

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2015**

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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 2015

RM'000	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	QUARTER ENDED	QUARTER ENDED	YEAR-TO-DATE ENDED	YEAR-TO-DATE ENDED
	30/06/2015	30/06/2014 Restated	30/06/2015	30/06/2014 Restated
	Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations				
Revenue	181,935	162,501	317,802	263,860
Cost of sales	(137,482)	(121,718)	(244,457)	(193,457)
Gross profit	44,453	40,783	73,345	70,403
Other operating income	422	314	1,086	828
Selling and distribution costs	(7,384)	(7,260)	(15,075)	(13,949)
Administrative expenses	(13,257)	(13,074)	(25,590)	(24,175)
Other operating (losses) / gains	(454)	962	359	895
Operating profit	23,780	21,725	34,125	34,002
Finance costs	(1,985)	(714)	(3,972)	(1,111)
Share of results of a joint venture (net of tax)	613	0	613	0
Share of results of associates (net of tax)	1,689	3,933	5,256	7,899
Profit before tax	24,097	24,944	36,022	40,790
Income tax expense	(4,741)	(5,970)	(7,414)	(9,377)
Profit from continuing operations	19,356	18,974	28,608	31,413
Discontinued operation				
(Loss) / profit from discontinued operation, (net of tax) (B14)	0	(171)	1,041	(284)
Profit for the period	19,356	18,803	29,649	31,129
Other comprehensive income				
Currency translation differences	149	(159)	484	(243)
Total comprehensive income for the period	19,505	18,644	30,133	30,886
Profit attributable to:				
- Equity holders of the Company	17,088	15,939	25,316	25,692
- Non-controlling interests	2,268	2,864	4,333	5,437
	19,356	18,803	29,649	31,129
Total comprehensive income attributable to:				
- Equity holders of the Company	17,149	15,864	25,483	25,579
- Non-controlling interests	2,356	2,780	4,650	5,307
	19,505	18,644	30,133	30,886
Earnings per share (EPS) attributable to equity holders of the Company (sen)				
- Basic EPS (Restated)				
- From continuing operations	4.27	4.02	6.07	6.49
- From discontinued operation	0.00	(0.04)	0.26	(0.07)
	<u>4.27</u>	<u>3.98</u>	<u>6.33</u>	<u>6.42</u>
- Diluted EPS				
- From continuing operations	4.25	4.01	6.04	6.47
- From discontinued operation	0.00	(0.04)	0.26	(0.07)
	<u>4.25</u>	<u>3.97</u>	<u>6.30</u>	<u>6.40</u>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

RM'000	As at 30/06/2015 Unaudited	As at 31/12/2014 Audited
ASSETS		
Property, plant and equipment	233,978	229,723
Investment properties	877	888
Intangible assets	3,167	3,235
Joint venture	26,860	0
Associates	46,432	40,645
Deferred tax assets	5,886	2,839
Non-current Assets	317,200	277,330
Inventories	22,633	28,302
Amounts due from associates	2	4,335
Amount due from a joint venture	234	0
Trade receivables	206,607	226,667
Deferred cost	3,353	8,393
Other receivables, deposits and prepayments	15,746	17,693
Tax recoverable	3,584	4,410
Restricted cash	8,618	723
Cash and cash equivalents	84,571	75,016
	345,348	365,539
Assets classified as held for sale	0	27,266
Current Assets	345,348	392,805
TOTAL ASSETS	662,548	670,135
EQUITY AND LIABILITIES		
Share capital	200,000	200,000
Equity - share based payment	580	0
Retained earnings	133,159	127,843
Merger deficit	(50,000)	(50,000)
Foreign currency translation	(2,883)	(3,050)
Equity attributable to equity holders of the Company	280,856	274,793
Non-controlling interests	28,051	30,129
Total Equity	308,907	304,922
Borrowings	92,270	104,587
Deferred tax liabilities	17,143	15,888
Non-current Liabilities	109,413	120,475
Trade payables	149,109	135,441
Deferred revenue	3,026	8,245
Other payables and accruals	22,279	46,937
Amounts due to associates	6,623	0
Amount due to a joint venture	332	0
Dividend payable	1,734	530
Taxation	757	816
Borrowings	60,368	50,784
	244,228	242,753
Liabilities classified as held for sale	0	1,985
Current Liabilities	244,228	244,738
Total Liabilities	353,641	365,213
TOTAL EQUITY AND LIABILITIES	662,548	670,135

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2015

	←----- Attributable to equity holders of the Company ----->						Non-controlling interests	Total equity	
	Issued and fully paid ordinary shares of RM0.50 each / RM1.00 each		-----Non-distributable-----		Distributable	Total			
	Number of shares '000	Nominal value RM'000	Share based payment RM'000	Foreign currency translation RM'000	Merger deficit RM'000				Retained earnings RM'000
At 1 January 2014	150,000	150,000	43	(3,142)	(50,000)	145,019	241,920	29,326	271,246
Profit for the financial period	0	0	0	0	0	25,692	25,692	5,437	31,129
Other comprehensive income for the period	0	0	0	(113)	0	0	(113)	(130)	(243)
Total comprehensive income for the period	0	0	0	(113)	0	25,692	25,579	5,307	30,886
Share based payment	0	0	17	0	0	0	17	0	17
Dividend	0	0	0	0	0	(16,500)	(16,500)	(7,245)	(23,745)
Bonus issue	50,000	50,000	0	0	0	(50,000)	0	0	0
At 30 June 2014	<u>200,000</u>	<u>200,000</u>	<u>60</u>	<u>(3,255)</u>	<u>(50,000)</u>	<u>104,211</u>	<u>251,016</u>	<u>27,388</u>	<u>278,404</u>
At 1 January 2015	400,000	200,000	0	(3,050)	(50,000)	127,843	274,793	30,129	304,922
Profit for the financial period	0	0	0	0	0	25,316	25,316	4,333	29,649
Other comprehensive income for the period	0	0	0	167	0	0	167	317	484
Total comprehensive income for the period	0	0	0	167	0	25,316	25,483	4,650	30,133
Share based payment	0	0	580	0	0	0	580	0	580
Dividend	0	0	0	0	0	(20,000)	(20,000)	(6,728)	(26,728)
At 30 June 2015	<u>400,000</u>	<u>200,000</u>	<u>580</u>	<u>(2,883)</u>	<u>(50,000)</u>	<u>133,159</u>	<u>280,856</u>	<u>28,051</u>	<u>308,907</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2015

RM'000	QUARTER AND YEAR-TO-DATE ENDED	
	30/06/2015	30/06/2014
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	29,649	31,129
<u>Adjustments for:</u>		
Impairment for doubtful debts:		
- impairment made	347	798
- write back of impairment	(301)	(436)
Allowance for slow moving inventories:		
- impairment made		
Amortisation of intangible assets	434	316
Amortisation of financial guarantee liabilities	(4)	0
Amortisation cost on financial liabilities	0	8
Depreciation:		
- property, plant and equipment	13,930	8,817
- investment properties	11	12
Bad debts written off:		
- trade receivables	105	0
Provisions for liquidated damages		
- provisions made	2	247
Gain on disposals of property, plant and equipment	(11)	0
Write-off:		
- property, plant and equipment	6	1
- inventories	0	18
Interest income	(581)	(538)
Finance cost	4,000	1,183
Share based payment expense	580	17
Share of results of associates	(5,256)	(7,899)
Share of results of a joint venture	(613)	0
Tax expense	7,392	9,285
Unrealised foreign exchange losses / (gains)	176	(212)
Gain from sale of discontinued operation	(1,127)	0
Operating profit before working capital changes	48,720	42,693
<u>Changes in working capital</u>		
Inventories	5,688	(4,544)
Trade receivables	17,406	1,544
Deferred cost	5,040	(7,185)
Other receivables, deposits and prepayments	1,001	(2,604)
Trade payables	14,305	(1,627)
Other payables and accruals	(24,899)	12,950
Deferred revenue	(5,219)	3,918
Cash generated from operation	62,042	45,145
Tax paid	(8,453)	(8,903)
Tax refunded	0	2,470
Interest received	576	541
Interest paid	(3,978)	(1,183)
Net cash generated from operating activities	50,187	38,070

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2015 (CONTINUED)

RM'000	QUARTER AND YEAR-TO-DATE ENDED	
	30/06/2015	30/06/2014
	Unaudited	Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Purchases	(18,142)	(59,451)
- Proceeds from disposals	186	0
- Deposits paid	0	(13,539)
Purchases of intangible assets	(365)	(523)
Dividend received from associates	4,332	11,500
Amount due from a joint venture	(234)	0
Amount due to associates	6,623	0
Amount due to a joint venture	168	0
Net cash used in investing activities	(7,432)	(62,013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Drawn down	7,500	0
- Repayment	(6,000)	0
Term loan		
- Drawn down	0	61,444
- Repayment	(6,299)	(1,585)
Drawdown of loan against import	1,934	0
Repayment of hire purchase under finance lease	(17)	(16)
Dividends paid to:		
- Shareholders	(19,567)	(16,500)
- Non-controlling interest	(5,956)	(7,245)
Increase in restricted cash	(7,895)	(106)
Net cash (used in) / generated from financing activities	(36,300)	35,992
Net increase in cash and cash equivalents	6,455	12,049
Foreign currency translation	3,277	(416)
Disposal of discontinued operation (B14)	(5,878)	0
Cash and cash equivalents at beginning of period	80,717	73,197
Cash and cash equivalents at end of period	84,571	84,830
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	68,937	66,082
Cash and bank balances	24,252	19,380
	93,189	85,462
Restricted cash	(8,618)	(632)
Cash and cash equivalents at end of period	84,571	84,830

The above consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 PERIOD ENDED 30 JUNE 2015**

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 2014 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 2014 except as described below.

Joint venture

The Group’s interest in the joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interest in joint venture is initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income.

Share-based payment transactions

The Group operates an equity settled share-based compensation plan under which the Group receives services from employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of the share awards is recognised as an expense with a corresponding increase to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards granted, excluding the impact of any service and non-market performance vesting conditions.

Associates

The results of the associates are based on unaudited management accounts. The power generating facility operated by Cambodia Utilities Pte. Ltd. (“CUPL”) under a build, operate and transfer agreement with Electricite Du Cambodge expired on 8 May 2015.

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

A1. BASIS OF PREPARATION (Cont'd)

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 2014. The amendments to published standards effective for financial year beginning on 1 January 2015 that are applicable and adopted by the Group as follows:

- Annual Improvements to MFRS 2010 – 2012 Cycle (Amendments to MFRS 2 Share Based Payment, MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures and MFRS 138 Intangible Assets)
- Annual Improvements to MFRS 2011 – 2013 Cycle (Amendments to MFRS 3 Business Combination, MFRS 13 Fair Value Measurement and MFRS 140 Investment Property)
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions

The adoption of the above Annual improvements and Amendments to MFRS do not have a material impact to the Group for the financial year ending 31 December 2015.

The Group has not early adopted the following accounting standards and amendments to published standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) as these are effective for the financial period beginning on or after 1 January 2016.

Amendments to MFRS 116	Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
Amendments to MFRS 138	Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
Amendments to MFRS 10	Consolidated Financial Statements (effective 1 January 2016)
Amendments to MFRS 128	Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates/Joint Ventures (effective 1 January 2016)
Amendments to MFRS 127	Separate Financial Statements – Equity Accounting in Separate Financial Statements (effective 1 January 2016)
Amendments to MFRS 101	Disclosure Initiative (effective 1 January 2016)
Annual improvements to MFRS 2012 – 2014 cycle (effective 1 January 2016)	
MFRS 15	Revenue from Contracts with Customers (effective 1 January 2017)
MFRS 9	Financial instruments (effective 1 January 2018)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2015**

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

A1. BASIS OF PREPARATION (Cont'd)

The initial application of the abovementioned accounting standards and amendments to published standards are not expected to have any material impacts to the financial statements of the Group except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 Revenue and MFRS 111 Construction Contracts and related interpretations.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's operations are not affected by any significant seasonal or cyclical factors in the financial year 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 significant 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 the expiration of CUPL's build, operate and transfer agreement as disclosed in Note B10, 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

There were no material changes to estimates that have had any material effect on the financial year-to-date results.

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.

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

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 2015.

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 30 June 2015.

A8. DIVIDENDS PAID

During the first quarter under review, the Company paid the following second interim single tier dividend of 5 sen per share of RM0.50 each on 400,000,000 ordinary shares, in respect of the financial year ended 31 December 2014.

	RM'000
Second interim single tier dividend of 5 sen per share on 400,000,000 ordinary shares, paid on 26 March 2015	<u>20,000</u>

No dividend was paid in the current quarter under review.

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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

The segments of the Group are as follows:

- Power and Machinery (“P&M”) – Mainly consists of:-
 - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewals and retrofit;
 - Supply and commission combined heat and power plants;
 - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment; and
 - Repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps.
- Oilfield Services (“OS”) – Mainly consists of:-
 - Provision of slickline 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.
- Integrated Corrosion Solution (“ICS”) – Mainly consists of:-
 - Provision of integrated corrosion and inspection services, blasting technology and services for tanks, vessels, structures and piping.
- Other non-reportable segment comprises management fees charged to a joint venture which does not meet the quantitative thresholds for reporting segment in 2015.

During the current quarter under review, Maintenance, Repair and Overhaul (“MRO”) segment was renamed to Integrated Corrosion Solution and the results of Deleum Rotary Services Sdn. Bhd. (“DRSSB”) which were previously reported under MRO segment was reclassified to P&M segment. Management believes the integration of DRSSB into P&M segment will create more synergy as DRSSB can look into providing inter function support especially in the area of maintenance and repair of generator sets and compressor. The change in reportable segment is also in line with the way resource allocation is assessed by the Chief Operating Decision Maker who is also the Group Managing Director. Accordingly, prior period segment information had been restated to reflect the change.

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

A9. SEGMENT INFORMATION (Cont'd)

Segmental information for the financial period ended 30 June 2015 was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 Restated RM'000	30/06/2015 RM'000	30/06/2014 Restated RM'000
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	130,004	125,406	226,517	196,681
Power and Machinery	130,004	125,406	226,517	196,681
Oilfield Services				
External revenue	39,695	34,356	76,437	59,272
Oilfield Services	39,695	34,356	76,437	59,272
Integrated Corrosion Solution				
External revenue	12,157	2,739	14,769	7,907
Integrated Corrosion Solution	12,157	2,739	14,769	7,907
Other non-reportable segment				
External revenue	79	0	79	0
Other non-reportable segment	79	0	79	0
Total Group revenue	181,935	162,501	317,802	263,860

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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	
	30/06/2015 RM'000	30/06/2014 Restated RM'000	30/06/2015 RM'000	30/06/2014 Restated RM'000
<u>Segment Results</u>				
Power and Machinery	14,715	14,855	25,737	24,233
Oilfield Services	8,384	9,412	10,946	15,183
Integrated Corrosion Solution	1,047	(436)	(1,884)	(31)
Other non-reportable segment	4	0	4	0
Segment results	24,150	23,831	34,803	39,385
Unallocated income ^	30	63	56	116
Unallocated corporate expenses #	(2,385)	(2,883)	(4,706)	(6,610)
Share of results of a joint venture *	613	0	613	0
Share of results of associates *	1,689	3,933	5,256	7,899
Tax expense *	(4,741)	(5,970)	(7,414)	(9,377)
Profit from continuing operations	19,356	18,974	28,608	31,413
(Loss) / profit from discontinued operation, net of tax	0	(171)	1,041	(284)
Profit for the financial period	19,356	18,803	29,649	31,129

^ Unallocated income comprised mainly interest earned by the Group.

Unallocated corporate expenses represented the Group's corporate expenses including depreciation of property, plant and equipment of corporate assets that were not charged to business segments.

* Tax expense, results of joint venture and associates were not allocated to the business segments as they were measured at the entity level.

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

A9. SEGMENT INFORMATION (Cont'd)

	As at 30/06/2015	As at 31/12/2014
	RM'000	Restated RM'000
<u>Segment Assets</u>		
Power and Machinery	230,898	249,413
Oilfield Services	301,545	303,991
Integrated Corrosion Solution	28,168	14,959
Segment assets	560,611	568,363
Unallocated corporate assets ^	101,937	74,506
Assets classified as held for sale	0	27,266
Total assets	662,548	670,135

	As at 30/06/2015	As at 31/12/2014
	RM'000	Restated RM'000
<u>Segment Liabilities</u>		
Power and Machinery	130,382	135,620
Oilfield Services	176,466	201,573
Integrated Corrosion Solution	18,705	5,002
Segment liabilities	325,553	342,195
Unallocated corporate liabilities #	28,088	21,033
Liabilities classified as held for sale	0	1,985
Total liabilities	353,641	365,213

^ Unallocated corporate assets represented the Group's corporate assets including property, plant and equipment, investment properties, intangible assets, investment in joint venture and associates, deferred tax assets and tax recoverable that were not allocated by business segments.

Unallocated corporate liabilities represented the Group's corporate liabilities including deferred tax liabilities, taxation and dividend payable that were not allocated by business segments.

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

A10. ACQUISITIONS AND DISPOSALS OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current and cumulative quarters ended 30 June 2015, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Acquisitions at cost: -				
- Plant and equipment	6,027	27,929	18,142	61,845
- Intangible assets	216	219	365	523
Disposals at net book value: -				
- Plant and equipment	12	0	175	0

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

Except for the subscription agreement entered into between Turboservices Overhaul Sdn. Bhd. ("TOSB") and Solar Turbines International Company ("STICO") which resulted in TOSB becoming a joint venture 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 2015, the Group did not have any contingent liabilities or assets except for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts of RM30.2 million (31 December 2014: RM26.2 million).

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A14. COMMITMENTS

(a) Capital commitment

Capital commitments for property, plant and equipment and intangible assets not provided for as at 30 June 2015 were as follows:

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Authorised but not contracted for		
- Plant and machinery	21,044	37,813
- Land and building	9,000	10,800
- Others	9,169	9,948
Authorised and contracted for		
- Plant and machinery	6,368	14,181
- Others	147	465
	45,728	73,207

(b) Operating lease commitment

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments were as follows:

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Within one year	686	660
Between two to five years	432	432
More than five years	63	117
	1,181	1,209

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A15. RELATED PARTY DISCLOSURES

- (a) The following transactions were with a corporate shareholder of a subsidiary of the Group, Turboservices Sdn. Bhd.

	Individual Quarter ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Purchases and technical services from STICO	89,720	84,315	145,166	118,871

Significant outstanding balance arising from the above transactions as at 30 June 2015 was as follows:

	30/06/2015 RM'000	31/12/2014 RM'000
Amount due to STICO	59,666	48,040

- (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	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Purchases from Dresser Italia S.R.L	0	5	0	108
Purchases from related parties of Dresser Italia S.R.L	4,740	4,931	11,244	8,940

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A15. RELATED PARTY TRANSACTIONS (Cont'd)

Significant outstanding balance arising from the above transactions as at 30 June 2015 was as follows:

	30/06/2015 RM'000	31/12/2014 RM'000
Amount due to related parties of Dresser Italia S.R.L	2,085	3,555

(c) TOSB is a joint venture between Deleum Berhad and STICO and the related party transactions during the period were as follows:

	Individual Quarter ended		Cumulative Quarters Ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Sales to STICO	2,115	0	2,115	0
Rental income from affiliate company of STICO	207	0	207	207

Significant outstanding balance arising from the above transactions as at 30 June 2015 were as follows:

	30/06/2015 RM'000	31/12/2014 RM'000
Amount due from STICO	1,771	0
Amount due from affiliate company of STICO	69	0

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A15. RELATED PARTY TRANSACTIONS (Cont'd)

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

	Individual Quarter ended		Cumulative Quarters Ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Directors' fees	240	232	491	465
Salaries, bonuses, allowances and other staff related expenses	2,519	1,935	5,018	3,977
Defined contribution plan	245	217	505	452
	3,004	2,384	6,014	4,894

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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

	Q2'15	Q2'14	Variance	Variance
	RM'000	Restated RM'000	RM'000	%
Revenue				
Power and Machinery	130,004	125,406	4,598	3.7
Oilfield Services	39,695	34,356	5,339	15.5
Integrated Corrosion Solution	12,157	2,739	9,418	343.8
Other non-reportable segment	79	0	79	100.0
	181,935	162,501	19,434	12.0

Group revenue in the current quarter expanded by RM19.4 million compared with the corresponding quarter with improvement from all segments.

The **Power and Machinery** segment recorded an increase in revenue of RM4.6 million against the corresponding quarter mainly attributable to higher revenue contribution from exchange engines of RM13.9 million and fleet management system and training of RM2.3 million offset by lower retrofit revenue of RM10.7 million.

The **Oilfield Services** segment experienced a revenue increase of RM5.3 million in the current quarter largely due to improvement from slickline activities of RM5.6 million on account of the Pan Malaysia Slickline Contracts.

The revenue contribution from the **Integrated Corrosion Solution** segment experienced an increase of RM9.4 million compared to the corresponding quarter due to the improved work orders for corrosion protection and maintenance.

Other non-reportable segment comprised provision of management services to the joint venture.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Q2'15	Q2'14 Restated	Variance	Variance
	RM'000	RM'000	RM'000	%
Power and Machinery	14,715	14,855	(140)	(0.9)
Oilfield Services	8,384	9,412	(1,028)	(10.9)
Integrated Corrosion Solution	1,047	(436)	1,483	340.1
Other non-reportable segment	4	0	4	100.0
Segment results	24,150	23,831	319	1.3
Share of results of a joint venture	613	0	613	100.0
Share of results of associates	1,689	3,933	(2,244)	(57.1)
Profit before tax	24,097	24,944	(847)	(3.4)

Profit before tax decreased by RM0.8 million from RM24.9 million in the corresponding quarter to RM24.1 million in the current quarter due to lower contributions from the associates.

The results of the **Power and Machinery** segment were lower by RM0.1 million mainly attributable to higher forex losses of RM0.4 million.

Whilst higher revenue was recorded by the **Oilfield Services** segment, the results were lower by RM1.0 million mainly attributable to higher interest expense of RM1.1 million in line with the full drawdown of term loan facility at the end of previous financial year.

The **Integrated Corrosion Solution** segment results were higher by RM1.5 million due to improved work orders for corrosion protection and maintenance.

Share of results of joint venture was contributed from overhaul and repairs of gas turbines.

Share of results of associates decreased from RM3.9 million in the corresponding quarter to RM1.7 million for the current quarter and was attributable to lower throughput from Malaysian Mud And Chemicals Sdn. Bhd. ("2MC") by RM1.4 million on the back of lower drilling activities. Contribution from CUPL decreased by RM0.8 million with the expiration of the build, operate and transfer agreement with Electricite Du Cambodge on 8 May 2015.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q2'15 RM'000	Q2'14 Restated RM'000		
Revenue				
Power and Machinery	226,517	196,681	29,836	15.2
Oilfield Services	76,437	59,272	17,165	29.0
Integrated Corrosion Solution	14,769	7,907	6,862	86.8
Other non-reportable segment	79	0	79	100.0
	<u>317,802</u>	<u>263,860</u>	<u>53,942</u>	<u>20.4</u>

Group revenue for the current 6-month period expanded by RM53.9 million compared with the corresponding period with improvement recorded by all segments.

The **Power and Machinery** segment recorded an increase in revenue of RM29.8 million compared to the corresponding period. The improvement was mainly attributable to higher revenue contribution from parts and repairs of RM12.3 million and exchange engines of RM19.4 million offset by lower revenue from sales of gas turbine packages of RM1.3 million due to the completion of certain oil and gas projects.

The **Oilfield Services** segment revenue increased by RM17.2 million in the current 6-month period and was largely due to improvement from slickline activities of RM14.3 million on account of the Pan Malaysia Slickline Contracts and higher level of oilfield chemicals activities of RM2.7 million.

The revenue contribution from the **Integrated Corrosion Solution** segment increased by RM6.9 million compared to the corresponding period due to improved work orders for corrosion protection and maintenance.

Other non-reportable segment comprised provision of management services to a joint venture.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q2'15 RM'000	Q2'14 Restated RM'000		
Power and Machinery	25,737	24,233	1,504	6.2
Oilfield Services	10,946	15,183	(4,237)	(27.9)
Integrated Corrosion Solution	(1,884)	(31)	(1,853)	(5977.4)
Other non- reportable segment	4	0	4	100.0
Segment results	34,803	39,385	(4,582)	(11.6)
Share of results of a joint venture	613	0	613	100.0
Share of results of associates	5,256	7,899	(2,643)	(33.5)
Profit before tax	36,022	40,790	(4,768)	(11.7)

The Group recorded profit before tax of RM36.0 million for the current 6-months period compared to RM40.8 million in the corresponding period. The reduction was mainly attributable to lower contributions from the Oilfield Services segment, the Integrated Corrosion Solution segment and associates.

The results of the **Power and Machinery** segment were higher by RM1.5 million on the back of higher revenue earned.

The **Oilfield Services** segment recorded a lower profit of RM4.2 million and was mainly attributable to higher forex losses of RM1.5 million and higher interest expense of RM2.7 million in line with the full drawdown of term loan facility at the end of previous financial year.

The **Integrated Corrosion Solution** segment posted a higher loss of RM1.9 million for the current period mainly attributable to lower margins earned and higher manpower costs on account of lower work orders secured than planned.

Share of results of joint venture was contributed from overhaul and repairs of gas turbines.

Share of results of associates decreased from RM7.9 million in the corresponding quarter to RM5.3 million for the current quarter mainly attributable to lower throughput from 2MC by RM2.3 million and CUPL by RM0.4 million.

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

	Q2'15	Q1'15 Restated	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue				
Power and Machinery	130,004	96,513	33,491	34.7
Oilfield Services	39,695	36,742	2,953	8.0
Integrated Corrosion Solution	12,157	2,612	9,545	365.4
Other non-reportable segment	79	0	79	100.0
	181,935	135,867	46,068	33.9

	Q2'15	Q1'15 Restated	Variance	Variance
	RM'000	RM'000	RM'000	%
Power and Machinery	14,715	11,022	3,693	33.5
Oilfield Services	8,384	2,562	5,822	227.2
Integrated Corrosion Solution	1,047	(2,931)	3,978	(135.7)
Other non-reportable segment	4	0	4	100.0
Segment results	24,150	10,653	13,497	126.7
Share of results of a joint venture	613	0	613	100.0
Share of results of associates	1,689	3,567	(1,878)	(52.6)
Profit before tax	24,097	11,925	12,172	102.1

The Group recorded profit before tax of RM24.1 million for the current quarter compared to RM11.9 million for the preceding quarter. The improvement was due to higher revenue earned which expanded by RM46.1 million from RM135.8 million to RM181.9 million.

Power and Machinery segment recorded a profit of RM14.7 million for the current quarter compared with RM11.0 million in the preceding quarter. The favorable variance was mainly attributable to higher margins derived from oil and gas packages, parts and repairs, field service representatives and retrofits projects.

Oilfield Services segment recorded a profit of RM8.4 million for the current quarter compared with RM2.6 million in the preceding quarter. The results were mainly attributable to lower costs to serve arising from cost saving initiative.

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B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAX AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PROFIT BEFORE TAX (CONT'D)

Integrated Corrosion Solution segment recorded a profit of RM1.0 million for the current quarter compared with a loss of RM2.9 million in the preceding quarter. The improvement in results were attributable to higher corrosion protection and maintenance where revenue rose from RM2.6 million to RM12.2 million in the current quarter.

Share of results of joint venture was contributed from overhaul and repairs of gas turbines.

Share of results of associates decreased by RM1.9 million attributable to attributable to lower throughput from 2MC by RM0.7 million and CUPL by RM1.2 million.

B3. PROSPECTS

Global oil prices continued to come under downward pressure and are expected to stay low mainly on account of the imbalance between supply and demand. In Malaysia, crude oil production rose from 613,000 barrels per day in October 2014 to 697,000 barrels in March 2015. The continued increase in production had ensured a steady stream of production related activities that the Group was able to participate in. Against this backdrop, the Group reported improved revenue in the quarter across all segments albeit at reduced margins. Moving forward, the remaining half of the financial year and the operating environment is even more challenging as oil prices continue to move downwards and is currently trading at less than USD50 per barrel and oil prices are not expected to recover anytime soon. Management continues to monitor the situation and had adopted measures to address the impact of lower oil prices through cost containment and moderating capital expenditure.

B4. PROFIT FORECAST

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

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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 30 June 2014 and 2015 had reflected this change.

	Individual Quarter ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Current tax – current year	4,068	4,768	9,279	6,424
Over provision in prior year	(74)	(17)	(74)	(17)
Deferred tax – origination and reversal of temporary differences	747	1,219	(1,791)	2,970
Total income tax expense	4,741	5,970	7,414	9,377

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B5. INCOME TAX EXPENSE (Cont'd)

Including the joint venture's and associates' results which were presented net of tax, the effective tax rate of the Group for the financial period ended 30 June 2015 was lower than the statutory tax rate as shown below.

	Cumulative Quarters ended	
	30/06/2015 %	30/06/2014 %
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	0	3
- Share of results of associates	(4)	(5)
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 19 August 2015, the Company announced that Deleum Services Sdn. Bhd. (“DSSB”), a wholly-owned subsidiary of the Company, had entered into a Share Sale Agreement (“SSA”) with Tan Sri Dato’ Seri Abdul Ghani Bin Abdul Aziz (“Tan Sri”), a shareholder of Delcom Holdings Sdn. Bhd. (“DHSB”) to acquire 20,000 ordinary shares of RM1.00 each in DHSB, representing 20% equity interest of DHSB from Tan Sri for a total cash consideration of RM3,169,000.

Provided always that there is no material breach or non-observance of any of the terms and conditions of the SSA by DSSB and Tan Sri, the completion shall take place not later than fourteen (14) business days from the date of SSA, unless otherwise mutually extended.

Other than as disclosed above, there is no corporate proposal announced which is not completed as of 19 August 2015.

B9. JOINT VENTURE

	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Group’s share of net assets of joint venture	26,860	0

In the opinion of the Directors, TOSB is a material joint venture to the Group of which the Group has an effective equity interest of 80.55%. The joint venture is incorporated in Malaysia and provides gas turbine overhaul and maintenance services. TOSB has share capital consisting of ordinary shares and redeemable convertible preference shares, which are held directly by the Group.

TOSB is a private company and there is no quoted market price available for its shares.

Subsequent to the Subscription Agreement with STICO on 30 March 2015, TOSB became a joint venture of the Group. Consequent to the change in TOSB’s status, TOSB’s results and its net assets thereafter shall be accounted for under the equity method of accounting.

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B9. JOINT VENTURE (CONT'D)

Summarised statement of comprehensive income

	TOSB	
	Quarter and	
	year-to-date ended	
	30/06/2015	30/06/2014
	RM'000	RM'000
Profit before tax	1,054	0
Income tax expense	(293)	0
Profit for the period	<u>761</u>	<u>0</u>
Interest in joint venture (80.55%) Share of results	<u>613</u>	<u>0</u>

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B10. ASSOCIATES

	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Group's share of net assets of associates	46,432	41,742

In the opinion of the Directors, 2MC and CUPL are material associates to the Group. The Group's effective equity interest in the associates, the nature of the relationship and country of incorporation are set out in the audited financial statements for the financial year ended 31 December 2014. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

Both associates are private companies and there is no quoted market price available for its shares.

The power generating facility operated by CUPL under a build, operate and transfer agreement with Electricite Du Cambodge expired on 8 May 2015. Upon its expiration, the Company will continue to equity account for the results of CUPL until it ceases to be an associate. The Company's interest in CUPL at that date will be represented by current assets which are expected to be liquidated and returned to the Company in the form of cash. The share of results from this associate and its contribution to the profit attributable to the shareholders of the Company in the financial period ended 30 June 2015 amounted to RM3,144,000 (30 June 2014: RM3,501,000) and RM1,886,400 (30 June 2014: RM2,100,600) respectively.

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B10. ASSOCIATES (Cont'd)

Summarised statement of comprehensive income

	2MC		CUPL		Total	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000
Profit before tax	3,144	9,084	5,386	9,706	8,530	18,790
Income tax expense	(908)	(2,312)	(522)	(875)	(1,430)	(3,187)
Profit for the period	<u>2,236</u>	<u>6,772</u>	<u>4,864</u>	<u>8,831</u>	<u>7,100</u>	<u>15,603</u>
Interest in associates (32%; 20%) Share of results	<u>716</u>	<u>2,167</u>	<u>973</u>	<u>1,766</u>	<u>1,689</u>	<u>3,933</u>

	2MC		CUPL		Total	
	Year-to-date ended 30/06/2015 RM'000	Year-to-date ended 30/06/2014 RM'000	Year-to-date ended 30/06/2015 RM'000	Year-to-date ended 30/06/2014 RM'000	Year-to-date ended 30/06/2015 RM'000	Year-to-date ended 30/06/2014 RM'000
Profit before tax	8,805	18,390	17,143	19,080	25,948	37,470
Income tax expense	(2,206)	(4,645)	(1,422)	(1,574)	(3,628)	(6,219)
Profit for the financial year	<u>6,599</u>	<u>13,745</u>	<u>15,721</u>	<u>17,506</u>	<u>22,320</u>	<u>31,251</u>
Interest in associates (32%; 20%) Share of results	<u>2,112</u>	<u>4,398</u>	<u>3,144</u>	<u>3,501</u>	<u>5,256</u>	<u>7,899</u>

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B11. GROUP BORROWINGS

The Group borrowings as at 30 June 2015 were as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
<u>30/06/2015</u>			
Borrowings - secured	29,568	92,270	121,838
- unsecured	30,800	0	30,800
	<u>60,368</u>	<u>92,270</u>	<u>152,638</u>
<u>31/12/2014</u>			
Borrowings - secured	18,484	104,587	123,071
- unsecured	32,300	0	32,300
	<u>50,784</u>	<u>104,587</u>	<u>155,371</u>

The borrowings were all denominated in Ringgit Malaysia.

	Note	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Revolving credits	(i)	33,800	32,300
Finance lease liabilities	(ii)	54	71
Term loan	(iii)	116,850	123,000
Loans against import	(iv)	1,934	0
		<u>152,638</u>	<u>155,371</u>
Less: Amount repayable within 12 months			
Revolving credits		(33,800)	(32,300)
Finance lease liabilities		(34)	(34)
Term loan		(24,600)	(18,450)
Loans against import		(1,934)	(0)
		<u>(60,368)</u>	<u>(50,784)</u>
Amount repayable after 12 months		<u>92,270</u>	<u>104,587</u>

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B11. GROUP BORROWINGS (Cont'd)

- (i) Revolving credits are rolled over on a monthly basis at an average interest rate of 4.85% (average interest of 1.20% per annum above the bank's cost of funds).
- (ii) Finance lease liabilities carry interest rate of 2.55% - 2.56% per annum.
- (iii) Term loan carries an average interest rate of 5.14% (0.85% per annum above the bank's cost of funds). The tenure of the loan is 5 years.
- (iv) Loans against import carry an interest of 4.73% (1.15% per annum above the bank's cost of funds). The tenure of the import line is 90 days.

B12. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 30 June 2015.

B13. MATERIAL LITIGATION

Following from the Company's announcement on 24 November 2014 in relation to the legal suit filed against NSE Resources Corporation (M) Sdn. Bhd. ("NSERC"), namely that a Consent Judgment was entered into on 24 November 2014 against NSERC for the outstanding sum of RM3.8 million, NSERC has since defaulted in the payment of the Judgment sum in its entirety.

The Company has been informed by its solicitors that the sealed Consent Judgment was extracted from the Court on 24 February 2015 and that the same was served on the Defendant's solicitors on or about 27 February 2015 with a demand for immediate settlement of the entire Judgment sum. Nevertheless, the Defendant has to date, remained in default of the Consent Judgment. A statutory demand pursuant to section 218(2)(a) of the Companies Act 1965 was issued to the Defendant on 18 May 2015. The next course of action is to proceed with the filing of the Winding Up Petition against the Defendant pursuant to section 218(2)(a) of the Companies Act 1965.

The filing of the Winding Up Petition does not have any material adverse impact on the Group's financial position and performance for the financial year-to-date ended 30 June 2015.

Other than as disclosed above, there was no material litigation as at 12 August 2015 (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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B14. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

Subsequent to the Subscription Agreement with STICO on 30 March 2015, TOSB became a joint venture of the Group. The results of TOSB were classified as a discontinued operation and its assets and liabilities were classified as held for sale as at 31 December 2014.

Profit attributable to the discontinued operation was as follows:

	Quarter ended		Year-to-date ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Revenue	0	907	787	1,701
Expenses	0	(1,131)	(895)	(2,077)
Results from operating activities	0	(224)	(108)	(376)
Income tax expense	0	53	22	92
Results from operating activities, net of tax	0	(171)	(86)	(284)
Gain on sale of discontinued operation	0	0	1,127	0
(Loss) / profit from discontinued operation, net of tax	0	(171)	1,041	(284)

The profit from discontinued operation for the financial period ended 30 June 2015 of RM1,041,000 (2014: loss of RM284,000) is attributable entirely to the owners of the Company.

	Quarter and year-to-date ended	
	30/06/2015 RM'000	30/06/2014 RM'000
Net cash generated from operating activities	564	2,908
Net cash used in investing activities	(239)	(208)
Net cash used in financing activities	(148)	(338)
Effect on cash flows	177	2,362

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B14. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE (Cont'd)

Effect of disposal on the financial position of the Group

	As at 30/06/2015 RM'000
Property, plant and equipment	19,082
Intangible assets	148
Deferred tax assets	71
Amounts due from related companies	258
Trade receivables	540
Other receivables, deposits and prepayments	1,184
Cash and cash equivalents	5,878
Trade payables	(31)
Other payables and accruals	(405)
Amounts due to related companies	(94)
Taxation	(5)
Borrowings	(1,506)
	25,120
Net assets	25,120
Gain on disposal of discontinued operation	1,127
	26,247
Investment in a joint venture	26,247
	0
Consideration received, satisfied in kind	0
Cash and cash equivalents disposed of	(5,878)
	(5,878)
Net cash outflow	(5,878)

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B15. DIVIDEND

The Directors, on 24 February 2015 declared a second interim single tier dividend of 5.0 sen per share on 400,000,000 ordinary shares in respect of the financial year ended 31 December 2014, totaling RM20,000,000. The dividend was paid on 26 March 2015.

The Board of Directors have, in respect of financial year ending 31 December 2015, declared a first interim single tier dividend of 2.0 sen (31 December 2014: 2.5 sen) per ordinary share on 400,000,000 ordinary shares of RM0.50 each.

The dividend will be payable on 25 September 2015 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 10 September 2015.

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 2015 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 2015 is 2.0 sen (31 December 2014: 2.5 sen) per ordinary share.

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B16. EARNINGS PER SHARE (“EPS”)

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

	Individual Quarters ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Basic earnings per share				
Profit attributable to equity holders of the Company (RM'000)	17,088	15,939	25,316	25,692
Number of ordinary shares at the beginning of the year ('000)	400,000	150,000	400,000	150,000
Effect of bonus issue ('000)	0	50,000	0	50,000
Effect of share split ('000)	0	200,000	0	200,000
Adjusted weighted average number of ordinary shares (Restated) ('000)	400,000	400,000	400,000	400,000
Basic earnings per share (Restated) (sen)				
- From continuing operations	4.27	4.02	6.07	6.49
- From discontinued operation	0.00	(0.04)	0.26	(0.07)
Basic earnings per share	4.27	3.98	6.33	6.42

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B16. EARNINGS PER SHARE (“EPS”) (Cont'd)

The calculations of basic and diluted earnings per share for the reporting periods are computed as follows (Cont'd):

	Individual Quarters ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	17,088	15,939	25,316	25,692
Adjusted weighted average number of ordinary shares as per basic earnings per share (Restated) ('000)	401,602	401,602	400,000	400,000
Effect of potential vesting of Long Term Incentive Plan	0	0	1,602	1,602
Weighted average number of ordinary shares ('000)	401,602	401,602	401,602	401,602
Diluted earnings per share (Restated) (sen)				
- From continuing operations	4.25	4.01	6.04	6.47
- From discontinued operation	0.00	(0.04)	0.26	(0.07)
Diluted earnings per share	4.25	3.97	6.30	6.40

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B17. PROFIT BEFORE TAX

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

	Individual Quarters ended		Cumulative Quarters ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Interest income	(227)	(252)	(581)	(538)
Other income including investment income	(203)	(121)	(542)	(359)
Interest expenses	1,985	753	4,000	1,191
Depreciation and amortisation	7,083	4,667	14,375	9,145
Write back of impairment for doubtful debts	(256)	(341)	(301)	(436)
Bad debts written off	0	0	105	0
Impairment for doubtful debts	0	5	347	798
Foreign exchange (gains) / losses				
- Realised	(1,221)	(455)	(1,399)	(1,773)
- Unrealised	1,579	(344)	176	(212)
Reversal of allowance for slow moving inventories	(14)	(45)	(19)	(53)
Provision for liquidated damages	2	6	2	247
Loss / (gain) on disposals of property, plant and equipment	2	0	(11)	0
Gain on sale of discontinued operation	0	0	1,127	0

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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B18. 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 Quarter ended 30/06/2015	Cumulative Quarters ended 31/12/2014
Total retained profits of the Company and its subsidiaries:		
Realised	128,806	125,593
Unrealised	(12,221)	(11,314)
	114,585	114,279
Total share of retained profits from associated companies:		
Realised	47,562	42,458
Unrealised	(3,869)	(4,021)
	43,693	38,437
Less: Consolidation adjustments	(25,119)	(24,873)
Total Group's retained profits	133,159	127,843

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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B19. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2014 was unqualified.

B20. 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 19 August 2015.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
19 August 2015