

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 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 31 DECEMBER 2013**

<b>RM'000</b>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>QUARTER</b>	<b>QUARTER</b>	<b>YEAR-TO-DATE</b>	<b>YEAR-TO-DATE</b>
	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Revenue	176,895	155,249	484,684	473,240
Cost of sales	(140,257)	(121,520)	(356,040)	(365,516)
Gross profit	36,638	33,729	128,644	107,724
Other operating income	460	924	2,381	2,703
Selling and distribution costs	(11,170)	(6,463)	(26,526)	(19,233)
Administrative expenses	(7,850)	(9,506)	(39,075)	(34,891)
Other operating expenses	(1,393)	(3,612)	(4,297)	(4,003)
Profit from operation	16,685	15,072	61,127	52,300
Finance costs	(413)	650	(1,509)	(408)
Share of post tax profits of associates	3,920	3,588	15,973	15,579
Profit before tax	20,192	19,310	75,591	67,471
Income tax expense	(3,550)	(2,588)	(16,930)	(13,257)
<b>Profit for the year</b>	<b>16,642</b>	<b>16,722</b>	<b>58,661</b>	<b>54,214</b>
<b>Other comprehensive income</b>				
<b>Currency translation differences</b>	<b>169</b>	<b>(61)</b>	<b>1,361</b>	<b>(1,359)</b>
<b>Total comprehensive income for the year</b>	<b>16,811</b>	<b>16,661</b>	<b>60,022</b>	<b>52,855</b>
<b>Profit attributable to:</b>				
- Equity holders of the Company	14,568	13,504	49,559	44,450
- Non-controlling interests	2,074	3,218	9,102	9,764
	16,642	16,722	58,661	54,214
<b>Total comprehensive income attributable to:</b>				
- Equity holders of the Company	14,406	13,474	49,940	43,524
- Non-controlling interests	2,405	3,187	10,082	9,331
	16,811	16,661	60,022	52,855
<b>Earnings per share (EPS) attributable to equity holders of the Company (sen)</b>				
- Basic EPS	9.71	9.00	33.04	29.63
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 31 DECEMBER 2013**

RM'000	As at 31/12/2013	As at 31/12/2012
	Unaudited	Audited
<b>ASSETS</b>		
Property, plant and equipment	132,758	97,154
Investment properties	912	935
Intangible assets	2,965	1,619
Associates	43,823	46,526
Deferred tax assets	2,781	2,262
<b>Non-current Assets</b>	<b>183,239</b>	<b>148,496</b>
Inventories	20,499	15,867
Amounts due from associates	1,714	1,124
Trade receivables	183,700	141,881
Deferred cost	13,829	3,007
Other receivables, deposits and prepayments	19,556	18,024
Tax recoverable	4,118	4,803
Restricted cash	526	524
Cash and cash equivalents	73,197	80,293
<b>Current Assets</b>	<b>317,139</b>	<b>265,523</b>
<b>TOTAL ASSETS</b>	<b>500,378</b>	<b>414,019</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	150,000	150,000
Equity - share based payment	43	11
Retained earnings	145,019	119,460
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,142)	(3,523)
Equity attributable to equity holders of the Company	241,920	215,948
Non-controlling interests	29,326	30,347
<b>Total Equity</b>	<b>271,246</b>	<b>246,295</b>
Borrowings	11,731	3,368
Deferred tax liabilities	7,786	7,236
<b>Non-current Liabilities</b>	<b>19,517</b>	<b>10,604</b>
Trade payables	146,616	109,133
Deferred revenue	20,036	8,397
Other payables and accruals	21,533	18,371
Dividend payable	520	140
Taxation	2,996	5,487
Borrowings	17,914	15,592
<b>Current Liabilities</b>	<b>209,615</b>	<b>157,120</b>
<b>Total Liabilities</b>	<b>229,132</b>	<b>167,724</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>500,378</b>	<b>414,019</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>1.61</b>	<b>1.44</b>
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.

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013**

	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity	
	-----Non-distributable-----		Distributable					
RM'000	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 year	0	0	(926)	0	44,450	43,524	9,331	52,855
Dividend	0	0	0	0	(16,500)	(16,500)	(5,296)	(21,796)
Bonus issue	50,000	0	0	0	(50,000)	0	0	0
Acquisition of subsidiary	0	0	0	0	0	0	1,024	1,024
Share based payment	0	11	0	0	0	11	0	11
At 31 December 2012	<u>150,000</u>	<u>11</u>	<u>(3,523)</u>	<u>(50,000)</u>	<u>119,460</u>	<u>215,948</u>	<u>30,347</u>	<u>246,295</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 year	0	0	381	0	49,559	49,940	10,082	60,022
Dividend	0	0	0	0	(24,000)	(24,000)	(11,103)	(35,103)
Share based payment	0	32	0	0	0	32	0	32
At 31 December 2013	<u>150,000</u>	<u>43</u>	<u>(3,142)</u>	<u>(50,000)</u>	<u>145,019</u>	<u>241,920</u>	<u>29,326</u>	<u>271,246</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 31 DECEMBER 2013**

<b>RM'000</b>	<b>Quarter and year-to-date ended</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	455,821	429,206
Cash payments to suppliers	(292,138)	(293,027)
Cash payments to employees and for operating expenses	(98,988)	(72,377)
Cash generated from operations	64,695	63,802
Interest paid	(1,035)	(1,103)
Tax paid	(19,685)	(10,979)
Tax refunded	1,015	0
<b>Net cash generated from operating activities</b>	<b>44,990</b>	<b>51,720</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,260	1,583
Amount due from associates	(4)	0
Property, plant and equipment		
- Purchases	(41,305)	(22,239)
- Proceeds from disposals	302	178
- Deposits paid	(5,886)	0
Purchase of intangible assets	(1,053)	0
Acquisition of subsidiary	0	(3,180)
Proceeds from reduction of capital in associate *	4,560	0
Dividends received from associates	15,416	12,294
<b>Net cash used in investing activities</b>	<b>(26,710)</b>	<b>(11,364)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Revolving credit facility drawdown	6,000	0
Term loan drawdown	9,996	0
Term loans repayments	(5,749)	(7,327)
Hire purchase under finance lease:		
- Proceeds	0	65
- Repayments	(22)	0
Dividends paid to:		
- Shareholders	(24,000)	(16,500)
- Non-controlling interest	(11,103)	(5,296)
Increase in restricted cash	(2)	(13)
<b>Net cash used in financing activities</b>	<b>(24,880)</b>	<b>(29,071)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,600)</b>	<b>11,285</b>
Effects of exchange rate changes	(496)	(1,080)
Cash and cash equivalents at beginning of year	80,293	70,088
<b>Cash and cash equivalents at end of year</b>	<b>73,197</b>	<b>80,293</b>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits	57,103	68,626
Cash and bank balances	16,620	12,191
	73,723	80,817
Restricted cash	(526)	(524)
<b>Cash and cash equivalents at end of year</b>	<b>73,197</b>	<b>80,293</b>

\* Reduction in share capital of an associate, Cambodia Utilities Pte. Ltd. pursuant to approval by relevant authorities.

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.

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 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 unaudited 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 financial 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
Amendments to MFRS 10,11 & 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
Annual improvements 2009-2011 cycle	

The Group has early adopted the following accounting standard:

Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
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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**

Other than as disclosed in note B14, there were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the financial year.

**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 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 customer 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 profit or loss 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 results of the Group for the financial year ended 31 December 2013.

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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.

**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 31 December 2013.

**A7. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2013.

**A8. DIVIDENDS PAID**

During the first quarter of the financial year, 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.

	<b>RM'000</b>
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>

During the third quarter of the financial year, the Company paid a first interim single tier dividend of 6 sen per share of RM1.00 each on 150,000,000 ordinary shares, in respect of the financial year ended 31 December 2013.

	<b>RM'000</b>
First interim single tier dividend of 6 sen per share on 150,000,000 ordinary shares, paid on 25 September 2013	<u>9,000</u>



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

**A9. SEGMENT INFORMATION**

The segments of the Group are as follows:

- Power and Machinery – Mainly consists of:-
  - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services;
  - Supply and commission combined heat and power plants; and
  - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment.
  
- Oilfield Services – Mainly consists of:-
  - Provision of wireline equipment and services;
  - Provision of integrated wellhead maintenance services;
  - Provision of oilfield chemicals, and
  - Provision of drilling equipment and services and other oilfield products and technical services.
  
- Maintenance, Repair and Overhaul – Mainly consists of:-
  - Repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps; and
  - 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.

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

**A9. SEGMENT INFORMATION (Cont'd)**

Segmental information for the financial year ended 31 December 2013 is as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	146,444	139,061	382,189	379,467
Power and Machinery	146,444	139,061	382,189	379,467
Oilfield Services				
External revenue	20,879	7,695	75,201	76,938
Oilfield Services	20,879	7,695	75,201	76,938
Maintenance, Repair and Overhaul				
External revenue	9,572	8,493	27,294	16,835
Maintenance, Repair and Overhaul	9,572	8,493	27,294	16,835
Total Group revenue	176,895	155,249	484,684	473,240

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

**A9. SEGMENT INFORMATION (Cont'd)**

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
<u>Segment Results</u>				
Power and Machinery	21,224	21,342	64,048	58,127
Oilfield Services	(1,249)	(1,459)	7,286	5,063
Maintenance, Repair and Overhaul	161	(628)	1,869	(987)
Segment results	20,136	19,255	73,203	62,203
Unallocated income ^	66	205	414	668
Unallocated corporate expenses #	(3,930)	(3,738)	(13,999)	(10,979)
Share of results of associates	3,920	3,588	15,973	15,579
Tax expense	(3,550)	(2,588)	(16,930)	(13,257)
Profit for the financial period	16,642	16,722	58,661	54,214

^ 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 31/12/2013 RM'000	As at 31/12/2012 RM'000
<u>Segment Assets</u>		
Power and Machinery	252,327	194,463
Oilfield Services	141,891	100,013
Maintenance, Repair and Overhaul	24,363	18,609
Segment assets	418,581	313,085
Unallocated corporate assets ^	81,797	100,934
Total assets	500,378	414,019

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

**A9. SEGMENT INFORMATION (Cont'd)**

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	139,158	103,584
Oilfield Services	58,131	32,197
Maintenance, Repair and Overhaul	8,185	6,252
Segment liabilities	205,474	142,033
Unallocated corporate liabilities #	23,658	25,691
Total liabilities	229,132	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 AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

During the current and cumulative quarters ended 31 December 2013, the acquisitions and disposals of property, plant and equipment and intangible assets by the Group are as follows:

	Individual Quarter Ended		Cumulative Quarters Ended	
	30/12/2013 RM'000	30/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Acquisitions at cost: -				
- Property, plant and equipment	34,820	2,992	51,976	11,638
- Intangible assets	377	0	1,053	0
Disposals at net book value: -				
- Property, plant and equipment	0	0	186	93

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

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

There was no other material event after the end of the reporting date.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A13. CONTINGENT LIABILITIES / ASSETS**

As at 31 December 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 RM21.4 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 31 December 2013 were as follows:

	<b>As at 31/12/2013 RM'000</b>	<b>As at 31/12/2012 RM'000</b>
Authorised but not contracted for	120,995	11,123
Authorised and contracted for	75,812	2,415
	196,807	13,538

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

**A15. RELATED PARTY DISCLOSURES**

(a) 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	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Purchases and technical services from Solar Turbines International Company	100,113	77,890	243,121	253,649

Significant outstanding balance arising from the above transactions as at 31 December 2013 is as follows:

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Amount due to Solar Turbines International Company	81,846	49,129

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Sales to related parties of Dresser Italia S.R.L	2	0	2	2
Purchases from Dresser Italia S.R.L	145	60	443	429
Purchases from related parties of Dresser Italia S.R.L	3,173	6,904	17,242	17,183

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

**A15. RELATED PARTY TRANSACTIONS (Cont'd)**

Significant outstanding balance arising from the above transactions as at 31 December 2013 is as follows:

	<b>As at 31/12/2013 RM'000</b>	<b>As at 31/12/2012 RM'000</b>
Amount due to related parties of Dresser Italia S.R.L.	3,841	3,204

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

	<b>Individual Quarter ended</b>		<b>Cumulative Quarters ended</b>	
	<b>31/12/2013 RM'000</b>	<b>31/12/2012 RM'000</b>	<b>31/12/2013 RM'000</b>	<b>31/12/2012 RM'000</b>
Directors' fees	227	233	924	812
Salaries, bonuses, allowances and other staff related expenses	4,757	4,387	10,244	8,157
Defined contribution plan	559	531	1,160	920
	5,543	5,151	12,328	9,889

**A16. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

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 interest in NSERC ("Subscription Shares") for a total consideration not exceeding RM23,100,000.

The proposed subscription has been terminated effective 30 September 2013. In view of the uncertainty on the collectability of the Earnest Deposit, the Company has made a provision for doubtful debts amounting to RM3.8 million representing the entire sum of the Earnest Deposit.

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**B1. PERFORMANCE REVIEW**

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

<b>Revenue</b>	Q4'13 RM'000	Q4'12 RM'000	Variance RM'000	Variance %
Power and Machinery	146,444	139,061	7,383	5.3
Oilfield Services	20,879	7,695	13,184	171.3
Maintenance, Repair and Overhaul	9,572	8,493	1,079	12.7
	<u>176,895</u>	<u>155,249</u>	<u>21,646</u>	<u>13.9</u>

Revenue of the **Power and Machinery** segment expanded by RM7.4 million quarter on quarter due to better performance from parts and services and exchange engines of RM23 million offset by lower revenue from retrofit projects of RM19 million due to timing of commencement and completion of projects.

The **Oilfield Services** segment experienced a revenue increase of RM13.2 million in the current quarter largely due to improvement from wireline activities and drilling related products of RM11.4 million as oil and gas activities in Malaysia continue to expand driven by PETRONAS drilling programme.

The revenue contribution from the **Maintenance, Repair and Overhaul** segment increased by RM1.1 million compared to the corresponding quarter mainly attributable to activities of Deleum Primera Sdn. Bhd. ("DPSB"), a subsidiary acquired in the fourth quarter of 2012.



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**B1. PERFORMANCE REVIEW (Cont'd)**

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

	Q4'13 RM'000	Q4'12 RM'000	Variance RM'000	Variance %
Power and Machinery	21,224	21,342	(118)	(0.6)
Oilfield Services	(1,249)	(1,459)	210	(14.4)
Maintenance, Repair and Overhaul	161	(628)	789	(125.6)
Segment results	<u>20,136</u>	<u>19,255</u>	<u>881</u>	<u>4.6</u>
Share of associates' results	<u>3,920</u>	<u>3,588</u>	<u>332</u>	<u>9.3</u>
Profit before tax	<u>20,192</u>	<u>19,310</u>	<u>882</u>	<u>4.6</u>

Profit before tax increased by RM0.9 million over the corresponding quarter due to better performance from the Maintenance, Repair and Overhaul segment.

Despite an increase in revenue, the results of the **Power and Machinery** segment was broadly similar due to lower margin contribution from retrofit projects and on account of higher staff related costs.

Whilst revenue increased by RM13.2 million, the **Oilfield Services** segment registered a loss of RM1.2 million compared with a loss of RM1.5 million in the corresponding quarter. The negative result was mainly due to higher staff related costs, management fees and foreign exchange losses.

**Maintenance, Repair and Overhaul** segment recorded a profit of RM0.2 million for the current quarter as compared to a loss of RM0.6 million in the corresponding quarter in line with higher revenue and margin achieved during the current quarter.

**Share of associates' results** increased from RM3.6 million in the corresponding quarter to RM3.9 million for the current quarter and was mainly attributable to higher throughput from Malaysian Mud and Chemicals Sdn. Bhd. ("MMC") by RM0.5 million, offset by lower contribution from Cambodia Utilities Pte. Ltd. ("CUPL") of RM0.2 million.

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**B1. PERFORMANCE REVIEW (Cont'd)**

(C) Revenue of the current year against the corresponding year

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4 '13 RM'000	Q4 '12 RM'000		
<b>Revenue</b>				
Power and Machinery	382,189	379,467	2,722	0.7
Oilfield Services	75,201	76,938	(1,737)	(2.3)
Maintenance, Repair and Overhaul	27,294	16,835	10,459	62.1
	484,684	473,240	11,444	2.4

The favorable variances of the **Power and Machinery** segment were attributable to higher marketing fees earned in connection with the provision of an offshore facility of RM9.4 million offset by lower revenue contribution from the retrofit projects.

The **Oilfield Services** segment experienced a reduction in revenue of RM1.7 million during the current year which was largely due to lower third party wireline sales and lower deployment of wireline equipment and services and related products.

The revenue contribution from the **Maintenance, Repair and Overhaul** segment increased by RM10.5 million during the current year compared to the corresponding year and was mainly attributable to the increase in contribution of RM9.8 million from DPSB.

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**B1. PERFORMANCE REVIEW (Cont'd)**

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4 '13 RM'000	Q4 '12 RM'000		
Power and Machinery	64,048	58,127	5,921	10.2
Oilfield Services	7,286	5,063	2,223	43.9
Maintenance, Repair and Overhaul	1,869	(987)	2,856	(289.4)
Segment results	73,203	62,203	11,000	17.7
Share of associates' results	15,973	15,579	394	2.5
Profit before tax	75,591	67,471	8,120	12.0

The Group recorded a profit before tax of RM75.6 million for the year compared to RM67.5 million in last year. The increase for the current year was largely due to improved results from all segments.

**Power and Machinery** segment recorded a result of RM64.0 million for the current year against RM58.1 million in the corresponding year mainly attributable to marketing fees earned in connection with the provision of an offshore facility of RM9.4 million offset by higher marketing and promotion costs.

**Oilfield Services** segment registered a result of RM7.3 million for the current year compared to RM5.1 million in the corresponding year. Margin improved despite a contraction in revenue which during the corresponding year had consisted mainly of lower margin third party wireline product sales and the one-off sale of critical spares under the wellhead maintenance contract.

**Maintenance, Repair and Overhaul** segment recorded a profit of RM1.9 million for the current year compared to a loss of RM1.0 million in the corresponding year mainly attributable to a full year's profit contribution from DPSB of RM2.9 million offset by a loss of RM1.0 million in Deleum Rotary Services Sdn. Bhd..

**Share of associates' results** for the current financial year is broadly similar to the corresponding year. Profit contribution from MMC was much higher by RM1.7 million but offset by reduced contribution from CUPL of RM1.3 million.

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

	Q4 '13 RM'000	Q3 '13 RM'000	Variance RM'000	Variance %
Power and Machinery	21,224	20,836	388	1.9
Oilfield Services	(1,249)	3,444	(4,693)	(136.3)
Maintenance, Repair and Overhaul	161	(408)	569	(139.5)
Segment results	<u>20,136</u>	<u>23,872</u>	<u>(3,736)</u>	<u>(15.7)</u>
Share of associates' results	<u>3,920</u>	<u>4,407</u>	<u>(487)</u>	<u>(11.1)</u>
Profit before tax	<u>20,192</u>	<u>23,067</u>	<u>(2,875)</u>	<u>(12.5)</u>

The segments results for the current quarter decreased mainly due to lower performance from the Oilfield Services segment.

**Power and Machinery** segment recorded a result of RM21.2 million for the current quarter as compared with the results of RM20.8 million in the preceding quarter. There was minimal change in the results despite higher revenue of RM62.4 million and the margin arising therefrom was offset by higher marketing fees of RM7.7 million earned in the preceding quarter.

**Oilfield Services** segment result for the current quarter was a loss of RM1.2 million against RM3.4 million profits in the preceding quarter. The unfavorable variance was mainly attributable to lower profit contribution from lower segment revenue of RM2.0 million and higher staff related cost of RM2.8 million.

**Maintenance, Repair and Overhaul** segment recorded a gain of RM0.2 million for the current quarter against a loss of RM0.4 million in the preceding quarter mainly attributable to higher revenue of RM3.7 million mainly contributed by DPSB.

**Share of associates' results** decreased from RM4.4 million in the preceding quarter to RM3.9 million in the current quarter mainly attributable to lower throughput from MMC by RM0.9 million but mitigated by higher contribution from CUPL by RM0.4 million.

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**B3. PROSPECTS**

In the financial year just ended, the Malaysian oil and gas sector experienced good growth on the back of strong exploration and production activities undertaken by PETRONAS in its drive to enhance the domestic oil and gas production. This trend is expected to continue and points to another year of growth ahead, thereby enhancing the Group's opportunity to participate and contribute positively to the Group's performance.

**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**

Current income tax is calculated at the statutory rate of 25% of the assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's statutory rate of 25% effective year of assessment 2016. The computation of the deferred tax as at 31 December 2013 has reflected these changes.

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Current tax – current year	4,426	4,836	16,885	13,946
(Over)/under provision in prior year	(60)	54	(21)	206
Deferred tax – origination and reversal of temporary differences	(816)	(2,302)	66	(895)
<b>Total income tax expense</b>	<b>3,550</b>	<b>2,588</b>	<b>16,930</b>	<b>13,257</b>

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**B5. INCOME TAX EXPENSE (CONT.)**

Including the associates' results which are presented net of tax, the effective tax rate of the Group for the financial year ended 31 December 2013 is lower than the statutory tax rate as shown below.

	<b>Cumulative Quarters ended</b>	
	<b>31/12/2013</b> %	<b>31/12/2012</b> %
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	1
- Share of results of associates	(5)	(6)
- Change in statutory tax rate	(1)	0
Effective tax rate	22	20

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

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

**B7. QUOTED SECURITIES**

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

**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There is no corporate proposal announced which is not completed as of 18 February 2014 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

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**B9. GROUP BORROWINGS**

The Group borrowings as at 31 December 2013 were as follows:

	<b>Short Term RM '000</b>	<b>Long Term RM '000</b>	<b>Total RM '000</b>
<b><u>31/12/2013</u></b>			
Borrowings - secured	2,114	11,731	13,845
- unsecured	15,800	0	15,800
	<u>17,914</u>	<u>11,731</u>	<u>29,645</u>
<b><u>31/12/2012</u></b>			
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.

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There was no off balance sheet financial instrument as at 31 December 2013.

**B11. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as at 18 February 2014 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

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**B12. DIVIDEND**

The Board of Directors have, in respect of financial year ended 31 December 2013, declared a second interim single tier dividend of 11.0 sen per share on 150,000,000 ordinary shares.

The dividend will be payable on 26 March 2014 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 13 March 2014.

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

- (i) shares transferred into the Depositor’s securities account before 4 p.m. on 13 March 2014 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 for the current financial year ended 31 December 2013 is 17.0 sen per ordinary share. There will be no final dividend declared for the financial year ended 31 December 2013.

**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	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company	14,568	13,504	49,559	44,450
Weighted average number of ordinary shares	150,000	150,000	150,000	150,000
Basic earnings per share	9.71 sen	9.00 sen	33.04 sen	29.63 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 under review.



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**B14. PROFIT BEFORE TAX**

The following items have been charged/(credited) in arriving at profit before tax:

RM '000	Individual Quarter ended		Cumulative Quarter ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Interest income	(329)	(276)	(1,260)	(1,583)
Other income including investment income	(131)	(648)	(1,121)	(1,120)
Interest expenses	323	289	1,120	1,223
Depreciation and amortisation	4,332	5,011	15,732	15,755
Reversal of provision for trade receivables	(33)	0	(1,461)	(32)
Provision for trade receivables	20	1,383	767	1,383
Provision for other receivables	0	0	3,800	0
Loss on disposal of quoted investments	0	258	0	258
Foreign exchange losses	1,022	749	133	575
Provision for inventories	225	38	225	38
Reversal of provision for inventories	(1)	0	(11)	(41)
Provision for liquidated damages	46	10	157	636
Reversal of provision for liquidated damages	0	(523)	(260)	(523)
Gain on disposals of property, plant and equipment	(3)	0	(117)	(84)

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

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**B15. 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:

<b>RM'000</b>	<b>Cumulative Quarters Ended 31/12/2013</b>	<b>Cumulative Quarters Ended 31/12/2012</b>
Total retained profits of the Company and its subsidiaries:		
Realised	132,994	107,601
Unrealised	(6,574)	(5,915)
	126,420	101,686
Total share of retained profits from associated companies:		
Realised	45,429	45,010
Unrealised	(3,540)	(3,091)
	41,889	41,919
Less: Consolidation adjustments	(23,290)	(24,145)
Total Group's retained profits	145,019	119,460

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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**B16. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

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

**B17. 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 25 February 2014.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)  
Lim Hooi Mooi (MAICSA no. 0799764)  
Company Secretaries  
Kuala Lumpur  
25 February 2014