

DELEUM BERHAD (715640-T)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

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DELEUM BERHAD (715640-T)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

RM'000	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	QUARTER ENDED	QUARTER ENDED	YEAR-TO-DATE ENDED	YEAR-TO-DATE ENDED
	30/6/2013	30/06/2012	30/6/2013	30/06/2012
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	112,485	110,199	198,987	192,975
Cost of sales	(77,438)	(85,482)	(144,031)	(144,393)
Gross profit	35,047	24,717	54,956	48,582
Other operating income	482	602	1,045	1,135
Selling and distribution costs	(5,364)	(4,289)	(10,012)	(8,467)
Administrative expenses	(11,543)	(9,207)	(20,942)	(17,394)
Other operating expenses	(904)	(442)	408	(679)
Profit from operation	17,718	11,381	25,455	23,177
Finance costs	(346)	(368)	(769)	(694)
Share of post tax profits of associates	3,816	4,458	7,646	8,263
Profit before tax	21,188	15,471	32,332	30,746
Income tax expense	(4,889)	(3,761)	(6,790)	(7,115)
Profit for the period	16,299	11,710	25,542	23,631
Other comprehensive income				
Currency translation differences	393	710	568	(603)
Total comprehensive income for the period	16,692	12,420	26,110	23,028
Profit attributable to:				
- Equity holders of the Company	13,800	8,748	20,637	18,766
- Non-controlling interests	2,499	2,962	4,905	4,865
	16,299	11,710	25,542	23,631
Total comprehensive income attributable to:				
- Equity holders of the Company	13,932	9,072	20,875	18,190
- Non-controlling interests	2,760	3,348	5,235	4,838
	16,692	12,420	26,110	23,028
Earnings per share (EPS) attributable to equity holders of the Company (sen)				
- Basic EPS	9.20	5.83	13.76	12.51
Number of shares issued	150,000	150,000	150,000	150,000

The above unaudited condensed interim consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013

RM'000	As at 30/6/2013	As at 31/12/2012
	Unaudited	Audited
ASSETS		
Property, plant and equipment	103,643	97,154
Investment properties	923	935
Intangible assets	1,615	1,619
Associates	43,590	46,526
Deferred tax assets	3,450	2,262
Non-current Assets	153,221	148,496
Inventories	16,443	15,867
Amounts due from associates	1,124	1,124
Trade receivables	115,893	141,881
Deferred cost	6,353	3,007
Other receivables, deposits and prepayments	13,582	18,024
Tax recoverable	3,051	4,803
Deposits with licensed banks	62,508	68,626
Cash and bank balances	11,502	12,191
Current Assets	230,456	265,523
TOTAL ASSETS	383,677	414,019
EQUITY AND LIABILITIES		
Share capital	150,000	150,000
Equity - share based payment	26	11
Retained earnings	125,097	119,460
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,285)	(3,523)
Equity attributable to equity holders of the Company	221,838	215,948
Non-controlling interests	29,234	30,347
Total Equity	251,072	246,295
Borrowings	1,923	3,368
Deferred tax liabilities	7,863	7,236
Non-current Liabilities	9,786	10,604
Trade payables	73,231	109,133
Deferred revenue	16,995	8,397
Other payables and accruals	13,142	18,371
Dividend payable	39	140
Taxation	5,050	5,487
Borrowings	14,362	15,592
Current Liabilities	122,819	157,120
Total Liabilities	132,605	167,724
TOTAL EQUITY AND LIABILITIES	383,677	414,019
Net assets per share attributable to equity holders of the Company (RM)		
	1.48	1.44
Number of shares issued	150,000	150,000

The above unaudited condensed interim consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013

RM'000	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity	
	Share capital	Share based payment	Currency translation differences	Merger deficit	Retained earnings			Total
At 1 January 2012	100,000	0	(2,597)	(50,000)	141,510	188,913	25,288	214,201
Total comprehensive income for the period	0	0	(576)	0	18,766	18,190	4,838	23,028
Dividend	0	0	0	0	(9,000)	(9,000)	(5,298)	(14,298)
Bonus issue	50,000	0	0	0	(50,000)	0	0	0
At 30 June 2012	<u>150,000</u>	<u>0</u>	<u>(3,173)</u>	<u>(50,000)</u>	<u>101,276</u>	<u>198,103</u>	<u>24,828</u>	<u>222,931</u>
At 1 January 2013	150,000	11	(3,523)	(50,000)	119,460	215,948	30,347	246,295
Total comprehensive income for the period	0	0	238	0	20,637	20,875	5,235	26,110
Dividend	0	0	0	0	(15,000)	(15,000)	(6,348)	(21,348)
Share based payment	0	15	0	0	0	15	0	15
At 30 June 2013	<u>150,000</u>	<u>26</u>	<u>(3,285)</u>	<u>(50,000)</u>	<u>125,097</u>	<u>221,838</u>	<u>29,234</u>	<u>251,072</u>

The above unaudited condensed interim consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013

RM'000	Quarter and year-to-date ended	
	30/6/2013	30/06/2012
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	234,812	169,899
Cash payments to suppliers	(164,200)	(102,536)
Cash payments to employees and for operating expenses	(55,139)	(33,248)
Cash generated from operations	15,473	34,115
Interest paid	(479)	(642)
Tax paid	(6,002)	(5,630)
Net cash generated from operating activities	8,992	27,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	597	834
Property, plant and equipment		
- Purchases	(3,959)	(4,723)
- Proceeds from disposals	133	178
- Deposits paid	(96)	0
Dividends received from associates	11,120	9,260
Net cash generated from investing activities	7,795	5,549
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(2,868)	(4,276)
Repayment of hire purchase under finance lease	(8)	0
Dividends paid to:		
- Shareholders	(15,000)	(9,000)
- Non-controlling interest	(6,348)	(5,298)
Increase in restricted cash	0	(8)
Net cash used in financing activities	(24,224)	(18,582)
Net (decrease) / increase in cash and cash equivalents	(7,437)	14,810
Effects of exchange rate changes	630	(488)
Cash and cash equivalents at beginning of period	80,293	70,088
Cash and cash equivalents at end of period	73,486	84,410
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	62,508	71,957
Cash and bank balances	11,502	12,972
	74,010	84,929
Restricted cash	(524)	(519)
Cash and cash equivalents at end of period	73,486	84,410

The above unaudited condensed interim consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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PART A, APPENDIX 9B OF LISTING REQUIREMENT
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

RM'000	INDIVIDUAL QUARTERS		CUMULATIVE QUARTERS	
	QUARTER	QUARTER	YEAR-TO-DATE	YEAR-TO-DATE
	ENDED	ENDED	ENDED	ENDED
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
(a) Interest income	(262)	(461)	(597)	(834)
(b) Other income including investment income	(220)	(141)	(448)	(301)
(c) Interest expense	346	368	769	694
(d) Depreciation and amortisation	4,048	3,415	7,658	7,088
(e) Reversal of provision for receivables	(321)	0	(433)	(32)
(f) Provision for receivables	32	0	32	0
(g) Foreign exchange loss/(gain)	738	533	(174)	130
(h) Reversal of provision for inventories	(3)	(11)	(8)	(39)
(i) Provision for liquidated damages	17	619	94	619

Other than as presented in the unaudited condensed interim consolidated statements of comprehensive income and as disclosed above, there were no impairment of assets and gain or loss on derivatives.

DELEUM BERHAD (715640-T)
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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2013**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards No.134 – “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the attached explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012. The results of the associates are based on management accounts.

The significant accounting policies and methods of computation applied in the unaudited interim financial report are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2012, together with the standards and amendments to published standards effective for financial year beginning on 1 January 2013 that are applicable and adopted by the Group as follows:

MFRS 10	Consolidated financial statements
MFRS 12	Disclosures of interests in other entities
MFRS 13	Fair value measurement
Revised MFRS 127	Separate financial statements
Revised MFRS 128	Investments in associates and joint ventures
Amendments to MFRS 101	Presentation of items of other comprehensive income
Amendments to MFRS 119	Employees benefits
Amendments to MFRS 7	Financial Instruments: Disclosures

The adoption of the above MFRSs and Amendments to MFRSs has no material impact to the Group.

The Group has not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) as these are effective for the financial periods beginning on or after 1 January 2014.

MFRS 9	Financial Instruments
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's operations are not affected by any significant seasonal or cyclical factors in the financial period under review. It should be noted that the Group operates predominantly in the oil and gas sector in Malaysia. Accordingly, the level of the Group's business activities is closely correlated with that of the oil and gas operators and contractors in Malaysia. Any change in their level of activities will likewise have an impact on the Group.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the financial year-to-date.

A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

The purchase price allocation on the acquisition of Deleum Primera Sdn. Bhd. ("DPSB") on 5 October 2012 was determined provisionally in the prior year. The fair value exercise and purchase price allocation in respect of the said acquisition was completed in the quarter ended 31 March 2013. The effect of the fair value adjustment during the financial year-to-date is as follows:

	Provisional 31/12/2012 RM'000	Final 31/3/2013 RM'000
Purchase consideration	3,180	3,088
Fair value of intangible assets which comprise of contracts and distributorship agreement	2,192	2,066
Deferred tax arising from fair valuation of intangible assets	(548)	(514)

The changes to the fair values of the intangible assets resulted in a write back of amortisation charged to the Income Statement of RM312,634 in the quarter ended 31 March 2013.

Save as disclosed above, there were no other material changes to estimates that had any material effect on the financial year-to-date results of the Group.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A5. EQUITY AND DEBT SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year-to-date.

A6. OUTSTANDING DERIVATIVES

The Group had not entered into any new type of derivative in the current interim quarter that was not disclosed in the preceding year's annual financial statements. In addition, the Group did not have any outstanding derivative as at 30 June 2013.

A7. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group did not have any financial liabilities measured at fair value through profit and loss as at 30 June 2013.

A8. DIVIDEND PAID

During the first quarter under review, the Company paid the following second interim single tier dividend of 10 sen per share of RM1.00 each on 150,000,000 ordinary shares, in respect of the financial year ended 31 December 2012.

	RM'000
Second interim single tier dividend of 10 sen per share on 150,000,000 ordinary shares, paid on 25 March 2013	<u>15,000</u>

No dividend was paid in the current quarter under review.

A9. SEGMENT INFORMATION

The segments of the Group are as follows:

- Power and Machinery – Mainly consists of provision of gas turbine packages, supply of gas turbine parts, gas turbine overhaul, maintenance and technical services, combined heat and power plant, supply, repair, maintenance and installation of valves and flow regulators and other production related equipment and services.
- Oilfield Services – Mainly consists of provision of wireline equipment and services, integrated wellhead maintenance services, oilfield chemicals, drilling equipment and services and other oilfield products and technical services.

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**UNAUDITED INTERIM FINANCIAL REPORT
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A9. SEGMENT INFORMATION (Cont'd)

- Maintenance, Repair and Overhaul – Mainly consists of repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps. Upon completion of the acquisition of DPSB on 5 October 2012, this segment has further expanded to include services in integrated corrosion, inspection and mitigation, primarily using Sponge Jet technology.

Tax expense is not allocated to the business segments as they are measured at the entity level.

Segmental information for the financial year-to-date ended 30 June 2013 is as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	86,090	83,733	151,678	135,108
Power and Machinery	86,090	83,733	151,678	135,108
Oilfield Services				
External revenue	17,830	24,071	35,412	52,151
Oilfield Services	17,830	24,071	35,412	52,151
Maintenance, Repair and Overhaul				
External revenue	8,565	2,395	11,897	5,716
Maintenance, Repair and Overhaul	8,565	2,395	11,897	5,716
Total Group revenue	112,485	110,199	198,987	192,975

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2013**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A9. SEGMENT INFORMATION (Cont'd)

	Individual Quarter ended		Cumulative Quarters ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
<u>Segment Results</u>				
Power and Machinery	15,239	11,947	21,988	21,910
Oilfield Services	2,074	2,053	5,091	5,358
Maintenance, Repair and Overhaul	2,277	(453)	2,116	(564)
Segment results	19,590	13,547	29,195	26,704
Unallocated income ^	95	81	240	201
Unallocated corporate expenses #	(2,313)	(2,615)	(4,749)	(4,422)
Share of results of associates	3,816	4,458	7,646	8,263
Tax expense	(4,889)	(3,761)	(6,790)	(7,115)
Profit for the financial period	16,299	11,710	25,542	23,631

^ Unallocated income comprises interest earned by the Company.

Unallocated corporate expenses represent the Company's corporate expenses including depreciation of property, plant and equipment of corporate assets that are not driven by business segments.

	As at 30/6/2013 RM'000	As at 31/12/2012 RM'000
<u>Segment Assets</u>		
Power and Machinery	182,470	194,463
Oilfield Services	96,619	100,013
Maintenance, Repair and Overhaul	18,723	18,609
Segment assets	297,812	313,085
Unallocated corporate assets ^	85,865	100,934
Total assets	383,677	414,019

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**UNAUDITED INTERIM FINANCIAL REPORT
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A9. SEGMENT INFORMATION (Cont'd)

	As at 30/6/2013 RM'000	As at 31/12/2012 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	89,397	103,584
Oilfield Services	14,608	32,197
Maintenance, Repair and Overhaul	3,959	6,252
Segment liabilities	107,964	142,033
Unallocated corporate liabilities #	24,641	25,691
Total liabilities	132,605	167,724

^ Unallocated corporate assets represent the Company's corporate assets including property, plant and equipment, investment properties, intangible assets, investment in associates, deferred tax assets and tax recoverable that are not driven by business segments.

Unallocated corporate liabilities represent the Company's corporate liabilities including deferred tax liabilities, taxation and dividend payable that are not driven by business segments.

A10. ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the current quarter ended 30 June 2013, the Group acquired property, plant and equipment with a cost of RM1.1 million (30 June 2012: RM3.5 million). During the cumulative quarters ended 30 June 2013, the Group acquired property, plant and equipment with a cost of RM14.3 million (30 June 2012: RM4.7 million) of which RM10.4 million (30 June 2012: Nil) was paid as deposits in previous financial year.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

There was no other material event after the end of the reporting date other than the following:

On 22 July 2013, the Company announced that Deleum Oilfield Services Sdn. Bhd. ("DOSSB"), a wholly-owned subsidiary of the Company, had received letters of award from PETRONAS Carigali Sdn Bhd, Newfield Peninsula Malaysia Inc., Newfield Sarawak Malaysia Inc., Newfield Sabah Malaysia Inc., ExxonMobil Exploration and Production Malaysia Inc., Petrofac (Malaysia-PM304) Limited and PCPP Operating Company Sdn Bhd under a joint tender exercise for the provision of slickline equipment and services for production-sharing contract ("PSC") operators' drilling programs and production operations ("Contracts").

The Contracts will not have any effect on the Company's issued and paid-up share capital and is expected to contribute positively to the earnings and net assets per share of the Group.

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**UNAUDITED INTERIM FINANCIAL REPORT
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial year-to-date.

A13. CONTINGENT LIABILITIES / ASSETS

As at 30 June 2013, the Group did not have any contingent liabilities or assets except for contingent liabilities for guarantees in respect of credit facilities from licensed financial institutions of RM7.5 million (31 December 2012: RM22.6 million) for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts.

A14. COMMITMENTS

Capital commitments for property, plant and equipment not provided for as at 30 June 2013 were as follows:

	As at 30/6/2013 RM'000	As at 31/12/2012 RM'000
Authorised but not contracted for	8,933	11,123
Authorised and contracted for	1,915	2,415
	10,848	13,538

A15. RELATED PARTY TRANSACTIONS

The following transactions were with a party related to a corporate shareholder of a subsidiary of the Group, Turboservices Sdn. Bhd.

	Individual Quarter ended		Cumulative Quarters ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Purchases and technical services from Solar Turbines International Company	35,478	50,529	93,184	77,728

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**UNAUDITED INTERIM FINANCIAL REPORT
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A15. RELATED PARTY TRANSACTIONS (Cont'd)

The following transactions were with a corporate shareholder and affiliate companies of a corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

	Individual Quarter ended		Cumulative Quarters ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Purchases from Dresser Italia S.R.L	30	114	243	318
Purchases from related parties of Dresser Italia S.R.L	5,615	4,493	9,874	7,203

The remuneration of the key management personnel during the quarter and year-to-date were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Directors' fees	233	188	465	376
Salaries, bonuses, allowances and other staff related expenses	1,809	1,206	3,566	2,433
Defined contribution plan	204	101	404	230
	2,246	1,495	4,435	3,039

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**UNAUDITED INTERIM FINANCIAL REPORT
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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

(A) Performance of the current quarter against the corresponding quarter

	Q2'13	Q2'12	Variance	Variance
Revenue	RM'000	RM'000	RM'000	%
Power and Machinery	86,090	83,733	2,357	2.8
Oilfield Services	17,830	24,071	(6,241)	(25.9)
Maintenance, Repair and Overhaul	8,565	2,395	6,170	257.6
	112,485	110,199	2,286	2.1

The revenue of the Power and Machinery segment increased by RM2.4 million compared to the corresponding quarter mainly attributable to the completion of oil and gas projects in the current quarter and from higher sales of gas turbine parts and repair services.

The Oilfield Services segment experienced a contraction in revenue of RM6.2 million in the current quarter largely due to lower sales of third party wireline jobs and related products.

The revenue contribution from the Maintenance, Repair and Overhaul segment expanded by RM6.2 million compared to the corresponding quarter mainly attributable to contribution of RM5.8 million from DPSB, a subsidiary acquired in the fourth quarter of 2012.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**

B1. PERFORMANCE REVIEW (Cont'd)

(B) Profit before tax for the current quarter against the corresponding quarter

	Q2'13	Q2'12	Variance	Variance
	RM'000	RM'000	RM'000	%
Power and Machinery	15,239	11,947	3,292	27.6
Oilfield Services	2,074	2,053	21	1.0
Maintenance, Repair and Overhaul	2,277	(453)	2,730	(602.6)
Segment results	19,590	13,547	6,043	44.6
Share of associates' results	3,816	4,458	(642)	(14.4)
Profit before tax	21,188	15,471	5,717	37.0

Power and Machinery segment recorded a result of RM15.2 million for the current quarter compared to RM11.9 million in the corresponding quarter. The improved result was mainly due to higher revenue from oil and gas projects deferred from the previous quarter. The increase was partially offset by lower earnings from exchange engines and field service representatives and operating expenses incurred mainly consisting of exhibition expenses of RM0.3 million and foreign exchange loss of RM0.8 million.

Oilfield Services segment result for the current quarter was unchanged compared to the corresponding quarter result of RM2.1 million despite a contraction in revenue which consisted mainly of lower margin third party wireline product sales.

Maintenance, Repair and Overhaul segment recorded a positive result of RM2.3 million for the current quarter as compared to a loss of RM0.5 million for the corresponding quarter and is largely attributable to profit contribution by DPSB.

Share of associates' results reduced from RM4.5 million for the corresponding quarter to RM3.8 million for the current quarter mainly attributable to lower contribution from Cambodia Utilities Pte. Ltd. due to reduced power dispatches.

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B1. PERFORMANCE REVIEW (Cont'd)

(C) Revenue of the current year-to-date against the corresponding year-to-date

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q2 '13 RM'000	Q2 '12 RM'000		
Revenue				
Power and Machinery	151,678	135,108	16,570	12.3
Oilfield Services	35,412	52,151	(16,739)	(32.1)
Maintenance, Repair and Overhaul	11,897	5,716	6,181	108.1
	198,987	192,975	6,012	3.1

Revenue from the Power and Machinery segment improved by RM16.6 million compared to the corresponding period. The change was mainly attributable to revenue generated by the completion of oil and gas projects, parts and services, exchange engines and deliveries of valves and flow regulators.

The Oilfield Services segment experienced a contraction in revenue of RM16.7 million during the current 6-months period largely due to the lower 3rd party sales and lower deployment of wireline equipment and services and related products of RM12 million. In addition, there was a one-off sale of critical spares under the wellhead maintenance contract of RM3.9 million in the corresponding cumulative quarters.

The revenue contribution from the Maintenance, Repair and Overhaul segment increased by RM6.2 million during the current 6-months period compared to the corresponding period mainly attributable to contribution of RM8.1 million from DPSB.

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B1. PERFORMANCE REVIEW (Cont'd)

(D) Profit before tax of the current year-to-date against the corresponding year-to-date

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q2 '13 RM'000	Q2 '12 RM'000		
Power and Machinery	21,988	21,910	78	0.4
Oilfield Services	5,091	5,358	(267)	(5.0)
Maintenance, Repair and Overhaul	2,116	(564)	2,680	(475.2)
Segment results	29,195	26,704	2,491	9.3
Share of associates' results	7,646	8,263	(617)	(7.5)
Profit before tax	32,332	30,746	1,586	5.2

The Group recorded a profit before tax of RM32.3 million for the current 6-months period compared to RM30.7 million in the corresponding 6-months period. The increase for the current period was largely due to higher segment results from the Maintenance, Repair and Overhaul segment.

Power and Machinery segment recorded a similarly comparable result of RM22.0 million for the current 6-months period and RM21.9 million in the corresponding 6-months period despite an increase in revenue mainly attributable to lower margin parts sale during the current quarter and higher number of head counts .

Oilfield Services segment registered a result of RM5.1 million for the current 6-months period compared to RM5.4 million in the corresponding 6-months period. Gross margin improved despite a contraction in revenue which consisted mainly of lower margin third party wireline product sales, offset by higher operating expenses predominantly from foreign exchange loss of RM0.4 million and exhibition expenses of RM0.3 million.

Maintenance, Repair and Overhaul segment recorded a profit of RM2.1 million for the current 6-months period compared to the corresponding 6-months period loss of RM0.6 million mainly attributable to higher profit contributed by DPSB.

Share of associates' results reduced by RM0.6 million attributable to lower contribution from Cambodia Utilities Pte. Ltd. due to lower power dispatches.

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B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAX AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PROFIT BEFORE TAX

	Q2 '13 RM'000	Q1 '13 RM'000	Variance RM'000	Variance %
Power and Machinery	15,239	6,749	8,490	125.8
Oilfield Services	2,074	3,017	(943)	(31.3)
Maintenance, Repair and Overhaul	2,277	(161)	2,438	(1,514.3)
Segment results	19,590	9,605	9,985	104.0
Share of associates' results	3,816	3,830	(14)	(0.4)
Profit before tax	21,188	11,144	10,044	90.1

The segments posted a higher result of RM19.6 million for the current quarter compared to RM9.6 million in the preceding quarter.

Power and Machinery segment recorded a result of RM15.2 million for the current quarter compared to RM6.7 million in the preceding quarter. The increase of RM8.5 million was mainly attributable to higher revenue from oil and gas projects and retrofit projects completed in the current quarter and higher margin from field service representatives and third party after-sales services. The increase in revenue and margin was partially negated by higher operating expenses incurred mainly due to exhibition expenses of RM0.3 million and foreign exchange loss of RM0.8 million.

Oilfield Services segment result of RM2.1 million for the current quarter was softer compared to RM3.0 million in the preceding quarter. The change was mainly attributable to lower deployment of wireline equipment and services, survey job, lower sales of drilling related products and services and higher operating expenses.

Maintenance, Repair and Overhaul segment recorded a profit of RM2.3 million for the current quarter against a loss of RM0.2 million recorded in the preceding quarter mainly attributable to an increase in profit contribution by DPSB on the back of higher revenue from higher margin projects completed during the quarter.

Share of associates' results for the current quarter is in line with the preceding quarter.

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B3. PROSPECTS

The mining sector in Malaysia is projected by Bank Negara Malaysia to expand by 5% in 2013 due to a recovery in the production of natural gas and supported by higher output of crude oil and condensates, the former is due to higher output of several gas fields offshore Sabah and the latter driven by commencement of production from marginal and new fields and new wells in Sabah, Sarawak and Terengganu. Based on the activities of PSC operators and contractors observed to date, the Group is positioned to participate in the expansion of exploration and production activities. In this regard, we disclosed in Note A11 that Oilfield Services segment received a boost in activity levels moving forward. These developments are beneficial to the overall performance of the Group for the remainder of the financial year.

B4. PROFIT FORECAST

The Group has not issued any profit forecast for the current financial year and therefore no comparison is available.

B5. INCOME TAX EXPENSE

	Individual Quarter ended		Cumulative Quarters ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Current tax – current year	5,815	3,259	7,273	5,953
Under/(Over) provision in prior year	45	0	45	(202)
Deferred tax – origination and reversal of temporary differences	(971)	502	(528)	1,364
Total income tax expense	4,889	3,761	6,790	7,115

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B5. INCOME TAX EXPENSE (Cont'd)

Including the associates' results which are presented net of tax, the effective tax rate of the Group for the financial period ended 30 June 2013 is lower than the statutory tax rate as shown below.

	Cumulative Quarters ended	
	30/6/2013 %	30/6/2012 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	25	25
<u>Tax effects of:</u>		
- Expenses not deductible for tax purposes	3	5
- Over provision in prior years	0	(1)
- Share of results of associates	(7)	(7)
- Deferred tax asset not recognised	0	1
Effective tax rate	21	23

B6. PROFIT ON SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties during the financial year-to-date.

B7. QUOTED SECURITIES

There were no sales or purchases of quoted securities during the financial year-to-date.

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B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 4 January 2013, the Company had accepted an offer made by NSE Resources Corporation (M) Sdn. Bhd. (“NSERC”) to subscribe for new shares to be issued by NSERC, representing 55% equity interests in NSERC (“Subscription Shares”) for a total consideration not exceeding RM23,100,000 (“Offer”). Save as disclosed in the preceding year fourth quarter announcement dated 26 February 2013, the assessment in relation to the Offer and discussions with NSERC and the stakeholders are still underway.

Other than as mentioned above, there is no corporate proposal announced which is not completed as of 15 August 2013 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B9. GROUP BORROWINGS

The amount of Group borrowings as at 30 June 2013 were as follows:

	Short Term RM ‘000	Long Term RM ‘000	Total RM ‘000
<u>30/6/2013</u>			
Borrowings - secured	4,562	1,923	6,485
- unsecured	9,800	0	9,800
	<u>14,362</u>	<u>1,923</u>	<u>16,285</u>
<u>31/12/2012</u>			
Borrowings - secured	5,792	3,368	9,160
- unsecured	9,800	0	9,800
	<u>15,592</u>	<u>3,368</u>	<u>18,960</u>

The borrowings were all denominated in Ringgit Malaysia.

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B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 30 June 2013.

B11. CHANGES IN MATERIAL LITIGATION

There was no material litigation as at 15 August 2013 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B12. DIVIDEND

The Directors, on 26 February 2013 declared a second interim single tier dividend of 10 sen per share of RM1.00 each in respect of the financial year ended 31 December 2012, totaling RM15,000,000. The dividend was paid on 25 March 2013.

The Board of Directors have, in respect of financial year ending 31 December 2013, declared a first interim single tier dividend of 6 sen per ordinary share (2012: 5 sen first interim single tier dividend per ordinary share on 150,000,000 ordinary shares) on 150,000,000 ordinary shares.

The dividend will be payable on 25 September 2013 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 10 September 2013.

A Depositor shall qualify for the entitlement only in respect of:-

- (i) shares transferred into the Depositor's securities account before 4.00 p.m, 10 September 2013 in respect of ordinary transfers: and
- (ii) shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia Listing Requirements.

Total dividend declared to date for the current financial year ending 31 December 2013 is 6 sen per ordinary share.

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B13. EARNINGS PER SHARE (“EPS”)

The calculations of basic earnings per share for the reporting periods are computed as follows:

RM '000	Individual Quarter ended		Cumulative Quarter ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Basic earnings per share				
Profit attributable to equity holders of the Company	13,800	8,748	20,637	18,766
Weighted average number of ordinary shares	150,000	150,000	150,000	150,000
Basic earnings per share	9.20 sen	5.83 sen	13.76 sen	12.51 sen

The diluted earnings per share for the Group is not presented as there is no dilutive potential ordinary shares during the current financial year-to-date under review.

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B14. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

RM'000	Cumulative Quarters Ended 30/6/2013	Cumulative Quarters Ended 31/12/2012
Total retained profits of the Company and its subsidiaries:		
Realised	117,148	107,601
Unrealised	(4,294)	(5,915)
	112,854	101,686
Total share of retained profits from associated companies:		
Realised	41,845	45,010
Unrealised	(3,401)	(3,091)
	38,444	41,919
Less: Consolidation adjustments	(26,201)	(24,145)
Total Group's retained profits	<u>125,097</u>	<u>119,460</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

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B15. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2012 was unqualified.

B16. AUTHORISATION OF ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated on 22 August 2013.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
22 August 2013