number : 03-9232 1000
Fax number : 03-9232 1032
Email : malaysia@uzmagroup.com

3.2 General Meeting

The Annual General Meeting represents the principal forum for dialogue and interaction with all the shareholders of the Company. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

The Board takes note of the recommendation by the Code on the adoption of electronic voting and encourage poll voting to facilitate greater shareholders' participation. The shareholders are informed of their rights to demand a poll vote prior to the commencement of general meeting and the Board will ensure that any vote of shareholders taken at the general meeting on the resolution approving related party transactions is taken on a poll. Shareholders' rights relating to general meeting is also published on the Company's website. Announcement will also be made on the detailed results showing the number of votes cast for and against each resolution.

4. Accountability & Audit

4.1 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.

4.2 Risk Management and Internal Control

The Board recognises the importance of a sound system of internal control for the Group including risk assessment and acknowledges its ultimate responsibilities in maintaining the same. The Group has a system of risk management and internal control and the overview of the state of the Group's risk management and internal control is spelt out in the Statement on Risk Management and Internal Control on page 41 to 42 of this Annual Report.

4.3 Relationship with the Auditors

The Board has maintained a professional and transparent relationship with the Group's auditors, both external and internal. The Audit Committee seeks regular assurance on the effectiveness of the internal control systems through independent appraisal by the auditors in ensuring compliance with the applicable accounting standards in Malaysia. Liaison and unrestricted communication exists between the Audit Committee and the external auditors.

The Company has put in place the policies and procedures to assess the sustainability and independence of external auditors.

The Board, with the recommendations by the Audit Committee, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospect.

The Board is also required by the Companies Act, 1965 to prepare financial statements that give a true and fair view of the state of affairs, including the cash flows and results of the Group and of the Company for the financial year. A statement by the Board of its responsibilities for preparing the financial statements is set out on page 56 of this Annual Report.

4.4 Internal Control and Internal Audit Function

The Board acknowledges 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 Risk Management and Internal Control set out on page 41 to 42 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 41 to 42 of this Annual Report.

5. Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a corporate disclosure policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

6. 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.

7. Sustainability Policy

The Board is committed to operate its business in accordance with environmental, social and economic responsibility. These include working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

The Company strives to achieve sustainable long term balance between meeting its business goals and preserving the environment, its commitments with respect to sustainability are in the core areas of workplace, marketplace, community and environment.

The strategies to promote sustainabilty and its implementation can be found at the Company's website at *www.uzmagroup.com.*

8. Corporate Social Responsibilities ("CSR")

Corporate Social Responsibility has been a fundamental part of our organisational policy, and, as a conscientious organisation, 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.

8. Corporate Social Responsibilities ("CSR") (cont'd)

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 recognise 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 fulfilment 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.

9. 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 endeavor to improve and enhance the procedures from time to time.

Audit Committee Report

The Audit Committee of Uzma Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

1. Composition

The Audit Committee comprises the following Board members:

Chairman
Dato' Ab Wahab bin Haji Ibrahim - Independent Non-Executive Director

Members
- Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee - Independent Non-Executive Director
- Md Shah bin Abdullah - Independent Non-Executive Director

2. 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 2012. Details of attendance of each member at the Audit Committee Meeting held during the financial year ended 31 December 2012 are as follows:

Members of the Audit Committee	Total Meeting Attended
Dato' Ab Wahab Bin Haji Ibrahim	5/5
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	5/5
Encik Md Shah Bin Abdullah	5/5

3. Terms Of Reference

3.1 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.

3.2 Composition

The Board of Directors shall appoint the members of the Audit Committee from amongst themselves, which fulfils the requirements of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

3.3 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.

3.4 Authority

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company have explicit authority to investigate any matter within its terms of reference, full and unrestricted access to any information pertaining to the Company and all the resources required to perform its duties. The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function and be able to convene meetings/obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Terms Of Reference (cont'd)

3.5 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 processes or investigation undertaken andascertain whether or not appropriate actions are taken on the recommendations of the internal audit function; and
(c) review any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of senior staff members of the internal audit function.

(2) To do the following, in relation to the external audit function:-

(a) meet with the external auditors without executive board members present at least twice a year;
(b) consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
(c) discuss with the external auditors before the audit commences, the nature and scope of the audit and review the adequacy of existing external auditors audit arrangements;
(d) review the quarterly results and year end financial statements, prior to the approval by the Board and review the external auditors' audit report;
(e) review and response to any management letter sent by the external auditors to the Company;
(f) 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); and
(g) review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels.

Apart from the above functions, the Committee may carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company to ensure the effectiveness discharge of the Committee's duties and responsibilities including reviewing any related party transactions and potential conflict of interests arising therefrom, consider major findings of internal investigations and management response and review/verify the Share Option Scheme of the Company (if any).

The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate. Where necessary, the Committee may report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

3.6 Meetings

The Committee shall meet at least four (4) times in a year subject to the quorum of at least two (2) independent directors or more frequently as circumstances required or upon the request of any member of the Committee with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. 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.

3. Terms Of Reference (cont'd)

3.7 Procedure of Audit Committee

The Audit Committee may regulate its own procedures, in particular, calling of meetings, notice to be given of such meetings, voting and proceedings of such meetings, keeping of minutes and custody, production and inspection of such minutes.

3.8 Secretary

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

4. Summary Of The Activities Of The Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2012 up to the date of issuance of this Annual Report are as follows:

(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 the scope of work and audit plan of the external auditors.

(3) Reviewed the performance of the external auditors, including assessment of their independence in the performance of their obligations as external auditors.

(4) 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.

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

(6) 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.

(7) Reviewed with the Internal Auditors the Internal Audit Planning scope and plan, and their findings and the management's response and actions taken.

(8) Reviewed the status of compliance of the Company with the Malaysian Code of Corporate Governance 2012, which are within the scope and function of the Audit Committee, for the purposes of disclosure in the Statement of Corporate Governance pursuant to the requirement of paragraph 15.26 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

5. 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 2012 is RM76,000.

Statement On Risk Management and Internal Control

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board is pleased to provide Uzma Berhad Group's Statement on Risk Management and Internal Control which outlines the nature and scope of risk management framework and internal control system of the Group (excluding jointly controlled companies) during the financial year ended 31 December 2012. This Statement has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Board's Responsibility

The Board acknowledges that it is ultimately responsible for the Group's risk management and internal control systems, and also to ensure the adequacy and effectiveness of these systems in the Group. In this respect, the responsibility of reviewing the adequacy and effectiveness of the internal control systems has been delegated to the Audit Committee, which empowered by its terms of reference, to seek the assurance of the adequacy and effectiveness of the internal control systems through reports it receives from the independent reviews conducted by the internal audit function and management.

However, as there are inherent limitations in any system of risk management and internal controls, such 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 systems can only provide reasonable and not absolute assurance against material misstatement and loss.

Risk Management

The Heads 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 relating to the Group's operations and business plans are deliberated. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned practices undertaken by Management serves as the on-going process adopted by the Group to identify, evaluate and manage significant risks faced by the Group for the financial year under review and up to the date of approval of this Statement. The Board shall re-evaluate the effectiveness and adequacy of the existing risk management practices, and where appropriate, revise such practices accordingly.

Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and review reports on internal control from its internal audit function. The internal audit function did not perform internal audit review of the Group's jointly controlled companies as Uzma Group does not have full management control over these companies.

The internal audit function is outsourced to external consultants and they report directly to the Audit Committee. During the financial year ended 31 December 2012, audits were carried out in accordance to the internal audit plan that has been reviewed and approved by the Audit Committee. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the outsourced internal audit function for the financial year ended 31 December 2012 were RM 76,000.

Other Key Elements Of Internal Controls

The other key elements of the Group's internal controls systems are as follows:

- An organisation structure, which clearly defines the lines of responsibilities, proper segregation of duties and delegation of authority;
- Relevant training and development programmes are in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively;
- Rigorous review of key information such as financial performance, management accounts and budgets by the Board;
- The Executive Directors are closely involved in the running of the 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;
- An annual Group budget is prepared by Management and tabled to the Board for approval. Continuous monitoring is carried out quarterly to measure actual performance against budget so as to identify significant variances arising and devise remedial action plans;
- Regular management meetings are held to discuss the Group's performance, business operation and management issues as well as formulate appropriate measures to address them; and
- The Group has established policies and procedures to support the Group's various business activities.

Adequacy And Effectiveness Of The Group's Risk Management And Internal Control System

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system is satisfactory and no material internal control failures or any of the reported weaknesses have resulted in material losses or contingencies during the financial year under review.

Review Of The Statement By External Auditors

In accordance to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2012 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of risk management and internal controls of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 29 April 2013.

Other Compliance Information

1. Utilisation Of Proceeds

Private Placement proceeds amounted to RM16,000,000.00 was raised by the Company during the financial year. The utilisation of the proceeds derived from the Private Placement during the financial year was as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation up to 31 December 2012 RM'000	Balance RM'000
Part finance the capital expenditure to build proprietary low pressure system equipment uzmAPRES™	7,000	4,788	2,212[1]
Working capital requirements	8,890	8,890	-
Defraying expenses incidental to the private placement	110	110	-
	16,000	13,788	2,212

Note:-

(1) As announced on 23 October 2012, the Company has resolved that the unutilised amount of RM2.21 million ("Remaining Proceeds") will be utilised to part finance the design and fabrication of the third unit of uzmAPRES. The Company intends to utilise the Remaining Proceeds within 12 months from 23 October 2012.

2. Share Buy-Back

The Company did not purchase any of its own shares during the financial year ended 31 December 2012.

3. Options, Warrants Or Convertibles Securities

The Company did not issue any options, warrants or convertibles securities during the financial year ended 31 December 2012.

4. American Depository Receipts ("ADR") Of Global Depository Receipts ("GDR")

The Company did not issue any ADR or GDR programme during the financial year ended 31 December 2012.

5. Imposition Of Sanctions And/Or Penalties

During the financial year ended 31 December 2012, 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 2012, the non-audit fees from the external auditors incurred by the Group amounted to RM43,000.

9. Material Contracts

There were no material contracts involving the Directors' interest during the financial year ended 31 December 2012.

Analysis Of Shareholdings

As At 2 May 2013

Director's Shareholdings As Per Register Of Director's Shareholdings

		No. of Share Held			
No.	**Name Of Directors**	**Direct**	**%**	**Indirect**	**%**
1.	Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	111,460	0.08	-	-
2.	Dato' Kamarul Redzuan Bin Muhamed	58,249,937	44.13	12,600,068*	9.55
3.	Datin Rozita Binti Mat Shah @ Hassan	12,600,068	9.55	58,249,937+	44.13
4.	Peter Angus Knowles	75,000	0.06	-	-
5.	Che Nazahatuhisamudin Bin Che Haron	1,391,850	1.05	-	-

Notes

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

\+ Deemed interest by virtue of her spouse, Dato Kamarul Redzuan Bin Muhamed's interest

Substantial Shareholders' Shareholding As Per Register Of Substantial Shareholders

		No. of Share Held			
No.	**Name Of Substantial Shareholders**	**Direct**	**%**	**Indirect**	**%**
1.	Dato' Kamarul Redzuan Bin Muhamed	58,249,937	44.13	12,600,068*	9.55
2.	Datin Rozita Binti Mat Shah @ Hassan	12,600,068	9.55	58,249,937+	44.13
3.	Lembaga Tabung Haji	10,990,600	8.33	-	-

Notes

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

\+ Deemed interest by virtue of her spouse, Dato Kamarul Redzuan Bin Muhamed's interest

Distribution Schedule Of Share As At 2 May 2013

Size Of Shareholding	No. Of Holders Shareholder	Percentage Of Shareholders (%)	No. Of Share	Percentage Of Share Capital (%)
less than 100	9	0.93	288	0.00
100 to 1,000	488	50.41	98,267	0.07
1,001 to 10,000	288	29.75	1,225,050	0.93
10,001 to 100,000	121	12.50	3,964,100	3.00
100,001 to less than 5% of issued shares	57	5.89	44,871,800	33.99
5% and above of issued shares	5	0.52	81,840,495	62.01
TOTAL	**968**	**100.00**	**132,000,000**	**100.00**

Thirty Largest Shareholders

No.	Name	No. of shares	% of issued Share Capital
1.	Kamarul Redzuan Bin Muhamed	56,968,937	43.16
2.	Rozita Binti Mat Shah @ Hassan	12,461,580	9.44
3.	Lembaga Tabung Haji	10,990,600	8.33
4.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Norges Bk)	3,414,600	2.59
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank Of New York Mellon (Mellon Acct)	3,056,900	2.32
6.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chua Ma Yu (Dealer 072)	2,859,900	2.17
7.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For RBC Investor Services Trust (Client Account)	2,579,600	1.95
8.	Universal Trustee (Malaysia) Berhad CIMB Islamic Small Cap Fund	2,428,100	1.84
9.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	2,350,600	1.78
10.	Cartaban Nominees (Tempatan) Sdn Bhd Corston-Smith Asset Management Sdn Bhd For Corston-Smith Asean Corporate Governance Fund	2,100,000	1.59
11.	Ho Kat Sin	1,939,000	1.47

Thirty Largest Shareholders

No.	Name	No. of shares	% of issued Share Capital
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chan Chee Beng (Pb)	1,736,600	1.31
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Pheim)	1,638,000	1.17
14.	Tengku Ab Malek Bin Tengku Mohamed	1,600,000	1.14
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F Templeton)	1,429,700	1.08
16.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Small Cap Opportunity Unit Trust (3648)	1,393,600	1.06
17.	Che Nazahatuhisamudin	1,391,860	1.06
18.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustee Berhad For CIMB-Principal Small Cap (240218)	1,369,200	1.03
19.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Kamarul Redzuan Bin Muhamed (Klm-sfc)	1,281,000	0.97
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Osk-uob Growth And Income Focus Trust (4892)	1,081,000	0.82
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khong Kheng Ting	969,600	0.73
22.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Koh Kin Lip (my0602)	826,000	0.63
23.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Capital Management Sdn Bhd	730,300	0.55
24.	Ho Kat Sin	670,300	0.51
25.	Abdullah Ghanim A Alghanim	600,000	0.45
26.	UOBM Nominees (Tempatan) Sdn Bhd UOB-OSK Asset Management Sdn Bhd For Uni Aggressive Fund	556,660	0.42
27.	Gan Boon Aik	546,900	0.41
28.	Citigroup Nominees (Asing) Sdn Bhd SMBC Nikko Bk (Lux) Sa For Nikko Bny Mellon Emerging Marketsmid-Small Cap Equity Fund	546,700	0.41
29.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Emerging Opportunity Unit Trust (4611)	480,000	0.36
30.	Denver Corporation Sdn Bhd	427,400	0.32

List Of Properties

Title / Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land / Built-Up Area	Tenure	Net Book Value as at 31.12.2012 (RM'000)	Original Cost (RM'000)
H.S. (D) 110396/110396 P.T. No. 549 & 550 Seksyen 92 Bandar Kuala Lumpur No. 68 & 70 Fraser Business Park Jalan Metro Pudu 2 55200 Kuala Lumpur	Two adjacent multi-storey building for use as office premises	Uzma Engineering Sdn. Bhd.	4 years	1,722 sq mtr/ 8034 sq ft per multi-storey lot	Freehold	5,618	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.	11 yesars	892 sq. mtr / 9601.49 ft	Freehold	3,483	3,626

FINANCIAL STATEMENTS
for the financial year ended 31 December 2012

CONTENTS

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

Principal Activities

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

RESULTS	THE GROUP RM'00	THE COMPANY RM'000
Profit after taxation for the financial year	23,862	272
Attributable to:-		
Owners of the Company	22,183	272
Non-controlling interests	1,679	-
	23,862	272

Dividends

No dividend was paid since the end of the previous financial year and 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 was no changes in the authorised share capital of the Company;

(b) the Company increased its paid-up share capital from RM40,000,000 to RM66,000,000 as follows:

(i) private placement exercise by the issuance of 8,000,000 new ordinary shares of RM0.50 each at an issue price of RM2.00 per share. The funds raised from this exercise was used to finance capital expenditure and for working capital purposes. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 29 March 2012;

(ii) bonus issue of 44,000,000 new ordinary shares of RM0.50 each in the ratio of 1 bonus share for every 2 existing ordinary shares held. The bonus shares were issued by the capitalisation of RM22,000,000 from the share premium account.

The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company, except that the new shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of such new shares; and

(c) 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

Other than the contingent liability that is disclosed in Note 39 to the financial statements, 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

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 SERI 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
MD. SHAH BIN ABDULLAH
DATO' DR. (H) AB WAHAB BIN HAJI IBRAHIM

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:-

THE COMPANY	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AS AT 1.1.2012	BONUS #	SOLD	AS AT 31.12.2012
Direct interests				
Dato' Kamarul Redzuan Bin Muhamed	39,999,957	19,999,980	(750,000)	59,249,937
Datin Rozita Binti Mat Shah @ Hassan	8,400,039	4,200,019	-	12,600,058
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	74,300	37,150	-	111,450
Peter Angus Knowles	50,000	25,000	-	75,000
Che Nazahatunisamudin Bin Che Haron	927,900	463,950	-	1,391,850
Deemed interests				
Dato' Kamarul Redzuan Bin Muhamed^	8,400,039	4,200,019	-	12,600,058
Datin Rozita Binti Mat Shah @ Hassan *	39,999,957	19,999,980	(750,000)	59,249,937

Notes:-

 # - Pursuant to bonus issue as disclosed under Issues of Shares and Debentures.
^ - 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.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

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.

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 43 and 44 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 29 APRIL 2013

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 68 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 45 on page 123, 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 29 APRIL 2013

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 68 to 122 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 29 April 2013

Before me

Bong Leong Sung

Yap Lee Chin (W 591)
Commissioner for Oaths

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 2012 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 58 to 122.

Directors' Responsibility For The Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report On Other Legal And Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

Report On Other Legal And Regulatory Requirements (cont'd)

(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.

The supplementary information set out in Note 46 on page 123 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

1. As stated in Note 3(a) to the financial statements, Uzma Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

2. 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	**Chua Wai Hong**
Firm No: AF 1018	Approval No: 2974/09/13 (J)
Chartered Accountants	Chartered Accountant

29 April 2013
Kuala Lumpur

Statements Of Financial Position

at 31 December 2012

	NOTE	THE GROUP 31.12.2012 RM'000	THE GROUP 31.12.2011 RM'000	THE GROUP 1.1.2011 RM'000	THE COMPANY 31.12.2012 RM'000	THE COMPANY 31.12.2011 RM'000	THE COMPANY 1.1.2011 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	5	-	-	-	44,880	44,880	39,880
Interest in jointly controlled entities	6	12,196	3,898	3,882	-	-	-
Other investment		11	11	11	-	-	-
Property, plant and equipment	7	34,953	28,683	19,196	-	-	-
Deferred tax assets	8	103	48	2,032	-	-	-
Goodwill on consolidation	9	1,653	1,653	1,653	-	-	-
		48,916	34,293	26,773	44,880	44,880	39,880
CURRENT ASSETS							
Inventories	10	7,988	5,449	5,271	-	-	-
Trade receivables	11	82,490	60,456	28,327	-	-	-
Other receivables, deposits and prepayments	12	11,835	6,703	4,026	19	17	5
Tax recoverable		-	397	2,130	22	-	3
Amount owing by contract customers	13	18,145	6,069	11,041	-	-	-
Amount owing by subsidiaries	14	-	-	-	25,265	14,030	20,531
Short-term investments	15	4,230	-	1	2,022	-	1
Fixed deposits with licensed banks	16	13,601	10,716	6,058	-	-	-
Cash and bank balances		23,879	14,607	5,276	773	143	120
		162,168	104,406	62,428	28,100	14,190	20,660
TOTAL ASSETS		211,084	138,699	89,201	72,980	59,070	60,540
EQUITY AND LIABILITIES							
EQUITY							
Share capital	17	66,000	40,000	40,000	66,000	40,000	40,000
Share premium	18	11,921	21,986	21,986	11,921	21,986	21,986
Merger deficit	19	(29,700)	(29,700)	(29,700)	-	-	-
Capital reserve	20	51	51	51	-	-	-
Foreign exchange translation reserve	21	(92)	(78)	(52)	-	-	-
Retained profits/(Accumulated losses)	22	49,904	27,721	15,639	(5,069)	(5,361)	(5,997)
Equity attributable to owners of the Company		98,084	59,980	47,924	72,852	56,625	55,969
NON-CONTROLLING INTERESTS		5,272	4,197	4,312	-	-	-
TOTAL EQUITY		103,356	64,177	52,236	72,852	56,625	55,969
NON-CURRENT LIABILITIES							
Deferred tax liability	8	1,251	477	-	-	-	-
Long-term borrowings	23	14,130	13,152	8,258	-	-	-
Long-term payable		-	-	2,171	-	-	2,171
		15,381	13,629	10,429	-	-	2,171
CURRENT LIABILITIES							
Trade payables	24	70,079	38,383	15,707	-	-	-
Other payables and accruals	25	8,345	6,755	7,689	128	2,445	2,400
Provision for taxation		2,983	337	70	-	-	-
Short-term borrowings	26	8,106	12,766	3,070	-	-	-
Bank overdraft	30	2,834	2,632	-	-	-	-
		92,347	60,873	26,536	128	2,445	2,400
TOTAL LIABILITIES		107,728	74,502	36,965	128	2,445	4,571
TOTAL EQUITY AND LIABILITIES		211,084	138,699	89,201	72,980	59,070	60,540
NET ASSETS PER ORDINARY SHARE (SEN)	31	74	75	60			

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

Statements Of Comprehensive Income
For The Financial Year Ended 31 December 2012

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
REVENUE	32	289,242	192,560	2,040	1,305
COST OF SALES		(225,819)	(151,541)	-	-
GROSS PROFIT		63,423	41,019	2,040	1,305
OTHER INCOME		835	1,104	133	64
		64,258	42,123	2,173	1,369
ADMINISTRATIVE EXPENSES		(27,426)	(21,010)	(1,241)	(524)
OPERATING EXPENSES		(6,102)	(3,549)	-	(211)
FINANCE COSTS		(1,565)	(875)	-	-
SHARE OF PROFIT / (LOSS) IN JOINTLY CONTROLLED ENTITIES		2,940	(24)	-	-
PROFIT BEFORE TAXATION	33	32,105	16,665	932	634
INCOME TAX EXPENSE	34	(8,243)	(3,875)	(660)	22
PROFIT AFTER TAXATION		23,862	12,790	272	656
OTHER COMPREHENSIVE INCOME, NET OF TAX - Foreign currency translation		(20)	(46)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		23,842	12,744	272	656

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

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		22,183	12,062	272	656
Non-controlling interests		1,679	728	-	-
		23,862	12,790	272	656
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		22,169	12,036	272	656
Non-controlling interests		1,673	708	-	-
		23,842	12,744	272	656
EARNINGS PER SHARE					
- basic (sen)	35	17.1	15.1		
- diluted (sen)	35	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 31 December 2012

	NOTE	←------------	------------	NON-DISTRIBUTABLE	------------	------------→	DISTRIBUTABLE			
	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	FOREIGN EXCHANGE TRANSLATION RESERVE RM'000	MERGER DEFICIT RM'000	CAPITAL RESERVE RM'000	RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
THE GROUP										
Balance at 1.1.2011		40,000	21,966	(52)	(29,700)	51	15,659	47,924	4,312	52,236
Profit after taxation for the financial year		-	-	-	-	-	12,062	12,062	728	12,790
Other comprehensive income for the financial year, net of tax: - Foreign currency translation		-	-	(26)	-	-	-	(26)	(20)	(46)
Total comprehensive income for the financial year		-	-	(26)	-	-	12,062	12,036	708	12,744
Contributions by and distributions to owners of the Company: - Dividends: - by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(823)	(823)
Balance at 31.12.2011		40,000	21,966	(78)	(29,700)	51	27,721	59,960	4,197	64,157
Balance at 31.12.2011/1.1.2012		40,000	21,966	(78)	(29,700)	51	27,721	59,960	4,197	64,157
Profit after taxation for the financial year		-	-	-	-	-	22,183	22,183	1,679	23,862
Other comprehensive income for the financial year, net of tax: - Foreign currency translation		-	-	(14)	-	-	-	(14)	(6)	(20)
Total comprehensive income for the financial year		-	-	(14)	-	-	22,183	22,169	1,673	23,842
Contributions by and distributions to owners of the Company: - Issuance of ordinary shares under a private placement		4,000	12,000	-	-	-	-	16,000	-	16,000
- Issuance of ordinary shares under bonus issue		22,000	(22,000)	-	-	-	-	-	-	-
- Share issue expenses		-	(45)	-	-	-	-	(45)	-	(45)
- Dividends: - by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(598)	(598)
Balance at 31.12.2012		66,000	11,921	(92)	(29,700)	51	49,904	98,084	5,272	103,356

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

		NON-DISTRIBUTABLE	DISTRIBUTABLE	
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS/ (ACCUMULATED LOSSES) RM'000	TOTAL EQUITY RM'000
THE COMPANY				
Balance at 1.1. 2011	40,000	21,966	(5,997)	55,969
Profit after taxation / Total comprehensive income for the financial year			656	656
Balance at 31.12.2011 / 1.1.2012	40,000	21,966	(5,341)	56,625
Profit after taxation / Total comprehensive income for the financial year	-	-	272	272
- Contributions by and distribution to owners of the Company:				
- Issuance of ordinary shares under a private placement	4,000	12,000	-	16,000
- Issuance of ordinary shares under bonus issue	22,000	(22,000)	-	-
Share issue expenses	-	(45)	-	(45)
Balance at 31.12.2012	66,000	11,921	(5,069)	72,852

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2012

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
CASH FLOWS FROM / (FOR) OPERATING ACTIVITIES					
Profit before taxation		32,105	16,665	932	634
Adjustment s for:-					
Allowance for impairment losses on :					
- investment in a jointly controlled entity		1,500	-	-	-
- receivables		13	-	-	-
Bad debts written off		67	-	-	-
Depreciation of property, plant and equipment		3,388	1,813	-	-
Interest expense		1,320	708	-	-
Inventories written down		-	55	-	-
Loss on foreign exchange - unrealised		355	292	-	73
Property, plant and equipment written off		-	14	-	-
Share of (profit)/ loss in jointly controlled entitie, net of s income tax expense		(2,940)	24	-	-
Dividend income		-	-	(1,860)	(1,125)
Gain on disposal of property, plant and equipment		-	(40)	-	-
Gain on foreign exchange - unrealised		(46)	(206)	-	-
Interest income		(394)	(160)	(22)	-
Operating profit/ (loss) before working capital changes		35,368	19,165	(950)	(418)
(Increase) / Decrease in net amount owing by contract customers		(12,076)	4,972	-	-
Increase in trade and other receivables		(26,945)	(34,695)	(1)	(15)
Increase / (Decrease) in trade and other payables		33,285	19,374	(2,317)	(2,200)
Increase in inventories		(2,538)	(233)	-	-
CASH FROM OPERATIONS		27,094	8,583	(3,268)	(2,633)
Interest paid		(1,320)	(708)	-	-
Income tax paid		(4,481)	(753)	-	-
Income tax refunded		-	1,339	-	25
NET CASH FROM / (FOR) OPERATING ACTIVITIES CARRIED FORWARD		21,293	8,461	(3,268)	(2,608)

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

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
NET CASH FROM / (FOR) OPERATING ACTIVITIES BROUGHT FORWARD		21,293	8,461	(3,268)	(2,608)
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES					
Investment in a jointly controlled entity		(7,500)	-	-	-
Dividend received		-	-	1,178	1,125
Interest received		394	160	22	-
Proceeds from disposal of property, plant and equipment		-	87	-	-
Purchase of property, plant and equipment	7	(9,170)	(11,064)	-	-
Repayment from/(Advances to) subsidiaries		-	-	(11,235)	1,502
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(16,276)	(10,817)	(10,035)	2,627
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		16,000	-	-	-
Share issue expenses		(45)	-	-	-
Dividend paid to minority shareholders by a subsidiary		(598)	(823)	15,955	-
Drawdown of term loans		5,733	9,853	-	-
Repayment of term loans		(2,424)	(1,104)	-	-
Repayment of hire purchase obligations		(164)	(131)	-	-
Drawdown of factoring		(7,314)	5,627	-	-
NET CASH FROM FINANCING ACTIVITIES		11,188	13,422	15,955	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,205	11,066	2,652	19
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		22,690	11,633	143	124
Effect of exchange rate differences		(19)	(9)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	38,876	22,690	2,795	143

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 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	No. 68 & 70, Fraser Business Park, Jalan Metro Pudu 2, Off Jalan Yew, 55200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 April 2013.

2. Principal Activities

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

3. 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

(a) These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

(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:-

3. Basis Of Preparation (cont'd)

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurements	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

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

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impacts on the financial statements of the Group upon its initial application.

3. Basis Of Preparation (cont'd)

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no financial impact on the financial statements of the Group upon its initial application.

MFRS 11 replaces MFRS 131 and introduces new accounting requirements for joint arrangements. MFRS 11 eliminates jointly controlled assets and only differentiates between joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, the option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. There will be no financial impact on the financial statements of the Group upon its initial application.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

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.

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 individualbasisatany particular time.

4. Significant Accounting Policies (cont'd)

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

(v) *Write-down of 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.

(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.

4. Significant Accounting Policies (cont'd)

(b) Functional and Foreign Currencies (cont'd)

(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 in equity 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 the end of the reporting period.

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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Merger accounting for common control business combinations

The acquisitions resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

4. Significant Accounting Policies (cont'd)

(c) Basis of Consolidation (cont'd)

(ii) Acquisition method of accounting for non-common control business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(iii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(iv) Acquisitions of Non-controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(v) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. Significant Accounting Policies (cont'd)

(d) Goodwill on Consolidation

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

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(e) 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.

(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 the end of the reporting period. 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.

(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.

4. Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

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, held-to-maturity investments, loans and receivables financial assets, 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.

- *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.

4. Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

(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.

(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	10%
Uzmapress equipment	10%
Computers, EDP and software	20%
Furniture, fittings and renovation	20%
Motor vehicles	20%
Plant and office equipment	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 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.

4. Significant Accounting Policies (cont'd)

(i) Impairment (cont'd)

(ii) Impairment of Non-Financial Assets (cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in 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.

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.

4. Significant Accounting Policies (cont'd)

(m) Income Taxes (cont'd)

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.

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.

4. Significant Accounting Policies (cont'd)

(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.

(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 (referred as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person 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.

(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 2012 RM'000	THE COMPANY 2011 RM'000
Unquoted shares, at cost	44,880	44,880

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012	Effective Equity Interest 2011	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.
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%	70%	Manufacturing, marketing, distribution and supply of oilfield chemicals, petroch emical and chemical products, equipment and services.
Tenggara Analisis Sdn. Bhd. ("Tenggara Analisis")	Malaysia	100%	100%	Investment holding.

5. Investments in subsidiaries (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest 2012	2011	Principal Activities
Held by Uzma Engineering:				
PT Uzma	Indonesia	95%	95%	Provision of consultancy services in oil and gas industries.

\# - Uzma Thailand is considered a subsidiary although the Company does not own more than 50% of its equity interest 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. Interests in jointly controlled entities

	THE GROUP 2012 RM'000	2011 RM'000
Unquoted shares, at cost		
At 1 January	4,000	4,000
Addition during the financial year	7,500	-
	11,500	4,000
Allowance for impairment loss: -		
At 1 January	-	-
Addition during the financial year	(1,500)	-
At 31 December	(1,500)	-
	10,000	4,000
Share of post acquisition profit / (loss) in jointly controlled entities	2,196	(142)
	12,196	3,858

During the financial year, an impairment loss of RM1,500,000 (2011 : Nil) was recognised in profit or loss to write down the carrying amount of the interests in a jointly controlled entity tothe estimated recoverable amount.

6. Interests In Jointly Controlled Entities (cont'd)

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

Name of Company	Country of Incorporation	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal Activities
Uzma-Oriental Co.Ltd. #	Hong Kong	35%	35%	Investment holding.
Setegap Ventures Petroleum Sdn Bhd. *	Malaysia	30%	-	Provision of oil and gas services.

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

* - not audited by Messrs. Crowe Horwath.

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

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Assets and Liabilities		
Total assets	11,257	769
Total liabilities	(4,189)	(120)
Results		
Revenue	12,821	-
Expenses	(1,868)	(24)

7. Property, Plant And Equipment

	AT 1.1.2012 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
THE GROUP				
NET BOOK VALUE				
Freehold land	5,740	-	-	5,740
Buildings	3,436	-	(75)	3,361
Laboratory equipment	1,542	2	(244)	1,300
Wireline equipment	5,316	1,088	(568)	5,836
Uzmapress equipment	10,073	7,356	(1,077)	16,352
Computers, EDP and software	1,293	304	(731)	866
Furniture, fittings and renovation	611	230	(414)	427
Motor vehicles	370	530	(184)	716
Plant and office equipment	302	148	(95)	355
	28,683	9,658	(3,388)	34,953

	AT 1.1.2011 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	TRANSLATION DIFFERENCES RM'000	DISPOSAL RM'000	WRITE OFF RM'000	AT 31.12.2011 RM'000
THE GROUP							
NET BOOK VALUE							
Freehold land	5,740	-	-	-	-	-	5,740
Buildings	3,511	-	(75)	-	-	-	3,436
Laboratory equipment	1,786	-	(244)	-	-	-	1,542
Wireline equipment	4,804	598	(86)	-	-	-	5,316
Uzmapress equipment	-	10,158	(85)	-	-	-	10,073
Computers, EDP and software	1,950	78	(735)	-	-	-	1,293
Furniture, fittings and renovation	990	38	(401)	(2)	-	(14)	611
Motor vehicles	169	357	(109)	-	(47)	-	370
Plant and office equipment	245	135	(78)	-	-	-	302
	19,195	11,364	(1,813)	(2)	(47)	(14)	28,683

7. Property, Plant And Equipment (cont'd)

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE GROUP			
AT 31.12.2012			
Freehold land	5,740	-	5,740
Buildings	3,745	(384)	3,361
Laboratory equipment	2,143	(843)	1,300
Wireline equipment	6,490	(654)	5,836
Uzmapress equipment	17,514	(1,162)	16,352
Computers, EDP and software	4,560	(3,694)	866
Furniture, fittings and renovation	2,694	(2,267)	427
Motor vehicles	1,217	(501)	716
Plant and office equipment	885	(530)	355
	44,988	(10,035)	34,953
AT 31.12.2011			
Freehold land	5,740	-	5,740
Buildings	3,745	(309)	3,436
Laboratory equipment	2,141	(599)	1,542
Wireline equipment	5,402	(86)	5,316
Uzmapress equipment	10,158	(85)	10,073
Computers, EDP and software	4,256	(2,963)	1,293
Furniture, fittings and renovation	2,464	(1,853)	611
Motor vehicles	687	(317)	370
Plant and office equipment	737	(435)	302
	35,330	(6,647)	28,683

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 RM716,000 (2011: RM367,000)

7. Property, Plant And Equipment (cont'd)

The net book values of the property, plant and equipment at the end of the reporting periodpledged as security for banking facilities granted to the Group are as follows:-

	THE GROUP	
	2012 RM'000	2011 RM'000
Freehold land	5,740	5,740
Buildings	3,361	3,436
Wireline equipment	5,836	5,316
Uzmapress equipment	16,352	10,073
	31,289	24,565

Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM9,668,000 (2011 : RM11,364,000) of which RM488,000 (2011 : RM800,000) was acquired by means of hire purchase plans.

8. Deferred Tax Assets / (liability)

	THE GROUP	
	2012 RM'000	2011 RM'000
At 1 January	(429)	2,032
Recognised in profit or loss (Note 34)	(719)	(2,461)
At 31 December	(1,148)	(429)
Presented as follows:-		
Deferred tax assets	103	48
Deferred tax liability	(1,251)	(477)
	(1,148)	(429)

8. Deferred Tax Assets / (liability) (cont'd)

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

	THE GROUP	
	2012 RM'000	2011 RM'000
Deferred tax assets:-		
Allowance for impairment losses on receivables	821	818
Unutilised tax losses	7	392
Others	522	18
	1,350	1,228
Deferred tax liability:-		
Accelerated capital allowances	(2,496)	(1,657)
	(1,146)	(429)

9. Goodwill On Consolidation

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.

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:-

	2012	2011
Gross Margin	25%	24%
Growth Rate	6%	5%
Discount Rate	6%	6%

(i)	Budgeted gross margin	The basis used to determine the value assigned to the budgeted gross margin is the average gross margin projected for the financial year ending 31 December 2013.
(ii)	Growth rate	The growth rates used 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	
	2012 RM'000	2011 RM'000
Raw materials	5,229	1,861
Finished goods	2,466	3,588
Wireline consumables	293	-
	7,988	5,449

None of the inventories is carried at net realisable value.

11. Trade Receivables

	THE GROUP	
	2012 RM'000	2011 RM'000
Trade receivables	36,569	23,716
Allowance for impairment losses:		
At 1 January	(3,271)	(3,271)
Addition during the financial year	(13)	-
At 31 December	(3,284)	(3,271)
	33,285	20,445
Accrued billings	49,205	40,021
	82,490	60,466

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

12. Other Receivables, Deposits And Prepayments

	THE GROUP		THE GROUP	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	12,162	7,030	18	17
Allowance for impairment losses	(327)	(327)	-	-
At 31 December	11,835	6,703	18	17

13. Amount Owing By Contract Customers

	THE GROUP	
	2012 RM'000	2011 RM'000
Contract costs incurred to-date	17,545	7,691
Attributable profits	16,225	16,626
	33,770	24,317
Progress billings	(15,625)	(18,248)
	18,145	6,069

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.

15. Short-Term Investments

	THE GROUP		THE GROUP	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Quoted unit trusts in Malaysia: - At fair value	4,230	-	2,022	-

16. Fixed Deposits With Licensed Banks

The fixed deposits at the end of the reporting period are 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 0.15% to 3.35% (2011: 2.10% to 3.30%) per annum. The fixed deposits have maturity periods ranging from 29 days to 12 months (2011: 1 to 12 months).

17. Share Capital

	THE COMPANY			
	2012		2011	
	NUMBER OF SHARES '000	SHARE CAPITAL RM'000	NUMBER OF SHARES '000	SHARE CAPITAL RM'000
Ordinary Shares Of RM0.50 each				
Authorised	200,000	100,000	200,000	100,000
Issued And Fully Paid-up				
At 1 January	80,000	40,000	80,000	40,000
Private placement	8,000	4,000	-	-
Bonus issue	44,000	22,000	-	-
At 31 December	132,000	66,000	80,000	40,000

17. Share Capital (cont'd)

The Company increased its paid-up share capital as follows:

(i) private placement exercise by the issuance of 8,000,000 new ordinary shares of RM0.50 each at an issue price of RM2.00 per share. The funds raised from this exercise was used to finance capital expenditure and for working capital purposes. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 29 March 2012;

(ii) bonus issue of 44,000,000 new ordinary shares of RM0.50 each in the ratio of 1 bonus share for every 2 existing ordinary shares held. The bonus shares were issued by the capitalisation of RM22,000,000 from the share premium account.

The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company, except that the new shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of such new shares.

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 foreign subsidiary is required under the provisions of the Civil and Commercial Code of Thailand, to set aside as a statutory reserve of at least 5% of its net profit at each dividend declaration until the reserve reaches 10% of the authorised share capital. The reserve is not available for dividend declaration.

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 / (Accumucated Losses)

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the atest, the Company will automatically move to the single tier tax system.

23. Long-Term Borrowings

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Hire purchase payables (Note 27)	529	277
Term loans (Note 28)	13,601	12,875
	14,130	13,152

24. Trade Payables

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Trade payables	22,258	8,635
Accrued contract costs	47,821	29,748
	70,079	38,383

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

25. Other Payables And Accruals

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Other payables	4578	2,735	82	20
Accruals	3,767	1,637	46	42
Balance of consideration payable to a seller for the acquisition of a subsidiary	-	2,383	-	2,383
	8,345	6,755	128	2,445

26. Short-Term Borrowings

	THE COMPANY	
	2012	2011
	RM'000	RM'000
Hire purchase payables (Note 27)	161	89
Term loans (Note 28)	7,945	5,363
Factoring (Note 29)	-	7,314
	8,106	12,766

27. Hire Purchase Payables

	THE GROUP	
	2012 RM'000	2011 RM'000
Future minimum hire purchase payments:		
- not later than one year	194	105
- later than one year but not later than five years	601	312
	795	417
Less: Future finance charges	(105)	(51)
Present value of hire purchase payables	690	366
Current portion (Note 26):		
- not later than one year	161	89
Non-current portion (Note 23):		
- later than one year but not later than five years	529	277
	690	366

The hire purchase payables of the Group bore effective interest rates ranging from 4.66% to 6.75% (2011: 4.83% to 6.75%) per annum at the end of the reporting period.

28. Term Loans

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Current portion (Note 26):		
- repayable within one year	7,945	5,363
Non-current portion (Note 23):		
- repayable between one and two years	9,845	6,477
- repayable between two and five years	2,420	4,280
- repayable after five years	1,336	2,118
Total non-current portion	13,601	12,875
	21,546	18,238

Details of the term loans are as follows:

TERM LOAN	MONTHLY INSTALMENT	INTEREST RATE PER ANNUM	NUMBER OF MONTHLY INSTALMENTS	DATE OF COMMENCEMENT OF REPAYMENT	AMOUNT OUTSTANDING RM'000
1	Year 1 - RM20,151 Year 2 - RM23,836 Year 3 onwards - RM24,156	BLR -3.35% BLR + 0% BLR + 0.30%	144	1 March 2008	1,551
2	Year 1 - RM19,812 Year 2 - RM23,435 Year 3 onwards - RM23,750	BLR - 3.35% BLR + 0% BLR + 0.30%	144	1 March 2008	1,517
3	Year 1 to 5 - RM30,901 Year 6 onwards - RM30,618	BLR - 1.50% BLR - 1.70%	120	25 May 2009	1,990
4	Year 1 to 4 - RM143,000	7%	42	15 July 2011	3,017
5	Year 1 to 4 - RM 416,667	COF + 2.25%	48	5 March 2013	13,471
					21,546

28. Term Loans (cont'd)

The term loans bore a weighted average effective interest rate of 6.16% (2011 : 6.19%) per annum at the end of the reporting period:-

The following is a summary of the security 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 RM15,426,698 by the Company.

(c) Term loan 4 is secured by:-

(i) a first legal charge over the wireline equipment of a subsidiary;

(ii) a fixed deposit of RM2,000,000 of a subsidiary; and

(iii) a corporate guarantee of RM6,000,000 by the Company.

(d) Term loan 5 is secured by:-

(i) a first legal charge over the Uzmapress equipment of a subsidiary;

(ii) a fixed deposit of RM2,000,000 of a subsidiary; and

(iii) a corporate guarantee of RM42,000,000 by the Company.

29. Factoring

In the previous financial year, the factoring of the Group bore a weighted average effective interest rate of 7.93% per annum and was secured by:-

(i) a fixed deposit of RM2,770,000 of a subsidiary; and

(ii) a corporate guarantee by the Company.

30. Bank Overdraft

The bank overdraft bore an effective interest rateof 7.85%(2011 : 7.85%) per annum at the end of the reporting period and is secured in the same manner as term loan 6 disclosed in Note 28(d) to the financial statements.

31. Net Assets Per Ordinary Share

The net assets per ordinary share is calculated based on the net assets value of approximately RM 98,084,000 (2011: RM69,960,000) divided by the number of ordinary shares in issue at the end of the reporting period of 132,000,000 (2011:80,000,000) shares.

32. Revenue

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Services rendered	229,047	143,873	-	-
Contract revenue	31,478	20,297	-	-
Sales of goods	28,717	28,390	-	-
Dividend income	-	-	1,860	1,125
Management fee	-	-	180	180
	289,242	192,560	2,040	1,305

33. Profit Before Taxation

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation is arrived at after charging / (crediting)				
Statutory audit fee:				
- for the financial year	148	166	46	42
- underprovision in the previous financial year	5	19	3	15
Non -statu tory audit fee	43	8	43	8
Allowance for impairment loss es on :				
- investment in a jointly controlled entity	1,500	-	-	-
- receivables	13	-	-	-
Bad debts written off	67	-	-	-

33. Profit Before Taxation (cont'd)

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Depreciation of property, plant and equipment	3,388	1,813	-	-
Directors' fee	172	124	172	124
Directors' non-fee emoluments:				
- salaries and allowances	2,507	2,297	14	12
- defined contribution plans	184	221	-	-
- other benefits	56	29	-	-
Interest expense:				
- bank overdrafts	144	20	-	-
- factoring	46	200	-	-
- hire purchase	25	13	-	-
- term loans	1,105	475	-	-
Inventories written down	-	55	-	-
Property, plant and equipment written off	-	14	-	-
Loss on foreign exchange :				
- realised	313	577	-	-
- unrealised	58	292	-	73
Rental of premises	344	474	-	-
Rental of software and equipment	-	56	-	-
Rental of office equipment	174	28	-	-
Rental of forklift and cranes	95	99	-	-
Rental of warehouse	14	12	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	14,680	11,529	-	-
- defined contribution plans	1,407	1,189	-	-
- other benefit	389	420	-	-
Gain on disposal of property, plant and equipment	-	(40)	-	-
Gain on foreign exchange:				
- realised	(350)	(672)	(103)	(64)
- unrealised	(46)	(206)	-	-
Interest income	(394)	(160)	(22)	-

34. Income Tax Expense

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense:				
- for the current financial year	7,519	1,334	335	-
- under / (over) provision in the previous financial year	5	80	325	(22)
	7,524	1,414	660	(22)
Deferred tax expense (Note 8):				
- for the current financial year	946	2,461	-	-
- overprovision in the previous financial year	(227)	-	-	-
	719	2,461	-	-
	8,243	3,875	660	(22)

34. Income Tax Expense (cont'd)

A reconciliation of income tax expense applicable to the 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	32,105	16,665	932	634
Tax at the statutory tax rate of 25%	8,026	4,166	233	158
Tax effects of:-				
Non-deductible expenses	599	778	102	123
Non-taxable gains	-	(16)		(281)
Utilisation of tax losses not recognised previously	(181)	(1,157)	-	-
Under / (Over) provision in the previous financial year				
- current tax	5	80	325	(22)
- deferred tax	(227)	-	-	-
Different tax rates in other countries	21	24	-	-
Tax for the financial year	8,243	3,875	660	(22)

35. Earnings Per Share

The basic earnings per share is arrived at by dividing the Group's profit after taxation attributable to the ownersof the Company of approximately RM22,183,000(2011: RM12,062,000) by the weighted averagenumber of ordinary shares in issue during the financial year of 130,077,000 (2011 : 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.

36. Cash And Cash Equivalents

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

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term investments (Note 15)	4,230	-	2,022	-
Fixed deposits with licensed banks (Note 16)	13,601	10,715	-	-
Cash and bank balances	23,879	14,607	773	143
Bank overdraft (Note 30)	(2,834)	(2,632)	-	-
	38,876	22,690	2,795	143

37. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
- salaries and other emoluments	2,677	2,506	-	-
- benefits-in-kind	56	29	-	-
Non-executive directors:				
- fee	172	124	172	124
- other emoluments	14	12	14	12
	2,919	2,671	186	136

37. Directors' Remuneration (cont'd)

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

	THE GROUP		THE COMPANY	
	2012 No. of Directors	2011 No. of Directors	2012 No. of Directors	2011 No. of Directors
Executive directors:				
- RM 900,001 – RM950,000	1	1	-	-
- RM 650,001 – RM700,000	1	-	-	-
- RM 600,001 – RM650,000	1	-	-	-
- RM 500,001 – RM550,000	-	2	-	-
- RM 400,001 – RM440,000	1	-	-	-
- RM 350,001 – RM400,000	-	1	-	-
- RM 150,001 – RM200,000	-	1	-	-
Non-executive directors:				
- RM 50,001 – RM100,000	3	1	3	1
- Below RM50,000	-	3	-	3
	7	9	3	4

38. Capital Commitments

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000
Approved and contracted for:		
- property, plant and equipment	633	357

39. Contingent Liability

	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Secured:-		
Corporate guarantees given to licensed banks		
for banking facilities granted to subsidiaries	55,444	41,703

40. Operating Segments

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

(i) Services segment - involved in the 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

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

40. Operating Segments (cont'd)

Business Segments

THE GROUP	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	THE GROUP RM'000
2012					
REVENUE					
External revenue	260,525	28,717	-	-	289,242
Inter-segment revenue	-	-	2,040	(2,040)	-
Total revenue	260,525	28,717	2,040	(2,040)	289,242
RESULTS					
Segment results	25,415	6,913	(1,108)	(490)	30,730
Finance costs					(1,565)
Share of profit in jointly controlled entities					2,940
Profit from ordinary activities before taxation					32,105
Income tax expense					(8,243)
Profit from ordinary activities after taxation					23,862
Non-controlling interests					(1,679)
Net profit attributable to owners of the Company					22,183

40. Operating Segments (cont'd)

Business Segments (cont'd)

THE GROUP	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	GROUP RM'000
2012					
OTHER INFORMATION					
Segment assets	156,596	22,455	72,980	(41,052)	210,981
Unalocated assets					103
					211,084
Segment liabilities	(96,016)	(7,350)	(128)	-	(103,494)
Unalocated liabilities					(4,234)
					(107,728)
Depreciation	3,249	139	-	-	3,388
Capital expenditure	9,646	12	-	-	9,658

40. 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
2011					
REVENUE					
External revenue	164,300	28,260	-	-	192,560
Inter-segment revenue	22	130	1,305	(1,457)	-
Total revenue	164,322	28,390	1,305	(1,457)	192,560
RESULTS					
Segment results	14,047	2,851	634	32	17,564
Finance costs	(866)	(9)	-	-	(875)
Share of loss in a jointly controlled entity					(24)
Profit from ordinary activities before taxation					16,665
Income tax expense					(3,875)
Profit from ordinary activities after taxation					12,790
Non-controling interests					(728)
Net profit attributable to owners of the Company					12,062

40. 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
2011					
OTHER INFORMATION					
Segment assets	109,038	13,472	59,070	(43,366)	138,214
Unallocated assets					445
					138,659
Segment liabilities	(68,660)	(2,579)	(2,445)	(4)	(73,688)
Unallocated liabilities					(814)
					(74,502)
Depreciation	1,681	132	-	-	1,813
Capital expenditure	11,285	79	-	-	11,364
Other non-cash expenses, other than depreciation	14	55	-	-	69

40. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	279,023	184,054	48,867	34,175
Thailand	8,523	7,192	33	71
Australia	1,696	1,314	16	7
	289,242	192,560	48,916	34,253

Major Customers

Revenue from a major customer, with revenue equal to or more than 10% of the Group's revenue arose from sales in the services segment.

41. 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 member of a director.

41. 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 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
(i) Subsidiaries				
Management fees	-	-	180	180
Dividend income	-	-	1,860	1,125
(ii) Key management personnel (including directors)				
Short-term employee benefits	6,689	4,814	186	136

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.

42. 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

(ii) 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 in foreign currencies are United States Dollar and Australian Dollar. 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.

42. 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	AUSTRALIAN DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
2012				
Financial assets				
Trade receivables	11,827	557	2,292	14,676
Other receivables and deposit	-	20	437	457
Fixed deposits with licensed banks	4,596	-	305	4,901
Cash and bank balances	5,254	76	1,104	6,434
	21,677	653	4,138	26,468
Financial liabilities				
Trade payables	6,623	38	578	7,239
Other payables and accruals	-	73	393	466
	6,623	111	971	7,705
Net financial assets	15,054	542	3,167	18,763
Less: Net financial asset denominated in the respective entities functional currencies	-	(542)	(1,861)	(2,403)
Currency exposure	15,054	-	1,306	16,360

42. 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	AUSTRALIAN DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
2011				
Financial assets				
Trade receivables	8,685	3,287	1,170	13,142
Other receivables and deposit	-	23	455	478
Cash and bank balances	3,618	494	1,186	5,298
	12,303	3,804	2,811	18,918
Financial liabilities				
Trade payables	2,769	-	96	2,865
Other payables and accruals	4,043	37	135	4,215
	6,812	37	231	7,080
Net financial assets	5,491	3,767	2,580	11,838
Less: Net financial asset denominated in the respective entities functional currencies	-	(584)	(1,571)	(2,155)
Currency exposure	5,491	3,183	1,009	9,683

42. Financial Instruments (cont'd)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY	UNITED STATES DOLLAR RM'000
2012	
Financial liability	
Other payables and accruals	-
2011	
Financial liability	
Other payables and accruals	2,383

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		THE COMPANY	
	2012 Increase/ (Decrease) RM '000	2011 Increase/ (Decrease) RM '000	2012 Increase/ (Decrease) RM '000	2011 Increase/ (Decrease) RM '000
Effects on profit after taxation / equity				
United States Dollar:				
- strengthened by 10%	1,129	412	-	(178)
- weakened by 10%	(1,129)	(412)	-	178

42. Financial Instruments (cont'd)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis (Cont'd)

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Increase/ (Decrease) RM '000	Increase/ (Decrease) RM '000	Increase/ (Decrease) RM '000	Increase/ (Decrease) RM '000
Effects on profit after taxation / equity				
Australian Dollar:				
- strengthened by10%	-	239	-	-
- weakened by 10%	-	(239)	-	-

(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 42(a)(iii) to the financial statements.

42. 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 the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2012 Increase/ (Decrease) RM '000	2011 Increase/ (Decrease) RM '000	2012 Increase/ (Decrease) RM '000	2011 Increase/ (Decrease) RM '000
Effects on profit after taxation / equity				
Increase of 100 basis points (bp)	(160)	(175)	-	-
Decrease of 100bp	160	175	-	-

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in market prices of money market unit trust funds. Equity price risk is monitored closely and managed to an acceptable level.

42. Financial Instruments (cont'd)

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

(i) Market Risk (Cont'd)

(iii) Equity Price Risk (Cont'd)

Equity price risk sensitivity analysis

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

	THE GROUP		THE COMPANY	
	2012 Increase/ (Decrease) RM '000	2011 Increase/ (Decrease) RM '000	2012 Increase/ (Decrease) RM '000	2011 Increase/ (Decrease) RM '000
Effects on profit after taxation / equity				
Increase of 5%	211	-	101	-
Decrease of 5%	(211)	-	(101)	-

(ii) Credit Risk

The Group's exposure 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), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an 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.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 19% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

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.

42. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Yemen	564	526	-	-
Thailand	1,397	700	-	-
Malaysia	72,904	56,337	-	-
Other	7,625	2,903	-	-
	82,490	60,466	-	-

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2012 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2012				
Not past due	71,747	-	-	71,747
Past due:				
- less than 3 months	5,332	-	-	5,332
- 3 to 6 months	1,531	-	-	1,531
- over 6 months	7,164	(3,284)	-	3,880
	85,774	(3,284)	-	82,490

42. Financial Instruments (cont'd)

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

(ii) Credit Risk (Cont'd)

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2011				
Not past due	58,065	-	-	58,065
Past due:				
- less than 3 months	1,616	-	-	1,616
- 3 to 6 months	7	-	-	7
- over 6 months	4,049	(3,271)	-	778
	63,737	(3,271)	-	60,466

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.

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.

42. Financial instruments (cont'd)

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

(iii) Liquidity Risk

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
2012						
Hire purchase payables	4.78	690	795	194	601	-
Term loans	6.15	21,546	23,140	9,346	12,414	1,380
Trade payables	-	70,079	70,079	70,079	-	-
Other payables and accruals	-	8,345	8,345	8,345	-	-
Bank overdraft	7.85	2,834	2,834	2,834	-	-
		103,494	105,193	90,798	13,015	1,380
2011						
Hire purchase payables	4.93	366	417	105	312	-
Term loans	6.19	18,238	20,272	6,418	11,529	2,325
Trade payables	-	38,383	38,383	38,383	-	-
Other payables and accruals	-	6,755	6,755	6,755	-	-
Factoring	7.93	7,314	7,314	7,314	-	-
Bank overdraft	7.85	2,632	2,632	2,632	-	-
		73,688	75,773	61,607	11,841	2,325

42. Financial Instruments (cont'd)

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

(iii) Liquidity Risk (cont'd)

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):-

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
2012						
Other payables and accruals	-	128	128	128	-	-
2011						

42. 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	
	2012 RM'000	2011 RM'000
Hire purchase payables	690	366
Term loans	21,546	18,238
Factoring	-	7,314
Bank overdraft	2,834	2,632
	25,070	28,550
Less: Short-term investments	(4,230)	-
Less: Fixed deposits with licensed banks	(13,601)	(10,715)
Less: Cash and bank balances	(23,879)	(14,607)
(Excess of cash and cash equivalents over borrowings) / Net debt	(16,640)	3,228
Total equity	103,356	64,157
Debt-to-equity ratio	N/A	0.05

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 paidup share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

42. Financial Instruments (cont'd)

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2012 RM '000	2011 RM '000	2012 RM '000	2011 RM '000
Financial assets				
Loans and receivables financial assets				
Trade receivables	82,490	60,466	-	-
Other receivables and deposits	10,977	5,745	3	2
Amount owing by subsidiaries	-	-	25,265	14,030
Fixed deposits with licensed banks	13,601	10,715	-	-
Cash and bank balances	23,879	14,607	773	143
	130,947	91,533	26,041	14,175
Fair value through profit or loss				
Short-term investments	4,230	-	2,022	-
Financial liabilities				
Other financial liabilities				
Hire purchase payables	690	386	-	-
Term loans	21,546	18,238	-	-
Trade payables	70,079	38,383	-	-
Other payables and accruals	8,345	6,755	128	2,445
Factoring	-	7,314	-	-
Bank overdraft	2,834	2,632	-	-
	103,494	73,668	128	2,445

42. Financial Instruments (cont'd)

(d) Fair Value Of Financial Instruments

The carrying amounts of 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.

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<u>Fair Value Hierarchy Analysis</u>

The Group has carried its short-term investments that are classified as fair value through profit or loss financial assets at their fair values. These financial assets belong to level 1 of the fair value hierarchy.

43. Significant Events During The Financial Year

The details of the significant events during the financial year are as follows:

(i) On 16 February 2012, the Group was awarded a contract from PETRONAS for the provision of well testing equipment and services for PETRONAS' Drilling Programmes. The contract period is for five (5) years commencing from 1 April 2012 to 31 March 2017. The contract value is approximately RM360 million.

(ii) On 22 March 2012, the Company completed a private placement of 8,000,000 new ordinary shares of RM0.50 each in the Company following the listing of and quotation for the said new shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") which were issued and allotted on 29 March 2012 at an issue price of RM2.00 per share.

(iii) On 11 June 2012, the Group made an announcement pertaining to a Letter of Award ("LOA") from PETRONAS for the provision of integrated water injection studies. The contract period is for three (3) years commencing from 14 May 2012 to 13 May 2015, with the option to extend for another one (1) year. The contract value is estimated at RM36 million.

(iv) On 17 July 2012, the Company completed the proposed bonus issue of 44,000,000 new ordinary shares of RM0.50 each on the basis of one (1) Bonus Share for every two (2) existing shares held by the shareholders of the Company, to be credited as fully paid-up.

(v) On 6 August 2012, the Group made an announcement pertaining to a LOA from Talisman Malaysia Limited for the supply of chemical and related services. The contract period is for five (5) years commencing from 6 July 2012 to 5 July 2017, with four (4) extension options of one (1) year each. The contract value is estimated at RM62 million for the first five (5) year primary terms.

(vi) On 28 August 2012, the Group made an announcement pertaining to a LOA from ExxonMobil Exploration and Production Malaysia Inc. for the extension of contracts for the provision of Production and Integrity Chemicals. The extension period is for one (1) year commencing from 1 June 2012 to 31 May 2013, with the option to extend for another one (1) year. The extension value is estimated at RM27.5 million per year.

44. Significant Events Subsequent To The Reporting Period

The details of the significant events subsequent to the reporting period are as follows:

(i) On 31 January 2013, the Group entered into a Joint Venture Agreement with Sabah Air Aviation Sdn. Bhd. in connection with the provision of aviation services for the offshore oil and gas sector via a joint venture company, Sazma Aviation Sdn. Bhd.

(ii) On 19 April 2013, the Group made an announcement pertaining to a Letter of Award received from ExxonMobil Exploration and Production Malaysia Inc. for the provision of oilfield chemicals and associated services. The contract period is for 5 years (primary term) from 1 April 2013 to 31 March 2018 with an extension option of 2 years. The value for the primary term is estimated at RM238 million.

45. 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		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits / (accumulated losses):				
- realised	46,252	27,348	(5,069)	(5,268)
- unrealised	1,456	515	-	(73)
	47,708	27,863	(5,069)	(5,341)
Total share of retained profits / (losses) of jointly controlled entities:				
- realised	2,196	(142)	-	-
At 31 December	49,904	27,721	(5,069)	(5,341)

This Page has been deliberately left blank

CDS Account No.

UZMA BERHAD
(Company No. 769866-V)

PROXY FORM

I/We ____
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of ____
(ADDRESS)

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

____ of
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

____
(ADDRESS)

or failing him/her, ____
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of ____
(ADDRESS)

or failing him, the Chairman of Meeting, as *my/our proxy, to vote for *me/us and on *my/our behalf at the Sixth Annual General Meeting ("AGM") of the Company to be held at **Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan** on **Wednesday, 26 June 2013 at 9.00 a.m.**, or at any adjournment thereof and to vote as indicated below:-

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

Please indicate with an "X" in the space provided above 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.

Dated this ________________ day of ________________ 2013

No. of ordinary shares held

____
Signature of Member / Common Seal

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 19 June 2013 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
2. 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.
3. 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.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. 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.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan 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 Company Secretary
UZMA BERHAD (769866-V)
802, 8^{th} Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

PLEASE FOLD HERE TO SEAL

UZMA BERHAD ([illegible])

68 & 70 Fraser Business Park, Jalan Metro Pudu 2, 55200 Kuala Lumpur

(T) +6 03 9232 1000 **(F)** +6 03 9232 1032 www.uzmagroup.com