ANNUAL REPORT

2013

UZMA

Contents

4	Corporate Information
6	Notice of the Seventh Annual General Meeting
8	Uzma in a Snapshot
9	Performance at a Glance
10	Corporate Structure
11	Our Values
12	Chairman's Statement
14	CEO's Statement
16	Board of Directors
18	Directors' Profile
22	Key Leadership
26	Corporate Governance Statement
38	Audit Committee Report
43	Statement on Risk Management and Internal Control
45	Other Compliance Information
47	Analysis of Shareholdings as at 23 April 2014
51	List of Properties
52	Financial Statements
	Proxy Form

Financial Statements

Directors' Report	52
Statement by Directors	56
Statutory Declaration	56
Independent Auditors' Report	57
Statements of Financial Position	59
Statements of Profit or Loss and Other Comprehensive Income	61
Statements of Changes in Equity	63
Statements of Cash Flows	66
Notes to the Financial Statements	68

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)

Dato' Che Nazahatuhisamudin Bin Che Haron (Executive Director / SVP Business Development)

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

Yahya Bin Razali (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)

Yahya Bin Razali – 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)

Yahya Bin Razali – 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)

AUDITORS

Crowe 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

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

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

STOCK EXCHANGE LISTING

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

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

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 15, 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: 03-2026 3939
Fax: 03-2026 6855

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

Citibank Berhad
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2383 0000
Fax: 03-2383 6666

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

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at **Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan** on **Tuesday, 10 June 2014 at 9.00 a.m.** to transact the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of Directors and Auditors thereon. — **Ordinary Resolution 1**

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

   (i) Dato' Kamarul Redzuan Bin Muhamed (Article 77) — **Ordinary Resolution 2**
   (ii) Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim (Article 77) — **Ordinary Resolution 3**
   (iii) Yahya Bin Razali (Article 83) — **Ordinary Resolution 4**

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 5**

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

   ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES — **Ordinary Resolution 6**

   "THAT subject always to the approvals of the relevant governmental and/ or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."

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
16 May 2014

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 3 June 2014 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 6 – Authority to Issue Shares

   The Proposed Ordinary Resolution 6, 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 Sixth Annual General Meeting held on 26 June 2013 and which will lapse at the conclusion of the Seventh 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.

uzma
in a snapshot
(as at 31 December 2013)

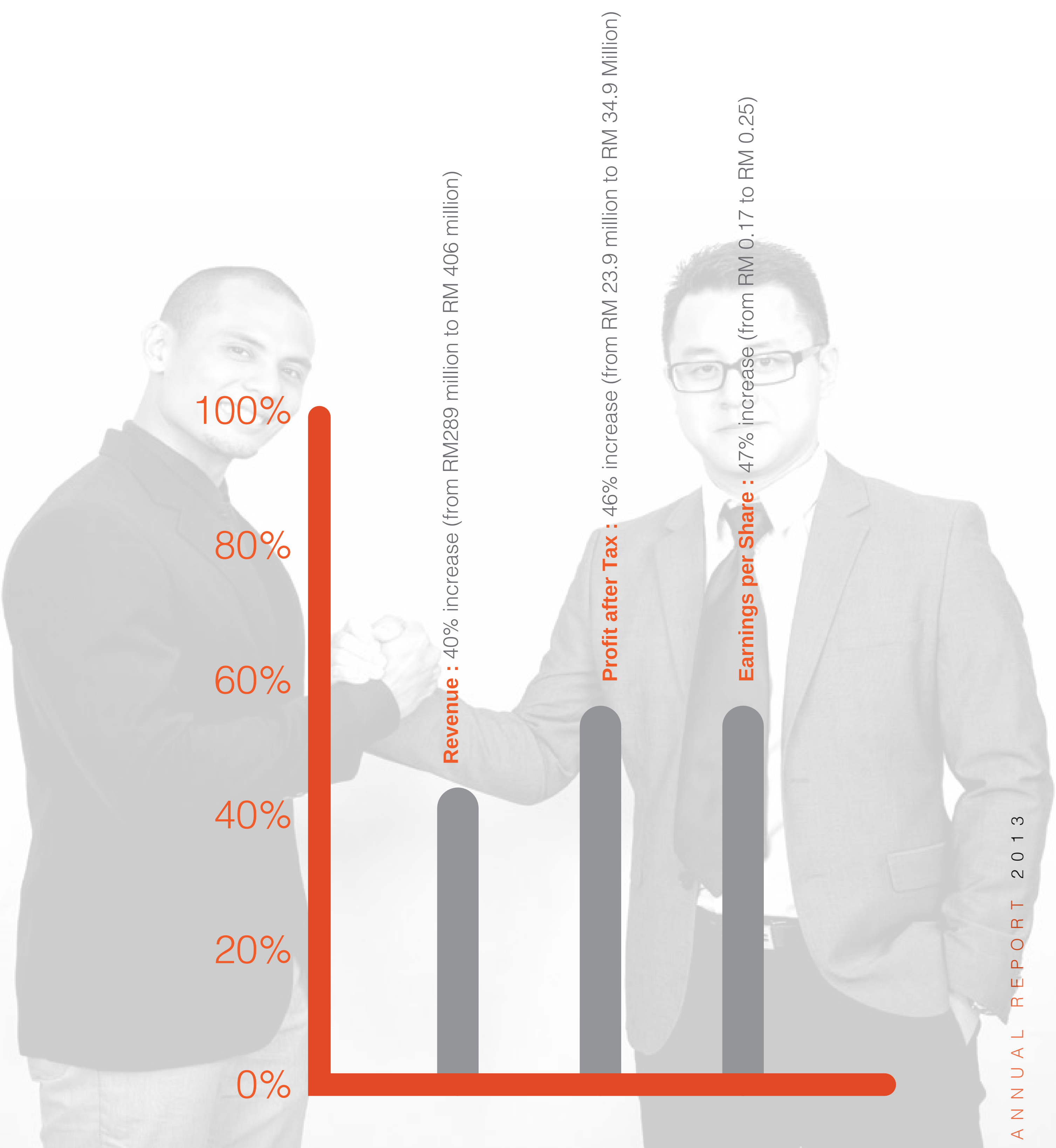
Established in
2000

178
employees
+
500
consultant

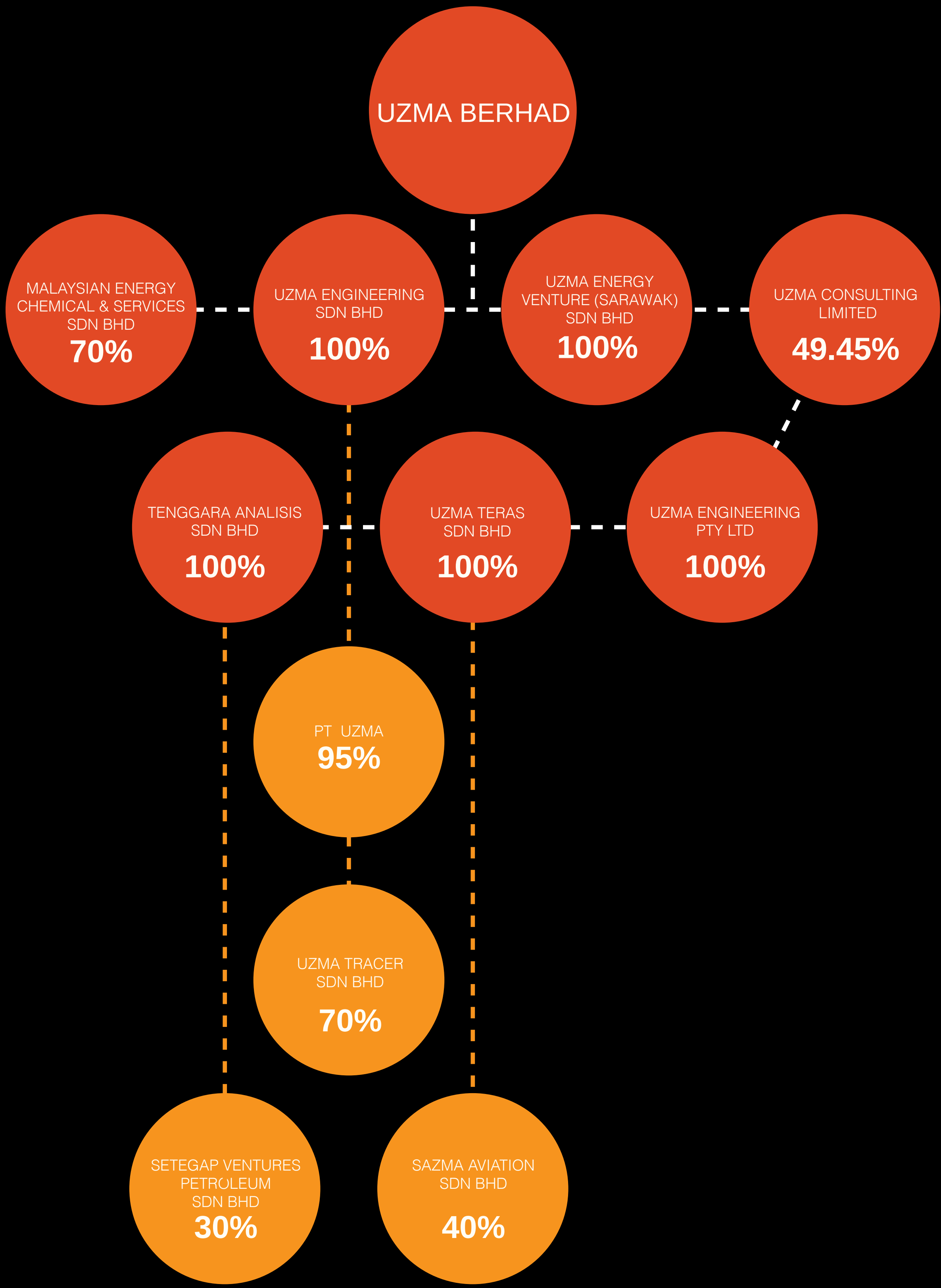
36
countries

52
international
clients

Performance at a Glance



Corporate Structure



corevalues

People

Proud of our people for their sound expertise, ingenuity, courage to explore new ideas, passion for improvement, customer orientation, team spirit and commitment to deliver results.

Quality

Proud of what we do and our commitment in delivering our promises.

Community

Committed towards sustainable development and ensuring zero harm to people and the environment.

Chairman's Statement

2013 has been another good year for Uzma. The company grew 40% in revenue, giving 47% more in earnings per share (EPS) compared to the previous year. I hope shareholders are as pleased as I am.

Safe 2013

Challenges in the year 2013 have been mounting. The way we managed sales have proven to be more and more complex, with costs creeping up almost everywhere in the organisation. Expansion in operations and addition of product offerings have posed a new threat of decentralisation of governance and decisions, not to mention the challenge of quickly building internal capabilities – both hard and soft - to walk the talk. The growth in human resources presented an urgent need for more physical space for our employees to comfortably do their jobs. Finance costs have been rising, and it is further made complicated by the increasing competition in most of our core competencies.

As if the above are not challenging enough, we were also hit by a few management posers. With expansion of services and businesses came the need to strengthen our Quality, Health, Safety and Environment (QHSE) practices. Growing human resources brought along unavoidable challenges in managing the soft side of quality: competency, attitude and aptitude. On the hard side of quality, new technologies and their confidentiality management also posed a different kind of concerns. Naturally, all these necessary evil come with another challenge in cash flow management.

Some companies might have buckled up under such stress and challenges. But not Uzma - I am very proud to see how the steering management of Uzma had pro-actively predicted the challenges and had timely plan and executed an array of actions to prevent, manage and mitigate impacts of such adversities. Among key actions which I can commend here are:

- Focus and aggressive programs in Health, Safety & Environment (HSE) to ensure safe operations and customers' peace of mind at all times.
- Introduction of a few more new offerings, such as the Idle Well Study Centre, Integrated EOR Solutions, etc.
- Establishment and roll out of a stand-alone procurement department for added purchasing and vendor management governance.
- Establishment and roll out of uzmACADEMY, an internal competency certification program to prepare young executives to be an all-rounder O&G industry generalists.
- Purchase of a new 12-storey corporate office in the affluent Damansara Perdana township to resolve future space constraint and to portray better corporate image.

Quality of 2014

Stellar growth of the company for the past three years since 2010, which saw Uzma growing from RM116Mil to RM406Mil in revenue, is definitely a tough act to follow through into 2014. We cannot leap to the next level without on-the-dot strategic planning and do-it-it-right-the-first-time execution of the plans. Mergers and acquisitions, as well as introduction of noble technologies and new core competencies, shall go a long way in making sure that Uzma will forge ahead of its own game to sustain the exponential growth rate it enjoyed so far.

With aggressive creation of new capabilities and divisions in Uzma, namely the Drilling Project Management (DPM), Integrated Solutions and uzmaTRACER, I am confident that Uzma is on the right track to taming a difficult year in 2014. Realising that customers nowadays demand nothing but the best, Uzma is planning to make sure every offerings come with a consistent built-in quality – a value and philosophy which will be inculcated into Uzma's DNA throughout 2014. I was informed that a full-fledge Quality & Business Improvement department shall be rolled out sometime in the middle of 2014, to champion the effort towards installing quality in the mind and soul of each individual employees, as well as building pro-active quality in every deliverables to our clients.

The outlook of the oil and gas industry, both locally and internationally, is painting a very positive picture for an integrated reservoir company like Uzma. I am sure the captain and key management of Uzma has laid out more aggressive plans to take advantage of the opportunities lying ahead. I have no doubt in the direction of the company under the leadership of Dato' Kamarul – just when we thought we have reached new heights, he'll steer the organisation to even newer heights. I look forward for more exciting developments and growth in the year 2014.

Thank you for your continuing support.

Datuk Seri Syed Ali
Bin Tan Sri Syed Abbas Alhabshee
Independent Non-Executive Chairman,
Uzma Berhad.

CEO's Statement

Dear Fellow Shareholders:

Throughout the year 2013, we demonstrated the strength of our business model with excellent operating results underpinned by strong execution by our internal operations and subsidiaries. We also continued to expand our footprint in the Oil and Gas industry through investments addressing high growth opportunities in the brownfield rejuvenation and idle well operations.

2013: Just Another Exciting Year

Revenue for the year 2013 was RM406 million, up 40% from RM289 million in the year 2012, reflecting the increased contribution from all of our operations. We generated RM83.8 million in gross profit, a 30% improvement from the RM64.3 million we earned the year before. This gave us a jump of 37% in Profit after Tax (PAT) from RM23.9 million in 2012 to a record RM34.9 million in 2013. We also declared Earnings per Share (EPS) totalling RM0.25 per share, a jump of 47% from the RM0.17 per share reported in 2012.

Our broad-based participation in the exploration and production sectors is resulting in a more diversified revenue mix. Over the last five years our Consulting-related businesses have grown steadily in terms of revenue, but growth from our other core competencies in Geosciences and production services have kept the stellar growth in our Consulting business tame. Consulting remains and will continue to be an important market for our services, but we plan to be less reliant on it by expanding our other strategic technical core competencies.

We are well positioned to capitalise on an important long term secular growth trend — the ongoing expansion in brownfield rejuvenation — as operators racing to tame and comprehend the complex geology involved in bringing the idle wells back to life as important alternative sources to the high complexity, high technology and high cost greenfields. We are seeing dramatic changes in the local and international fronts — changes in the needs, expectations and contract award patterns of existing and new customers as they manoeuvre the challenges of managing this growth. This has resulted in more strategic relationships with customers, as we collaborate, innovate and create additional value with our significant technology resources and highly experienced technical teams.

We are in good path to establishing a leadership position in the fastest growing areas of the industry and in the last year we have introduced several new products aimed at building on this leadership, including:

- our own SCAL lab
- Idle Well Study Centre
- Integrated Enhanced Oil Recovery (EOR) Solution

In Store for 2014

Marching on strong into 2014, in addition to investing in our core business, we are making highly selective strategic investments to augment and strengthen our capabilities to address the future needs of new and existing customers. These actions include the pending acquisition of several strategic companies and operations, as well as increasing our stake in the existing holdings. This shall collectively enhance the value of our offerings in the exploration and production sectors.

Introduction of several strategic new core competencies in early 2014, which have never been offered by any other local players so far, is a testament to our aggressive appetite for "unconventional" growth:

- Drilling Project Management – a void in our capability in connecting the oil reserves to surface has been filled, at last.
- Uzma Integrated Solutions – this will provide us with High Performance Computing (HPC) capability to handle mega reservoir data manipulation.
- uzmaTRACER - this will reduce reservoir uncertainty by utilising internally developed tracer technology.

We are excited about the long-term outlook for the local and regional O&G industry, and we are increasingly reaffirming our strategic position within the vast regional business ecosystem. We will continue to explore ways to enhance our value, as witnessed by the aggressive new offerings lined up in 2014. We are a market and customer driven company, focused on growth and innovation. I am confident that this approach will differentiate us as one of the world's leading integrated reservoir companies in the years ahead.

I thank you for your support.

Dato' Kamarul Redzuan Bin Muhamed,
Managing Director & CEO, Uzma Berhad.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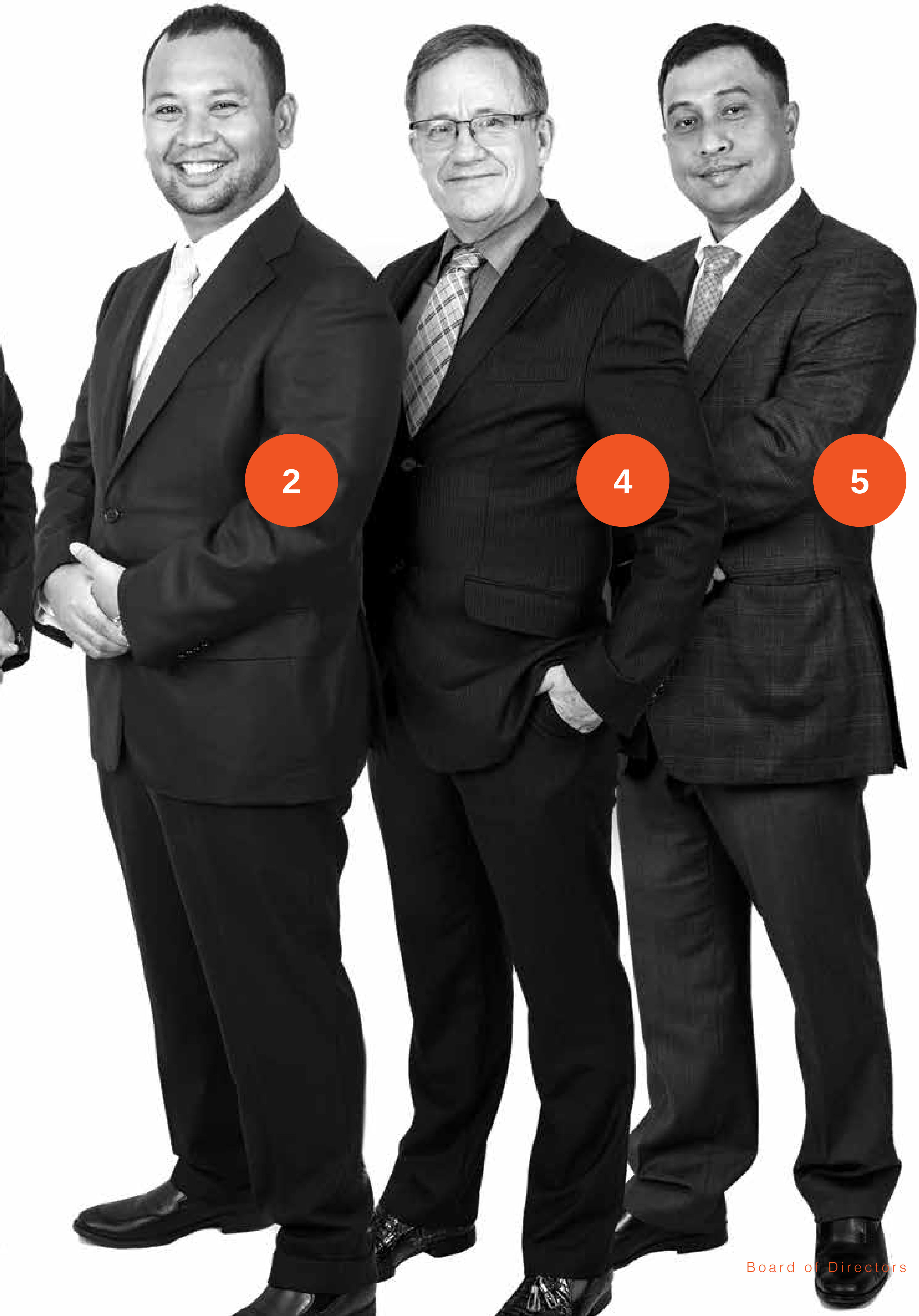
3
1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4
5

Directors' Profile

1. **Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee**, Malaysian, aged 52, is our Independent Non-Executive Chairman. He was appointed to the Board on 21 May 2008 and currently is the Chairman of Remuneration Committee and Nominating Committee and a member of Audit Committee of Uzma Berhad.

   Datuk Seri Syed Ali was awarded a Professional Diploma in Leadership and Management by the New Zealand Institute of Management in 2003. He ventured into 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 Asia Media Group Berhad, Bright Packaging Industry Berhad and Redtone International Berhad.

   He is the Chairman of Composites Technology Research Malaysia Sdn. Bhd. and Chairman of Redtone International Berhad. Datuk Seri 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.

2. **Dato' Kamarul Redzuan Bin Muhamed**, Malaysian, aged 41, is our Managing Director / Chief Executive Officer. He was appointed to the Board on 21 May 2008 and a member of the Remuneration Committee of Uzma Berhad.

   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 grounding 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 Sdn. Bhd. ("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.

3. **Datin Rozita Binti Mat Shah @ Hassan**, Malaysian, aged 44, is our Executive Director / SGM Corporate Services. She was appointed to the Board on 21 May 2008.

Datin Rozita graduated with a Bachelor of Science in Chemical Engineering from Rensselaer Polytechnic Institute, New York in 1993. She worked for an American technology company before returning to Malaysia in 1994 where she joined EPMI as a Systems Engineer. She held various technical roles during her six years with EPMI during which she developed sound project management skills and became an accomplished Project Engineer. After a short 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 staff, 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 resources 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 Corporate Services Director, Datin Rozita has an additional and demanding role to play as she is also in charge of three (3) separate departments: the Human Resources, Corporate Relations & Administration and Information Technology Department.

4. **Peter Angus Knowles**, British, aged 57, is our Executive Director / SVP International Business. He was 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 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.

5. **Dato' Che Nazahatuhisamudin Bin Che Haron**, Malaysian, aged 41, is our Executive Director / SVP Business Development. He was appointed to our 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 this 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 exceptionally 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, having previously built 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 the Account Managers and managing the preparation of tenders and proposals, he spends a great deal of his time in engaging customers for business development and marketing. His unquestionable loyalty, dedication and business skills are valuable assets to Uzma's continued growth. Dato' 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.

6. **Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim, aged 62**, Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 26 May 2011 and currently is the Chairman of Audit Committee and a member of Nominating Committee and Remuneration Committee of Uzma Berhad.

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 in Public Service by Irish International University, Ireland. He is currently an Independent Non-Execitive Director on the board of Alam Maritime Resources Berhad and Tanjung Offshore Berhad.

7. **Yahya Bin Razali**, Malaysian, aged 58, is our Independent Non-Executive Director. He was appointed to the Board on 19 February 2014 and currently is the member of Audit Committee and Nominating Committee of Uzma Berhad.

   Encik Yahya obtained his Bachelor of Science (Finance) from Southern Illinois University and MBA from Berkeley, United States in 1982 and 1984 respectively. He worked with the Ministry of Culture, Youth and Sports of Malaysia from 1977 to 1979. In 1984, he joined the United State Leasing Corporation, San Francisco, United States as a Financial Analyst. In 1986, he worked as a Consultant with Alexander Proudfoot Productivity Consultant Pte Ltd in Singapore. He also held the position of Investment Manager and Executive Director for Selangor Foundation and Grand United Holdings Berhad respectively from 1988 to 1993. He was the Fund Manager cum Associate Director for Spectrum Asset Management Sdn Bhd, a licensed fund management company. He is also a Certified Financial Planner.

   He currently sits on the board of two (2) other public corporations, namely, Nakamichi Corporation Berhad and NetX Holdings Berhad.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

- There is no family relationship among the directors and substantial shareholders of the Company except for Dato' Kamarul Redzuan 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, Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim and Encik Yahya Bin Razali, 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.

Key Leadership

CORPORATE

1. **Khong Kheng Ting – Chief Operating Officer**
   Graduated from University Technology Malaysia in Petroleum Engineering and University of Strathclyde, United Kingdom with an MBA. He has more than 25 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. **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 with the highest of global standards.

3. **Noor Hakimi Bin Mohd Nasir – General Manager, QHSE, Corporate Quality & Business Improvement**
   Graduated from University of Michigan, Ann Arbor in Mechanical Engineering, with an over of 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.

FIND

1. **Rizal Bin Mohd Ariffin, Senior Vice President,Geoscience & Petroleum Engineering**
   Graduated from Marquette University, Milwaukee, Wisconsin in Business Administration. His excellent capabilities with 13 years of experience in Sales and 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 backbone to Uzma's offerings to the local and international industry.

2. **Drs. Robert Eise Hulsbos, Senior General Manager, Lab**
   Graduated from 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 25 years in countries such as 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.

3. **Azmukiff Bin Muhammed Kifli, General Manager, Subsurface Consultancy**
   Graduated from Universiti Teknologi Malaysia in Petroleum Engineering. He began his career with PETRONAS under the Petroleum Management Unit Division as a Senior Reservoir Engineer. After 5 years stint, he was then moved to another PETRONAS subsidiary which is the Petronas Carigali Sdn Bhd as a Team Leader for one of the blocks in Sarawak. Subsequently, he joined Saudi Aramco, an oil and gas company based in Saudi Arabia as Petroleum Engineer. With his vast experience in the oil and gas sector, Azmukiff joined Uzma in 2012 to lead the subsurface studies with a vision to be the leading subsurface studies service provider.

4. **Liau Seng Tick, General Manager, Tracer Solution**
   Obtained his degree in Petroleum Engineering from Universiti of Teknologi Malaysia, Liau Seng Tick started his career with DIALOG in 2001 as contracts engineer for supporting management of subcontracts of EPCC projects. A couple of years later, Liau has then moved on with a multinational company and extensively involved in various industrial applications of radioactive and chemical tracer technology for downstream and upstream sectors. Over more than 10 years of tracer experience, of which a larger part in subsurface tracing services, Liau has worked with a variety of national and multinational O&G operating companies in Malaysia and SEA region in addition to his 2 years of international placement in Middle East. Liau has held various incremental roles throughout his tracer career from a very beginning of field applications, project design, operational planning, project & quality management, marketing to business development. With his involvement in various large-scaled tracer projects, Liau is continuously destined to deliver full customer satisfaction through quality service and culture of responsiveness.

CONNECT

1. **Kenneth John Muir, Senior Vice President, Drilling & Well Services**
To manage the complex process outlined above requires considerable experience and this is the responsibility of Ken Muir, a UK national who has recently joined the company as Head of Drilling Project Management. A graduate of RGIT University in Aberdeen, Ken has 33 years of drilling experience, including 15 years in Drilling Project Management. His project delivery experience commenced in the 1990's as Project Manager and Drilling Superintendent with Smedvig, and continued with Secure Drilling, Senergy and most recently with PTTEP in Myanmar where he was Head of Drilling Engineering and Drilling Superintendent for the first deepwater well drilled by PTTEP as an operator. He previously spent 10 years in Malaysia from 1996 to 2006, so is very comfortable with life in Malaysia. Ken has worked for PETRONAS Carigali, Inpex, British Gas, ENI, Petrochina and PTTEPI, providing project management of all rig types including Jack-ups, Tender Barges, Semi-submersibles, Drillships and deepwater operations. He has also been responsible for land operations in Australia and China.

2. **Zaliza Binti Ahmad Zainuddin, Senior General Manager, Wireline Services**
Graduated from University of Malaya in Chemical Engineering. She has 18 years international experience 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, and Sales & Support. During the 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.

3. **Sa'adiah Binti Omar, General Manager, Consulting 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 Executive, she was later reassigned into Oilfield Manpower Consultancy to help its growth – a challenge that she readily took up and excelled. She has been instrumental in growing Oilfield Manpower Consultancy division to where it is today. Her interpersonal and business development skill maneuvering the division through the industries most demanding clients and consultants have contributed significantly to the division's stellar achievements.

PRODUCE

1. **Ahmad Yunus Bin Abdul Talib, Senior Vice President, Project Oilfield & Operation Services**
   Graduated from University of Wisconsin – Madison, USA in Mechanical Engineering. He has over 18 years of experience in the oil and gas industry. 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.

2. **Tengku Zuraidi Yazli Bin Tengku Yahaya, Senior General Manager, Production Optimisation 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 Project Oilfield and Production Services, managing day-to-day operations as well as strategising for its future growth.

3. **Mohd Asrul Bin Abdul Aziz, General Manager, Integrated Solution**
   Accelerating this new venture is Mohammad Asrul Abdul Aziz. A Software Engineering graduate from Imperial College, University of London. As a professional member of International Association of Software Architect, Asrul has been engineering software on both local and international companies. His software design and delivery experience started with Disney UK, Mercedes AG and Amazon UK. Asrul has worked with PETRONAS, Myanmar Oil & Gas, Pusdatin Indonesia and Brunei for Oil & Gas Information Management and Spatial Data Management. He goes to great length to ensure software products and solutions from his team stay relevant, scalable and in conformity with international standards.

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.

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 2013 to review the Group's quarterly and annual financial statements and its operations. The record of attendance is as follows:-

Name of Director	Directorate	Attendance
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Chairman	4/5
Dato' Kamarul Redzuan Bin Muhamed	Managing Director/ Chief Executive Officer	5/5
Datin Rozita Binti Mat Shah @ Hassan	Executive Director	4/5
Peter Angus Knowles	Executive Director	4/5
Dato' Che Nazahatuhisamudin Bin Che Haron	Executive Director	5/5
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	Independent Non-Executive Director	5/5
Yahya Bin Razali (Appointed on 19 February 2014)	Independent Non-Executive Director	-
Md Shah Bin Abdullah (Resigned on 20 November 2013)	Independent Non-Executive Director	4/4

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.

During the financial year ended 31 December 2013, other than En. Yahya Bin Razali, who was appointed as Director on 19 February 2014, all other Directors after assessing their own training needs, have attended the following training programmes, seminars and/or conference:-

Name of Director	Training / Seminars / Conference Attended
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	1. Shareholders Right and Responsibilities - SSM
Dato' Kamarul Redzuan Bin Muhamed	1. Oil & Gas Funding Forum – Malaysian Petroleum Resources Corporation (MPRC) 2. Malaysian Investor Relations Association (MIRA) – Investor Relation Day 3. Malaysian Institute of Integrity (IIM) – Corporation Integrity
Datin Rozita Binti Mat Shah @ Hassan	1. Corporate Development Training Program – Human Capital Management – SSM 2. Program Bicara Korporat & Zakat Saham
Peter Angus Knowles	1. Microsoft Excel 2010 (advanced)
Dato' Che Nazahatuhisamudin Bin Che Haron	1. Miller Heiman Strategic Selling
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	1. 5th Annual Corporate Governance Summit 2. Audit Committee Conference 2013 – Powering for Effectiveness 3. Effective Corporate Mergers & Acquisitions - From Complexity to Execution Excellence 4. Directors Training Programme 5. Transfer Pricing

(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 38 to 42 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) **Yahya Bin Razali – 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.

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.

- **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.

The summary of the activities of the Nominating Committee during the financial year are as follows:-

- Annual review the mix of skill and experience and other qualities of the Board.
- Assess the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discuss the Directors' retirement by rotation.

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 2013 whose remuneration and fees received/receivable from the Group falls into the following bands: -

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
< RM100,000	-	3
RM100,001 – RM500,000	-	-
RM500,001 – RM700,000	1	-
RM700,001 – RM1,000,000	1	-
RM1,000,001 – RM1,500,000	1	-
RM1,500,001 – RM1,600,000	1	-
Total:	**4**	**3**

	Executive	**Non-Executive**
RM'000		
Salaries and other emoluments	3,759	10
Fees	12	188
Benefits-in-kind	60	-
Total:	**3,831**	**198**

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.

  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 Controller)

Telephone number	:	+603-9232 1000
Fax number	:	+603-9232 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 pages 43 to 44 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 36 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 pages 43 to 44 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 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 judgements 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 sustainability 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.

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

(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 2013.

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 Chairman
- Yahya Bin Razali - 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 2013. Details of attendance of each member at the Audit Committee Meeting held during the financial year ended 31 December 2013 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	4/5
Yahya Bin Razali (Appointed on19 February 2014)	-
Encik Md Shah Bin Abdullah (Resigned on 20 November 2013)	4/4

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.

3.5 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 and ascertain 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.

3.7 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 2013 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 15.25 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 2013 is RM76,000.

Statement of 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 joint venture companies) during the financial year ended 31 December 2013. 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 joint venture 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 2013, 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 2013 were RM76,000.

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, Chief Operating 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

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2013 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report, have reported to the Board that nothing has come to their attention that causes them to believe that the Statement, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 24 April 2014.

Other Compliance Information

1. Utilisation of proceeds

The Company raised a total of RM16,000,000.00 from its Private Placement exercise. The Private Placement was completed on 29 March 2012. The Company had on 23 October 2012 announced its intention to ultilise the remaining proceeds to part finance the design and fabrication of the third unit of uzmAPRES within 12 months from 23 October 2012. The entire proceeds from the Private Placement exercise was fully utilised as at 22 May 2013. The status of the utilisation of the Private Placement proceed as at 31 December 2013 is set out below:-

Purpose	Proposed utilisation RM'000	Actual ultilisation up to 31 December 2013 RM'000	Balance RM'000
Part finance the capital expenditure to build proprietary low pressure system equipment uzmAPRES	7,000	7,000	-
Working capital requirements	8,890	8,890	-
Defraying expenses incidental to the private placement	110	110	-
	16,000	16,000	-

2. Share buy-back

The Company did not purchase any of its own shares during the financial year ended 31 December 2013.

3. Options, warrants or convertibles securities

The Company did not issue any options, warrants or convertibles securities during the financial year ended 31 December 2013.

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 2013.

5. Imposition of Sanctions and/or Penalties

During the financial year ended 31 December 2013, 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 ended 31 December 2013 and there was no material variation between the audited results for the financial year ended 31 December 2013 and the unaudited results previously announced.

7. **Profit Guarantee**

No profit guarantee was provided by the Company during the financial year ended 31 December 2013.

8. **Non-audit Fees**

Total non-audit fees paid/payable to the external auditors during the financial year ended 31 December 2013 amounted to RM6,000.

9. **Material Contracts**

To the best of the Board's knowledge, there are no material contracts involving the Group with any of the major shareholder or director in office during the financial year ended 31 December 2013.

Analysis of Shareholding as at 23 April 2014

Authorised Share Capital	:	RM100,000,000.00
Paid-up Share Capital	:	RM66,000,000.00
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	37	3.19	655	0.00
100 to 1,000	552	47.55	174,700	0.13
1,001 to 10,000	356	30.66	1,534,450	1.16
10,001 to 100,000	149	12.83	5,697,650	4.32
100,001 to less than 5% of issued shares	62	5.34	47,523,450	36.00
5% and above of issued shares	5	0.43	77,069,095	58.39
Total	**1,161**	**100.00**	**132,000,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1.	KAMARUL REDZUAN BIN MUHAMED	53,268,937	40.36
2.	ROZITA BINTI MAT SHAH @ HASSAN	12,461,580	9.44
3.	LEMBAGA TABUNG HAJI	9,919,100	7.51
4.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUA SAI MEN (MARGIN)	3,650,000	2.77
5.	HSBC NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR GENESIS ASEAN OPPORTUNITIES FUND (GEMOFPLC)	3,406,700	2.58
6.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	2,538,900	1.92

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
7.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,350,500	1.78
8.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST- ASING)	2,350,000	1.78
9.	HSBC NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	2,319,200	1.76
10.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)	2,072,700	1.57
11.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. CORSTON-SMITH ASSET MANAGEMENT SDN. BHD. FOR CORSTON-SMITH ASEAN CORPORATE GOVERNANCE FUND	2,059,400	1.56
12.	HO KAT SIN	1,819,100	1.38
13.	BRAHMAL A/L VASUDEVAN	1,725,000	1.31
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	1,688,500	1.28
15.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR CHAN CHEE BENG (PB)	1,500,000	1.14
16.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR KAMARUL REDZUAN Bin MUHAMED (KLM-SFC)	1,281,000	0.97
17.	TENGKU AB MALEK BIN TENGKU MOHAMED	1,249,900	0.95
18.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB-OSK GROWTH AND INCOME FOCUS TRUST (4892)	1,081,000	0.82
19.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MAAKL PROGRESS FUND (4082)	1,048,400	0.79
20.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	1,005,000	0.76

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
21.	CHE NAZAHATUHISAMUDIN	1,000,000	0.76
22.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR BRAHMAL A/L VASUDEVAN (M73106)	875,000	0.66
23.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHONG KHENG TING	769,600	0.58
24.	HSBC NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND	753,900	0.57
25.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND	641,400	0.49
26.	HO KAT SIN	632,900	0.48
27.	ABDULLAH GHANIM A ALGHANIM	600,000	0.45
28.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB-OSK EQUITY TRUST (3175)	600,000	0.45
29.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR RHB-OSK DANA KIDSAVE	550,000	0.42
30.	HSBC NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR GRANDEUR PEAK GLOBAL OPPORTUNITIES FUND	537,500	0.41
	TOTAL	**115,755,217**	**87.70**

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Kamarul Redzuan Bin Muhamed	54,549,937	41.33	12,600,058*	9.55
Datin Rozita Binti Mat Shah @ Hassan	12,600,058	9.55	54,549,937+	41.33
Lembaga Tabung Haji	9,919,100	7.51	-	-

Notes :

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

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

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

	No. of Shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Kamarul Redzuan Bin Muhamed	54,549,937	41.33	12,600,058*	9.55
Datin Rozita Binti Mat Shah @ Hassan	12,600,058	9.55	54,549,937+	41.33
Datuk Seri Syed Ali Bin				
Tan Sri Syed Abbas Alhabshee	111,450	0.08	-	-
Peter Angus Knowles	75,000	0.06	-	-
Dato' Che Nazahatuhisamudin				
Bin Che Haron	1,000,000	0.76	-	-
Dato' Dr. (H) Ab Wahab Bin Haji Ibrahim	-	-	-	-
Yahya Bin Razali	-	-	-	-

Notes :

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

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

List of Properties

Title / Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land/ Built-Up Area	Tenure	Net Book Value at 31.12.2013 RM'000	Original Cost (RM'000)
H.S. (D) 110395/110396 P.T. No. 549 & 550 Seksyen 92 Bandar Kuala Lumpur No. 68 and 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	1,722sq ft/ 8,034 sq ft per multi storey lot	Freehold	5,582	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 years	892 sq mtr or 9601.49 sq ft	Freehold	3,444	3,626

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 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	34,884	2,474
Attributable to:-		
Owners of the Company	33,064	2,474
Non-controlling interests	1,820	-
	34,884	2,474

DIVIDENDS

Since the end of the previous financial year, the Company declared and paid a single tier interim dividend of 2 sen per ordinary share amounting to RM2,640,000 in respect of the current financial year.

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

Other than the contingent liability that is disclosed in Note 41 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
DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON
DATO' DR. (H) AB WAHAB BIN HAJI IBRAHIM
YAHYA BIN RAZALI (APPOINTED ON 19.2.2014)
MD. SHAH BIN ABDULLAH (RESIGNED ON 20.11.2013)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2013	**BOUGHT**	**SOLD**	**AT 31.12.2013**
THE COMPANY				
DIRECT INTERESTS IN THE COMPANY				
DATO' KAMARUL REDZUAN Bin MUHAMED	59,249,937	-	(4,700,000)	54,549,937
DATIN ROZITA BINTI MAT SHAH @ HASSAN	12,600,058	-	-	12,600,058
DATUK SERI SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE	111,450	-	-	111,450
PETER ANGUS KNOWLES	75,000	-	-	75,000
DATO' CHE NAZAHATUHISAMUDIN BIN CHE HARON	1,391,850	-	(391,850)	1,000,000
DEEMED INTERESTS IN THE COMPANY				
DATO' KAMARUL REDZUAN Bin MUHAMED ^	12,600,058	-	-	12,600,058
DATIN ROZITA BINTI MAT SHAH @ HASSAN *	59,249,937	-	(4,700,000)	54,549,937

Notes:-
^ - Deemed interested by virtue of his spouse, Datin Rozita Binti Mat Shah @ Hassan's interest.
* - Deemed interested by virtue of her spouse, Dato' Kamarul Redzuan Bin Muhamed's interest.

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

The other director 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 45 and 46 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 24 APRIL 2014

Dato' Kamarul Redzuan Bin Muhamed **Dato' Che Nazahatuhisamudin Bin Che Haron**

STATEMENT BY DIRECTORS

We, Dato' Kamarul Redzuan Bin Muhamed and Dato' 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 59 to 127 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 financial position of the Group and of the Company at 31 December 2013 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47 on page 128, 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 24 APRIL 2014**

Dato' Kamarul Redzuan Bin Muhamed **Dato' 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 59 to 127 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 24 April 2014

Bong Leong Sung

Before me

Yap Lee Chin (W591)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
Report on the Financial Statements

We have audited the financial statements of Uzma Berhad, which comprise statements of financial position as at 31 December 2013 of the Group and of the Company and statements of profit or loss and other 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 59 to 127.

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 2013 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 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements (cont'd)

The supplementary information set out in Note 47 on page 128 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
24 April 2014
Kuala Lumpur

Chua Wai Hong
Approval No: 2974/09/15 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	44,880	44,880
Investment in an associate	6	325	-	-	-
Investments in joint ventures	7	15,754	12,196	-	-
Other investment		11	11	-	-
Property, plant and equipment	8	41,739	34,953	-	-
Deferred tax assets	9	38	103	-	-
Goodwill on consolidation	10	1,653	1,653	-	-
		59,520	**48,916**	**44,880**	**44,880**
CURRENT ASSETS					
Inventories	11	6,193	7,988	-	-
Trade receivables	12	113,096	82,490	-	-
Other receivables, deposits and prepayments	13	7,709	11,835	18	18
Tax recoverable		53	-	22	22
Amount owing by contract customers	14	14,538	18,145	-	-
Amount owing by subsidiaries	15	-	-	27,010	25,265
Amount owing by an associate	16	2,887	-	-	-
Short-term investments	17	532	4,230	528	2,022
Fixed deposits with licensed banks	18	12,597	13,601	-	-
Cash and bank balances		24,381	23,879	304	773
		181,986	162,168	27,882	28,100
TOTAL ASSETS		**241,506**	**211,084**	**72,762**	**72,980**

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 (CONT'D)

	NOTE	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	66,000	66,000	66,000	66,000
Share premium	20	11,921	11,921	11,921	11,921
Merger deficit	21	(29,700)	(29,700)	-	-
Capital reserve	22	51	51	-	-
Foreign exchange translation reserve	23	(135)	(92)	-	-
Retained profits/(Accumulated losses)	24	80,328	49,904	(5,235)	(5,069)
Equity attributable to owners of the Company		128,465	98,084	72,686	72,852
Non-controlling interests	5	6,973	5,272	-	-
TOTAL EQUITY		**135,438**	**103,356**	**72,686**	**72,852**
NON-CURRENT LIABILITIES					
Deferred tax liability	9	2,377	1,251	-	-
Long-term borrowings	25	15,718	14,130	-	-
		18,095	15,381	-	-
CURRENT LIABILITIES					
Trade payables	26	62,509	70,079	-	-
Other payables and accruals	27	6,570	8,345	76	128
Provision for taxation		2,130	2,983	-	-
Short-term borrowings	28	6,412	8,106	-	-
Bank overdraft	31	10,352	2,834	-	-
		87,973	92,347	76	128
TOTAL LIABILITIES		106,068	107,728	76	128
TOTAL EQUITY AND LIABILITIES		241,506	211,084	72,762	72,980
NET ASSETS PER ORDINARY SHARE (SEN)	32	97	74		

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	33	405,902	289,242	4,485	2,040
COST OF SALES		(322,122)	(225,819)	-	-
GROSS PROFIT		83,780	63,423	4,485	2,040
OTHER INCOME		1,731	835	23	133
		85,511	64,258	4,508	2,173
ADMINISTRATIVE EXPENSES		(31,886)	(27,426)	(984)	(1,241)
OPERATING EXPENSES		(9,030)	(6,102)	-	-
FINANCE COSTS		(3,112)	(1,565)	-	-
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX		125	-	-	-
SHARE OF RESULTS IN JOINT VENTURES, NET OF TAX		4,458	2,940	-	-
PROFIT BEFORE TAXATION	34	46,066	32,105	3,524	932
INCOME TAX EXPENSE	35	(11,182)	(8,243)	(1,050)	(660)
PROFIT AFTER TAXATION		34,884	23,862	2,474	272
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(51)	(20)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**34,833**	**23,842**	**2,474**	**272**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		33,064	22,183	2,474	272
Non-controlling interests		1,820	1,679	-	-
		34,884	23,862	2,474	272
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		33,021	22,169	2,474	272
Non-controlling interests		1,812	1,673	-	-
		34,833	23,842	2,474	272
EARNINGS PER SHARE					
- basic (sen)	36	25.0	17.1		
- diluted (sen)	36	N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	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 INTEREST RM'000	TOTAL EQUITY RM'000
		<-----Non-Distributable				----->	Distributable			
THE GROUP										
Balance at 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 differences		-	-	(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**

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		<-------Non-Distributable-------				------->	Distributable			
	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	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 31.12.2012/1.1.2013		66,000	11,921	(92)	(29,700)	51	49,904	98,084	5,272	103,356
Profit after taxation for the financial year		-	-	-	-	-	33,064	33,064	1,820	34,884
Other comprehensive income for the financial year, net of tax:										
- Foreign currency translation		-	-	(43)	-	-	-	(43)	(8)	(51)
Total comprehensive income for the financial year		-	-	(43)	-	-	33,064	33,021	1,812	34,833
Contributions by and distributions to owners of the Company:										
- Dividends:										
- by the Company	37	-	-	-	-	-	(2,640)	(2,640)	-	(2,640)
- by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	(111)	(111)
Balance at 31.12.2013		**66,000**	**11,921**	**(135)**	**(29,700)**	**51**	**80,328**	**128,465**	**6,973**	**135,438**

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

THE COMPANY	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE SHARE PREMIUM RM'000	DISTRIBUTABLE ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
Balance at 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 31.12.2012/1.1.2013		66,000	11,921	(5,069)	72,852
Profit after taxation/Total comprehensive income for the financial year		-	-	2,474	2,474
Contributions by and distribution to owners of the Company:					
- Dividend by the Company	37	-	-	(2,640)	(2,640)
Balance at 31.12.2013		66,000	11,921	(5,235)	72,686

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		46,066	32,105	3,524	932
Adjustments for:-					
Allowance for impairment losses on:					
- investment in a joint venture		-	1,500	-	-
- receivables		489	13	-	-
Bad debts written off		159	67	-	-
Depreciation of property, plant and equipment		4,617	3,388	-	-
Interest expense		2,687	1,520	-	-
Loss on foreign exchange					
- unrealised		-	355	-	-
Share of profit, net of tax in:					
- joint ventures		(4,458)	(2,940)	-	-
- associate		(125)	-	-	-
Dividend income		-	-	(4,305)	(1,860)
Gain on foreign exchange					
- unrealised		(702)	(46)	-	-
Interest income		(378)	(394)	(23)	(22)
Operating profit/(loss) before working capital changes		48,355	35,568	(804)	(950)
Decrease/(Increase) in net amount owing by contract customers		3,607	(12,076)	-	-
Increase in trade and othe receivables		(25,816)	(26,945)	-	(1)
(Decrease)/Increase in trade and other payables		(9,340)	33,285	(52)	(2,317)
Decrease/(Increase) in inventories		1,795	(2,538)	-	-
CASH FROM/(FOR) OPERATIONS		18,601	27,294	(856)	(3,268)
Interest paid		(2,687)	(1,520)	-	-
Income tax paid		(10,898)	(4,481)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITES CARRIED FORWARD		5,016	21,293	(856)	(3,268)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		5,016	21,293	(856)	(3,268)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investment in:					
- a joint venture		-	(7,500)	-	-
- an associate		(200)	-	-	-
Dividend received		-	-	3,255	1,178
Interest received		378	394	23	22
Purchase of property, plant and equipment	8	(11,316)	(9,170)	-	-
Advances to an associate		(2,887)	-	-	-
Advances to subsidiaries		-	-	(1,745)	(11,235)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(14,025)	(16,276)	1,533	(10,035)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		-	16,000	-	16,000
Share issue expenses		-	(45)	-	(45)
Dividend paid		(2,640)	-	(2,640)	-
Dividend paid to minority shareholders by a subsidiary		(111)	(598)	-	-
Drawdown of term loans		6,464	5,733	-	-
Repayment of term loans		(6,489)	(2,424)	-	-
Repayment of hire purchase obligations		(172)	(164)	-	-
Repayment of factoring		-	(7,314)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(2,948)	11,188	(2,640)	15,955
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,957)	16,205	(1,963)	2,652
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		38,876	22,690	2,795	143
Effect of exchange rate differences		239	(19)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	27,158	38,876	832	2,795

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 24 April 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 (2011) Employee Benefits
MFRS 127 (2011) Separate Financial Statements
MFRS 128 (2011) Investments in Associates and Joint Ventures
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 (2009) Financial Instruments	)
MFRS 9 (2010) Financial Instruments	) To be
MFRS 9 Financial Instruments (Hedge Accounting and	) announced
Amendments to MFRS 7, MFRS 9 and MFRS 139)	) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory	)
Effective Date of MFRS 9 and Transition Disclosures	)
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. BASIS OF PREPARATION (CONT'D)

(b)

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective Date**
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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

(i) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, 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. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

(ii) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

(iii) The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(iv) Annual Improvements to MFRSs 2010 - 2012 Cycle. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for the amendments to MFRS 116 which will only affect the amount of accumulated depreciation of the future revaluations.

(v) Annual Improvements to MFRSs 2011 - 2013 Cycle. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iv) Contracts

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

(i) Contract Revenue

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

(ii) Contract Costs

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

(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 judgement 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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) Changes In Ownership Interests In Subsidiaries Without Change of Control

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 of the Group.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Basis of Consolidation (cont'd)

(v) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which 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 in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). 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 joint venture.

(d) Goodwill

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

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. The cost of the investments includes transaction costs.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment In An Associate

An associate is an entity in which the Group have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are 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 the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2013. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of the investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the joint venture made up to 31 December 2013. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *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 interest income recognised in profit or loss 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)

(h) 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 ordinary 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.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) 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.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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%
Returnable shipping containers	10%

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 financial asset 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)

(j) 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, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated in accordance with the policy set out in Note 4(i) 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.

(l) 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.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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 with original maturity periods of three months or less.

(p) 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. The unwinding of the discount is recognised as interest expense in profit or loss.

(q) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction or production of a qualifying asset 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.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

(t) Revenue And Other Income

(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 measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue And Other Income (cont'd)

(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.

(v) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(u) 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.

(v) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	**44,880**	**44,880**

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2013	Effective Equity Interest 2012	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 geoscience 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.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Malaysian Energy Chemical & Services Sdn. Bhd. ("MECAS")	Malaysia	70%	70%	Manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services.
Tenggara Analisis Sdn. Bhd. ("Tenggara Analisis")	Malaysia	100%	100%	Investment holding.
Uzma Energy Venture (Sarawak) Sdn. Bhd. ("Uzma Energy Venture")	Malaysia	100%	-	Dormant.
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.

The non-controlling interests at the end of the reporting period comprise the following:-

	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000
Uzma Thailand	1,104	970
MECAS	5,866	4,298
PT Uzma	3	4
	6,973	5,272

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	UZMA THAILAND	
	2013 RM'000	2012 RM'000
At 31 December		
Non-current assets	127	34
Current assets	3,346	2,880
Current liabilities	1,276	992
Net assets	2,197	1,922
Financial year ended 31 December		
Revenue	11,311	8,522
Profit for the financial year	495	332
Total comprehensive income	480	343
Total comprehensive income attributable to non-controlling interests	245	164
Net cash flows from operating activities	1,151	265
Net cash flows from investing activities	(99)	39
Net cash flows from financing activities	(205)	(345)

	MECAS	
	2013 RM'000	2012 RM'000
At 31 December		
Non-current assets	556	364
Current assets	24,147	22,183
Current liabilities	5,148	8,219
Net assets	19,555	14,328
Financial year ended 31 December		
Revenue	38,509	28,717
Profit for the financial year	5,226	5,026
Total comprehensive income	5,226	5,026
Total comprehensive income attributable to non-controlling interests	1,568	1,508
Net cash flows from operating activities	2,685	5,009
Net cash flows (for)/from investing activities	(323)	26
Net cash flows from/(for) financing activities	27	(1,815)

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP 2013 RM'000	2012 RM'000
Unquoted shares, at cost	200	-
Share of post acquisition profits	125	-
	325	-

The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest 2013	2012	Principal Activities
Sazma Aviation Sdn. Bhd.	Malaysia	40%	-	Provision of professional aviation services, trading, ground handling services, general merchant agent, carrier and air transportation.

The summarised financial information for each associate that is material to the Group is as follows:-

	SAZMA AVIATION SDN BHD 2013 RM'000	2012 RM'000
At 31 December		
Non-current assets	732	-
Current assets	4,692	-
Non-current liabilities	69	-
Current liabilities	4,777	-
	578	-
<u>Financial year ended 31 December</u>		
Revenue	17,781	-
Profit for the financial year	313	-
Total comprehensive income	313	-
Group's share of profit for the financial year	125	-
Group's share of total comprehensive income	125	-
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets above	231	-
Goodwill on acquisition	94	-
Carrying amount of the Group's interests in this associate	325	-

7. INVESTMENTS IN JOINT VENTURES

	THE GROUP	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost		
At 1 January	11,500	4,000
Addition during the financial year	-	7,500
At 31 December	11,500	11,500
Allowance for impairment loss:-		
At 1 January	(1,500)	-
Addition during the financial year	-	(1,500)
At 31 December	(1,500)	(1,500)
	10,000	10,000
Share of post acquisition profits	5,754	2,196
	15,754	12,196

The details of the joint ventures are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Uzma-Oriental Co. Ltd. *	Hong Kong	35%	35%	Investment holding.
Setegap Ventures Petroleum Sdn. Bhd.	Malaysia	30%	30%	Provision of oil and gas services.

* Subsequent to the end of the reporting period, the Group entered into a Sale and Purchase Agreement to dispose of Uzma-Oriental Co. Ltd. for a total consideration of approximately RM2,923,000 which is above the carrying amount and accordingly, no further impairment is required.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

The summarised financial information for each joint venture that is material to the Group is as follows:-

	SETEGAP VENTURERS PETROLEUM SDN BHD	
	2013 RM'000	2012 RM'000
At 31 December		
Non-current assets	17,059	14,057
Current assets	32,941	21,064
Non-current liabilities	10,097	366
Current liabilities	7,036	13,176
Redeemable convertible preference shares	3,750	4,196
	29,117	17,383
Financial year ended 31 December		
Revenue	69,912	42,709
Profit for the financial year	15,008	10,151
Total comprehensive income	15,008	10,151
Group's share of profit for the financial year	4,505	3,047
Group's share of total comprehensive income	4,505	3,047
Dividend received	901	601
Reconciliation of net assets to carrying amount		
Group's share of net assets above	8,919	5,314
Goodwill on acquisition	4,632	4,632
Carrying amount of the Group's interests in this joint venture	13,551	9,946

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

The summarised financial information for each joint venture that is material to the Group is as follows:-

	UZMA ORIENTAL CO. LTD. 2013 RM'000	2012 RM'000
At 31 December		
Non-current assets	2,062	1,988
Current assets	73	50
Current liabilities	426	354
	1,709	1,684
Financial year ended 31 December		
Profit for the financial year	(136)	(124)
Total comprehensive income	(136)	(124)
Group's share of loss for the financial year	(47)	(45)
Reconciliation of net assets to carrying amount		
Group's share of net assets above	611	658
Goodwill on acquisition	1,592	1592
Carrying amount of the Group's interests in this joint venture	2,203	2,250

8. PROPERTY, PLANT AND EQUIPMENT

	AT 31.12.2013 RM'000	ADDITIONS RM'000	CURRENCY TRANSLATION DIFFERENCES RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2013 RM'000
THE GROUP					
NET BOOK VALUE					
Freehold land	5,740	-	-	-	5,740
Buildings	3,361	-	-	(75)	3,286
Laboratory equipment	1,300	456	-	(266)	1,490
Wireline equipment	5,836	935	-	(699)	6,072
Uzmapress equipment	16,352	8,148	-	(2,426)	22,074
Computers, EDP and software	866	823	-	(591)	1,098
Furniture, fittings and renovation	427	388	-	(247)	568
Motor vehicles	716	224	(4)	(206)	730
Plant and office equipment	355	193	-	(100)	448
Returnable shipping containers	-	240	-	(7)	233
	34,953	11,407	(4)	(4,617)	41,739

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

	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 COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE GROUP			
AT 31.12.2013			
Freehold land	5,740	-	5,740
Buildings	3,745	(459)	3,286
Laboratory equipment	2,599	(1,109)	1,490
Wireline equipment	7,425	(1,353)	6,072
Uzmapress equipment	25,662	(3,588)	22,074
Computers, EDP and software	5,383	(4,285)	1,098
Furniture, fittings and renovation	3,082	(2,514)	568
Motor vehicles	1,437	(707)	730
Plant and office equipment	1,078	(630)	448
Returnable shipping containers	240	(7)	233
	56,391	(14,652)	41,739
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

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 RM617,000 (2012 : RM715,000).

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

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

	THE GROUP 2013 RM'000	2012 RM'000
Freehold land	5,740	5,740
Buildings	3,286	3,361
Wireline equipment	6,072	5,836
Uzmapress equipment	21,981	16,352
	37,079	31,289

Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM11,407,000 (2012 : RM9,658,000) of which RM91,000 (2012 : RM488,000) were acquired by means of hire purchase plans.

9. DEFERRED TAX ASSETS / (LIABILITY)

	THE GROUP 2013 RM'000	2012 RM'000
At 1 January	(1,148)	(429)
Recognised in profit or loss (Note 35)	(1,190)	(719)
Currency translation differences	(1)	-
At 31 December	(2,339)	(1,148)
Presented as follows:-		
Deferred tax assets	38	103
Deferred tax liability	(2,377)	(1,251)
	(2,339)	(1,148)

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

	THE GROUP 2013 RM'000	2012 RM'000
Deferred tax assets:-		
Allowance for impairment losses on receivables	898	821
Unutilised tax losses	-	7
Others	38	522
	936	1,350
Deferred tax liability:-		
Accelerated capital allowances	(3,275)	(2,498)
	(2,339)	(1,148)

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

10. 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:-

	2013	**2012**
Gross Margin	32%	25%
Growth Rate	6%	6%
Discount Rate	6%	6%

(i) Budgeted gross margin	Average gross margin projected for the financial year ending 31 December 2014.
(ii) Growth rate	Based on the expected projection of the type of business.
(iii) Discount rate (pre-tax)	Reflect specific risks relating to the relevant operating segments.

11. INVENTORIES

	THE GROUP	
	2013 RM'000	**2012 RM'000**
Raw materials	2,460	5,229
Finished goods	3,425	2,466
Wireline consumables	308	293
	6,193	7,988
Recognised in profit or loss		
Inventories recognised as cost of sales	23,331	16,787

None of the inventories is carried at net realisable value.

12. TRADE RECEIVABLES

	THE GROUP	
	2013 RM'000	2012 RM'000
Trade receivables	38,089	36,569
Allowance for impairment losses:		
At 1 January	(3,284)	(3,271)
Addition during the financial year	(489)	(13)
At 31 December	(3,773)	(3,284)
	34,316	33,285
Accrued billings	78,780	49,205
	113,096	82,490

The Group's normal trade credit terms range from 30 to 60 (2012 : 30 to 60) days.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other receivables, deposits and prepayments	8,036	12,162	18	18
Allowance for impairment losses	(327)	(327)	-	-
	7,709	11,835	18	18

14. AMOUNT OWING BY CONTRACT CUSTOMERS

	THE GROUP	
	2013 RM'000	2012 RM'000
Contract costs incurred to-date	30,592	17,545
Attributable profits	19,603	16,225
	50,195	33,770
Progress billings	(35,657)	(15,625)
	14,538	18,145

15. 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.

16. AMOUNT OWING BY AN ASSOCIATE

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.

17. SHORT-TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Quoted unit trusts in Malaysia:-				
At fair value	532	4,230	528	2,022

18. 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 1.60% to 3.50% (2012 : 0.15% to 3.35%) per annum. The fixed deposits have maturity periods ranging from 1 month to 12 months (2012 : 1 to 12 months).

19. SHARE CAPITAL

	THE COMPANY			
	2013		2012	
	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	132,000	66,000	80,000	40,000
Private placement	-	-	8,000	4,000
Bonus issue	-	-	44,000	22,000
At 31 December	132,000	66,000	132,000	66,000

20. 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.

21. 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.

22. 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.

23. 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.

24. RETAINED PROFITS/(ACCUMULATED LOSSES)

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

25. LONG-TERM BORROWINGS

	THE GROUP	
	2013 RM'000	2012 RM'000
Hire purchase payables (Note 29)	449	529
Term loans (Note 30)	15,269	13,601
	15,718	14,130

26. TRADE PAYABLES

	THE GROUP	
	2013 RM'000	2012 RM'000
Trade payables	8,413	22,258
Accrued contract costs	54,096	47,821
	62,509	70,079

The normal trade credit terms granted to the Group range from 7 to 30 (2012 : 7 to 30) days.

27. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other payables	3,097	4,578	30	82
Accruals	3,473	3,767	46	46
	6,570	8,345	76	128

28. SHORT-TERM BORROWINGS

	THE GROUP	
	2013 RM'000	2012 RM'000
Hire purchase payables (Note 29)	160	161
Term loans (Note 30)	6,252	7,945
	6,412	8,106

29. HIRE PURCHASE PAYABLES

	THE GROUP	
	2013 RM'000	2012 RM'000
Future minimum hire purchase payments:		
- not later than one year	182	194
- later than one year but not later than five years	483	601
- later than five years	43	-
	708	795
Less: Future finance charges	(99)	(105)
Present value of hire purchase payables	609	690
Current (Note 28):		
- not later than one year	160	161
Non-current (Note 25):		
- later than one year but not later than five years	412	529
- later than five years	37	-
	449	529
	609	690

The hire purchase payables of the Group bore effective interest rates ranging from 4.65% to 5.75% (2012 : 4.65% to 5.75%) per annum at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

30. TERM LOANS

	THE GROUP	
	2013 RM'000	2012 RM'000
Current (Note 28):		
- repayable within one year	6,252	7,945
Non-current (Note 25):		
- repayable between one and two years	5,200	9,845
- repayable between two and five years	9,624	2,420
- repayable after five years	445	1,336
Total non-current	15,269	13,601
	21,521	21,546

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 - 1.00%	144	1 March 2008	1,365
2	Year 1 - RM19,812 Year 2 - RM23,435 Year 3 onwards - RM23,750	BLR - 3.35% BLR + 0% BLR - 1.00%	144	1 March 2008	1,328
3	Year 1 to 5 - RM30,901 Year 6 onwards - RM30,618	BLR - 1.50% BLR - 1.70%	120	25 May 2009	1,709
4	Year 1 to 4 - RM143,000	7%	42	15 July 2011	1,351
5	Year 1 to 4 - RM416,667	COF + 2.25%	48	5 March 2013	15,768
					21,521

30. TERM LOANS (CONT'D)

The term loans bore a weighted average effective interest rate of 6.06% (2012 : 6.15%) 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 RM15,426,598 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.

31. BANK OVERDRAFT

The bank overdraft bore an effective interest rate of 7.85% (2012 : 7.85%) per annum at the end of the reporting period and is secured in the same manner as term loan 5 disclosed in Note 30(d) to the financial statements.

32. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of approximately RM128,465,000 (2012 : RM98,084,000) divided by the number of ordinary shares at the end of the reporting period of 132,000,000 (2012 : 132,000,000) shares.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. REVENUE

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Services rendered	352,069	229,047	-	-
Contract revenue	17,728	31,478	-	-
Sales of goods	36,105	28,717	-	-
Dividend income	-	-	4,305	1,860
Management fee	-	-	180	180
	405,902	289,242	4,485	2,040

34. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Statutory audit fee:				
- for the financial year	198	148	46	46
- underprovision in the previous financial year	18	5	6	3
Non-statutory audit fee	6	43	6	43
Allowance for impairment losses on:				
- investment in a joint venture	-	1,500	-	-
- receivables	489	13	-	-
Bad debts written off	159	67	-	-
Depreciation of property, plant and equipment	4,617	3,388	-	-
Directors' fee	200	172	188	172
Directors' non-fee emoluments:				
- salaries, allowances and other benefits	3,506	2,563	10	14
- defined contribution plan	323	184	-	-
Interest expense:				
- bank overdrafts	400	144	-	-
- bank guarantee	358	200	-	-
- factoring	460	46	-	-
- hire purchase	27	25	-	-
- term loans	1,442	1,105	-	-
Loss on foreign exchange:				
- realised	325	313	8	-
- unrealised	-	355	-	-
Rental of premises	532	344	-	-
Rental of office equipment	128	174	-	-
Rental of forklift and cranes	105	95	-	-

34. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental of warehouse	15	14	-	-
Staff costs:				
- salaries, wages, bonuses, allowances and other benefits	19,516	15,142	-	-
- defined contribution plan	2,089	1,334	-	-
Gain on foreign exchange:				
- realised	(585)	(350)	-	(103)
- unrealised	(702)	(46)	-	-
Interest income	(378)	(394)	(23)	(22)
Rental income	(66)	-	-	-

35. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense:				
- for the current financial year	10,414	7,519	1,050	335
- (over)/underprovision in the previous financial year	(422)	5	-	325
	9,992	7,524	1,050	660
Deferred tax expense (Note 9):				
- for the current financial year	1,042	946	-	-
- under/(over)provision in the previous financial year	148	(227)	-	-
	1,190	719	-	-
	11,182	8,243	1,050	660

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

35. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before taxation	46,066	32,105	3,524	932
Tax at the statutory tax rate of 25% (2012 : 25%)	11,516	8,026	881	233
Tax effects of:-				
Non-deductible expenses	1,170	1,334	201	102
Non-taxable gains	(1,198)	(735)	(32)	-
Utilisation of tax losses not recognised previously	-	(181)	-	-
(Over)/Underprovision in the previous financial year				
- current tax	(422)	5	-	325
- deferred tax	148	(227)	-	-
Different tax rates in other countries	(32)	21	-	-
Tax for the financial year	11,182	8,243	1,050	660

36. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit after taxation attributable to the owners of the Company of approximately RM33,064,000 (2012 : RM22,183,000) by the weighted average number of ordinary shares in issue during the financial year of 132,000,000 (2012 : 130,077,000) ordinary shares.

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

37. DIVIDEND

	2013 RM	2012 RM
Single tier interim dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2013	2,640,000	-

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

38. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term investments (Note 17)	532	4,230	528	2,022
Fixed deposits with licensed banks (Note 18)	12,597	13,601	-	-
Cash and bank balances	24,381	23,879	304	773
Bank overdraft (Note 31)	(10,352)	(2,834)	-	-
	27,158	38,876	832	2,795

39. DIRECTORS' REMUNERATION

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors:				
- fee	12	-	-	-
- salaries and other emoluments	3,759	2,677	-	-
- benefits-in-kind	60	56	-	-
Non-executive directors:				
- fee	188	172	188	172
- other emoluments	10	14	10	14
	4,029	2,919	198	186

39. DIRECTORS' REMUNERATION (CONT'D)

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

	THE GROUP		THE COMPANY	
	2013 No. of Directors	2012 No. of Directors	2013 No. of Directors	2012 No. of Directors
Executive directors:				
- RM1,550,001 – RM1,600,000	1	-	-	-
- RM1,000,001 – RM1,050,000	1	-	-	-
- RM900,001 – RM950,000	-	1	-	-
- RM700,001 – RM750,000	1	-	-	-
- RM650,001 – RM700,000	-	1	-	-
- RM600,001 – RM650,000	-	1	-	-
- RM550,001 – RM600,000	1	-	-	-
- RM400,001 – RM450,000	-	1	-	-
- RM350,001 – RM400,000	-	-	-	-
- RM150,001 – RM200,000	-	-	-	-
Non-executive directors:				
- RM50,001 – RM100,000	2	3	2	3
- Below RM50,000	1	-	1	-
	7	7	3	3

40. CAPITAL COMMITMENTS

	THE GROUP	
	2013 RM'000	2012 RM'000
Approved and contracted for:		
- property, plant and equipment	20,412	633

41. CONTINGENT LIABILITY

	THE COMPANY	
	2013 RM'000	2012 RM'000
Secured:-		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	66,944	55,444

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

42. 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.

BUSINESS SEGMENTS

THE GROUP	SERVICES RM'000	TRADING RM'000	INVESTMENT HOLDING RM'000	ELIMINATIONS RM'000	THE GROUP RM'000
2013					
REVENUE					
External revenue	369,797	36,105	-	-	405,902
Inter-segment revenue	752	528	4,485	(5,765)	-
Total revenue	370,549	36,633	4,485	(5,765)	405,902
RESULTS					
Segment results	39,525	6,189	(961)	(158)	44,595
Finance costs					(3,112)
Share of profit in an associate					125
Share of profit in joint ventures					4,458
Profit from ordinary activities before taxation					46,066
Income tax expense					(11,182)
Profit from ordinary activities after taxation					34,884
Non-controlling interests					(1,820)
Net profit attributable to owners of the Company					33,064

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

42. 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
2013					
ASSETS					
Segment assets	181,331	24,669	72,740	(37,325)	241,415
Unallocated assets					91
					241,506
LIABILITIES					
Segment liabilities	(96,751)	(4,734)	(76)	-	(101,561)
Unallocated liabilities					(4,507)
					(106,068)
Depreciation	4,495	122	-	-	4,617
Capital expenditure	11,034	373	-	-	11,407
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 joint ventures					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

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

42. 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
2012					
ASSETS					
Segment assets	156,598	22,455	72,980	(41,052)	210,981
Unallocated assets					103
					211,084
LIABILITIES					
Segment liabilities	(96,016)	(7,350)	(128)	-	(103,494)
Unallocated liabilities					(4,234)
					(107,728)
Depreciation	3,249	139	-	-	3,388
Capital expenditure	9,646	12	-	-	9,658

GEOGRAPHICAL INFORMATION

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

	REVENUE 2013 RM'000	REVENUE 2012 RM'000	NON-CURRENT ASSETS 2013 RM'000	NON-CURRENT ASSETS 2012 RM'000
Malaysia	393,962	279,023	59,384	48,867
Thailand	11,311	8,523	127	33
Australia	629	1,696	9	16
	405,902	289,242	59,520	48,916

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.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

43. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(i) **Subsidiaries**				
Management fees	-	-	180	180
Dividend income	-	-	4,305	1,860
(ii) **Key management personnel (including directors)**				
Short-term employee benefits	8,750	6,689	198	186

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.

44. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

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

The Group's investments in foreign subsidiaries whose reporting and operations 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.

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

44. 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
2013				
Financial Assets				
Trade receivables	13,481	576	1,905	15,962
Other receivables and deposit	-	16	239	255
Fixed deposits with licensed banks	-	-	311	311
Cash and bank balances	9,624	892	1,580	12,096
	23,105	1,484	4,035	28,624
Financial Liabilities				
Trade payables	3,216	22	133	3,371
Other payables and accruals	1,212	73	154	1,439
	4,428	95	287	4,810
Net financial assets	18,677	1,389	3,748	23,814
Less: Net financial asset denominated in the respective entities functional currencies	-	(380)	(2,468)	(2,848)
Currency Exposure	18,677	1,009	1,280	20,966

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

44. 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
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

44. 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

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	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects On Profit After Taxation / Equity				
United States Dollar:				
- strengthened by 10%	1,401	1,129	-	-
- weakened by 10%	(1,401)	(1,129)	-	-
Australian Dollar:				
- strengthened by 10%	76	-	-	-
- weakened by 10%	(76)	-	-	-

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

44. 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	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects On Profit After Taxation / Equity				
Increase of 100 basis points (bp)	(229)	(160)	-	-
Decrease of 100 bp	229	160	-	-

44. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (cont'd)

(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.

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	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000
Effects On Profit After Taxation / Equity				
Increase of 5%	27	211	26	101
Decrease of 5%	(27)	(211)	(26)	(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 on allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

44. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (cont'd)

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers which constituted approximately 35% 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.

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Yemen	250	564	-	-
Thailand	941	1,397	-	-
Malaysia	107,634	72,904	-	-
Other	4,271	7,625	-	-
	113,096	82,490	-	-

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2013 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2013				
Not past due	100,744	-	-	100,744
Past due:				
- less than 3 months	8,507	-	-	8,507
- 3 to 6 months	1,748	-	-	1,748
- over 6 months	5,870	(3,773)	-	2,097
	116,869	(3,773)	-	113,096

44. FINANCIAL INSTRUMENTS (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
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

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.

(iii) Liquidity Risk

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

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

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

44. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Liquidity Risk (cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL ACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARs RM'000
2013						
Hire purchase payables	4.77	609	708	182	483	43
Term loans	5.90	21,521	24,078	7,434	16,181	463
Trade payables	-	62,509	62,509	62,509	-	-
Other payables and accruals	-	6,570	6,570	6,570	-	-
Bank overdraft	7.85	10,352	10,352	10,352	-	-
		101,561	104,217	87,047	16,664	506
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
THE COMPANY						
2013						
Other payables and accruals	-	76	76	76	-	-
2012						
Other payables and accruals	-	128	128	128	-	-

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

44. 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 debt-to-equity ratio is calculated as net debt divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

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

	THE GROUP	
	2013 RM'000	**2012 RM'000**
Hire purchase payables	609	690
Term loans	21,521	21,546
Bank overdraft	10,352	2,834
	32,482	25,070
Less: Short-term investments	(532)	(4,230)
Less: Fixed deposits with licensed banks	(12,597)	(13,601)
Less: Cash and bank balances	(24,381)	(23,879)
Excess of cash and cash equivalents	(5,028)	(16,640)
Total equity	135,438	103,356
Debt-to-equity ratio	N/A	N/A

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

44. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial Assets				
Available-for-sale financial asset				
Other investment	11	11	-	-
Loans and receivables financial assets				
Trade receivables	113,096	82,490	-	-
Other receivables and deposits	6,266	10,977	3	3
Amount owing by subsidiaries	-	-	27,010	25,265
Fixed deposits with licensed banks	12,597	13,601	-	-
Cash and bank balances	24,381	23,879	304	773
	156,340	130,947	27,317	26,041
Fair value through profit or loss				
Short-term investments	532	4,230	528	2,022
Financial Liabilities				
Other financial liabilities				
Hire purchase payables	609	690	-	-
Term loans	21,521	21,546	-	-
Trade payables	62,509	70,079	-	-
Other payables and accruals	6,570	8,345	76	128
Bank overdraft	10,352	2,834	-	-
	101,561	103,494	76	128

44. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Measurements

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 of the fair value hierarchy.

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	RM'000	RM'000
THE GROUP								
2013								
Financial Assets								
Other investment:								
- unquoted shares	-	-	-	-	-	-	#	11
Short-term investments:								
- quoted investments	532	-	-	-	-	-	532	532
Financial Liabilities								
Term loans	-	-	-	-	21,521	-	21,521	21,521
Hire purchase	-	-	-	-	609	-	609	609
2012								
Financial Assets								
Other investment:								
- unquoted shares	-	-	-		-		#	11
Short-term investments:								
quoted investments	4,230	-	-		-		4,230	4,230
Financial Liabilities								
Term loans	-	-	-		21,546		21,546	21,546
Hire purchase	-	-	-		690		690	690
THE COMPANY								
2013								
Financial Assets								
Short-term investments:								
- quoted investments	528	-	-	-	-	-	528	528
THE COMPANY								
2012								
Financial Assets								
Short-term investments:								
- quoted investments	2,022	-	-		-		2,022	2,022

The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

* Comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.

44. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Measurements (cont'd)

There were no transfer between level 1 and level 2 during the financial year.

(i) The fair values of quoted investments are measured at their quoted closing bid prices at the end of the reporting period.

(ii) The fair values of hire purchase payables and term loan are determined by discounting the relevant cash flow using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	THE GROUP	
	2013	**2012**
	%	**%**
Hire purchase payables	4.77	4.78
Term loan	5.90	6.15

There were no transfer between level 1 and level 2 during the financial year.

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

	THE GROUP	
	2013	**2012**
	%	**%**
Trade receivables	6	6

NOTES TO THE FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The details of the significant events during the financial year 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.

(iii) On 11 October 2013, the Group was awarded a contract from PETRONAS Carigali Sdn. Bhd. for the provision of a drilling project management team for PMU wells. The contract period is for one (1) year commencing from 17 September 2013 to 16 September 2014 with an extension option of 1 year.

(iv) On 4 November 2013, the Company accepted an offer from Mammoth Empire Estate Sdn. Bhd. to acquire a 12-storey commercial building with a total built-up area measuring approximately 38,901 square feet under Master Title H.S. (D) 256295, P.T. No. 47371 in the Mukim of Sungai Buloh, District of Petaling, State of Selangor for a purchase consideration of RM24 million.

(v) On 8 November 2013, the Company announced that the incorporation of its wholly owned subsidiary namely, Uzma energy Venture (Sarawak) Sdn. Bhd.

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

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

(i) On 7 January 2014, the Company announced that its wholly-owned subsidiary, Uzma Engineering Sdn. Bhd., had on 7th January 2014 entered into a Joint Venture Agreement ("JVA") with Chemical Tracer Services Sdn. Bhd. in connection with the provision of chemical tracer services for the offshore oil and gas sector via a joint venture company.

(ii) On 18 March 2014, the Company announced that its proposal to undertake the following:

   (a) a renouncable rights issue of up to 132,000,000 Rights Shares at an issue price of RM0.75 per Rights Share on the basis of one (1) Rights Share for every one (1) existing Share held in the Company at an entitlement date to be determined later after obtaining the approvals from all the relevant authorities and the shareholders of the Company ("Entitlement Date"); and

   (b) increase the authorised share capital of the Company from RM100,000,000 comprising 200,000,000 shares to RM250,000,000 comprising 500,000,000 shares and in consequence thereof, the Company's Memorandum of Association be amended accordingly.

(iii) On 1 April 2014, the Company announced that a contractor Group, that includes its wholly owned subsidiary, Uzma Energy Venture (Sarawak) Sdn. Bhd. and EQ Petroleum Developments Malaysia Sdn. Bhd. ("Contractor Group"), had on 27 March 2014 signed a Small Field Risk Service Contract with Petroliam Nasional Berhad to carry out the development and production of petroleum from the Tanjung Baram Fields.

47. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits /(accumulated losses):				
- realised	83,457	58,104	(5,235)	(5,069)
- unrealised	(1,637)	(1,028)	-	-
	81,820	57,076	(5,235)	(5,069)
Total share of retained profits of joint ventures:				
- realised	5,754	2,196	-	-
Total share of retained profits of an associate:				
- realised	125	-	-	-
Less: Consolidation adjustments	(7,371)	(9,368)	-	-
At 31 December	80,328	49,904	(5,235)	(5,069)

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 Seventh Annual General Meeting ("AGM") of the Company to be held at **Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 10 June 2014 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		
ORDINARY RESOLUTION 6		

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 ______________________ 2014

No. of ordinary shares held

____
Signature of Member / Common Seal

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 3 June 2014 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, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Please fold here to seal

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