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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017

Table of Contents

Table of Contents	Page
Unaudited Condensed Interim Consolidated Statements of Comprehensive Income	1
Unaudited Condensed Interim Consolidated Statements of Financial Position	2
Unaudited Condensed Interim Consolidated Statements of Changes in Equity	3
Unaudited Condensed Interim Consolidated Statements of Cash Flows	4 - 5
Part A: Explanatory Notes Pursuant to MFRS 134	6 - 23
Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing requirements of Bursa Malaysia Securities Berhad	24 - 46

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Note	**QUARTER ENDED**	QUARTER ENDED	**YEAR ENDED**	YEAR ENDED
RM'000		**31/12/2017**	31/12/2016	**31/12/2017**	31/12/2016
		Unaudited	Unaudited	**Unaudited**	Audited
Revenue		169,849	201,289	534,058	608,652
Cost of sales		(126,843)	(158,837)	(394,190)	(474,848)
Gross profit		43,006	42,452	139,868	133,804
Other operating income		996	357	2,947	2,057
Selling and distribution costs		(11,941)	(10,069)	(34,101)	(33,423)
Administrative expenses		(10,425)	(9,312)	(44,490)	(44,276)
Other operating losses *		(355)	(4,732)	(6,666)	(3,955)
Operating profit		21,281	18,696	57,558	54,207
Finance costs		(869)	(1,209)	(4,005)	(5,348)
Share of results of a joint venture (net of tax)		141	191	857	684
Share of results of associates (net of tax)		(474)	25	(385)	223
Profit before tax	B18	20,079	17,703	54,025	49,766
Income tax expense	B5	(4,261)	(5,341)	(14,764)	(16,946)
Profit for the period/year		15,818	12,362	39,261	32,820
Other comprehensive income					
Currency translation differences of foreign operations		(176)	391	(445)	239
Total comprehensive income for the period/year		15,642	12,753	38,816	33,059
Profit attributable to:					
- Equity holders of the Company		13,458	9,879	32,277	26,513
- Non-controlling interests		2,360	2,483	6,984	6,307
		15,818	12,362	39,261	32,820
Total comprehensive income attributable to:					
- Equity holders of the Company		13,426	9,980	32,208	26,595
- Non-controlling interests		2,216	2,773	6,608	6,464
		15,642	12,753	38,816	33,059
Earnings per share (EPS) attributable to equity holders of the Company (sen)					
- Basic EPS	B16	3.36	2.47	8.07	6.63
- Diluted EPS		3.33	2.45	8.01	6.56
* Other operating losses include the following:					
Foreign exchange gains / (losses)					
- Realised		(2,869)	(1,311)	(4,654)	(3,568)
- Unrealised		3,411	3,983	(396)	5,904
Inventories written off		(69)	(1,060)	(88)	(1,175)
Impairment of property, plant and equipment		0	(4,357)	0	(4,357)

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 2016 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 31 DECEMBER 2017

RM'000	Note	As at 31/12/2017 Unaudited	As at 31/12/2016 Audited
ASSETS			
Property, plant and equipment		163,525	192,002
Investment properties		818	842
Intangible assets		1,644	2,371
Associates	B10	38,595	39,745
Joint venture	B9	28,563	27,706
Deferred tax assets		2,010	3,526
Other long-term receivables		4,922	0
Non-current Assets		240,077	266,192
Inventories		18,341	22,079
Amounts due from an associate		6	13
Amounts due from a joint venture		163	105
Trade receivables	B11	192,910	218,047
Deferred cost		1,352	4,605
Other receivables, deposits and prepayments		13,683	10,453
Tax recoverable		1,740	2,695
Cash and bank balances		141,388	140,434
Current Assets		369,583	398,431
TOTAL ASSETS		609,660	664,623
EQUITY AND LIABILITIES			
Share capital		200,206	200,000
Equity - share based payment		2,451	654
Retained earnings		172,044	152,769
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(2,723)	(2,654)
Equity attributable to equity holders of the Company		321,978	300,769
Non-controlling interests		28,890	27,672
Total Equity		350,868	328,441
Borrowings	B12	30,750	55,349
Deferred tax liabilities		22,724	21,222
Non-current Liabilities		53,474	76,571
Trade payables		120,299	165,203
Deferred revenue		1,973	7,362
Other payables and accruals		27,890	22,639
Amounts due to an associate		7,051	7,847
Amounts due to a joint venture		0	78
Dividend payable		0	146
Derivative financial instrument	A7	24	0
Taxation		2,783	2,118
Borrowings	B12	45,298	54,218
Current Liabilities		205,318	259,611
Total Liabilities		258,792	336,182
TOTAL EQUITY AND LIABILITIES		609,660	664,623

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 2016 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 ENDED 31 DECEMBER 2017

	Note	Attributable to equity holders of the Company: Issued and fully paid ordinary shares: Number of shares '000	Share capital RM'000	Non-distributable: Share based payment RM'000	Foreign currency translation RM'000	Merger deficit RM'000	Distributable: Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2016		400,000	200,000	206	(2,736)	(50,000)	145,256	292,726	26,263	318,989
Profit for the financial year		0	0	0	0	0	26,513	26,513	6,307	32,820
Other comprehensive income for the financial year		0	0	0	82	0	0	82	157	239
Total comprehensive income for the financial year		0	0	0	82	0	26,513	26,595	6,464	33,059
Share based payment		0	0	448	0	0	0	448	0	448
Dividend		0	0	0	0	0	(19,000)	(19,000)	(5,055)	(24,055)
At 31 December 2016		400,000	200,000	654	(2,654)	(50,000)	152,769	300,769	27,672	328,441
At 1 January 2017		400,000	200,000	654	(2,654)	(50,000)	152,769	300,769	27,672	328,441
Profit for the financial year		0	0	0	0	0	32,277	32,277	6,984	39,261
Other comprehensive income for the financial year		0	0	0	(69)	0	0	(69)	(376)	(445)
Total comprehensive income for the financial year		0	0	0	(69)	0	32,277	32,208	6,608	38,816
Share based payment		0	0	2,003	0	0	0	2,003	0	2,003
Ordinary shares issued pursuant to the Long Term Incentive Plan		195	206	(206)	0	0	0	0	0	0
Dividend	A9	0	0	0	0	0	(13,002)	(13,002)	(5,390)	(18,392)
At 31 December 2017		400,195	200,206	2,451	(2,723)	(50,000)	172,044	321,978	28,890	350,868

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 2016 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 YEAR ENDED 31 DECEMBER 2017

	YEAR ENDED	
RM'000	**31/12/2017**	**31/12/2016**
	Unaudited	**Audited**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	39,261	32,820
Adjustments for:		
Impairment for doubtful debts:		
Trade receivables		
- impairment made	365	507
- write back of impairment	(100)	(61)
Other receivables		
- impairment made	48	0
Allowance for slow moving inventories:		
- allowance made	318	283
- write back of allowance	(120)	(89)
Amortisation of intangible assets	727	1,108
Financial guarantee receivables	(9)	(18)
Depreciation:		
- property, plant and equipment	30,723	32,707
- investment properties	24	23
Impairment on property, plant and equipment	0	4,357
Bad debts written off:		
- trade receivables	0	64
- other receivables	2	19
Provision for liquidated damages		
- provision made	0	459
- write back of allowance	(182)	0
Gain on disposals of property, plant and equipment	(77)	110
Write-off:		
- property, plant and equipment	78	1,023
- intangibles	0	6
- inventories	88	1,175
Interest income	(2,385)	(1,452)
Finance costs	4,005	5,348
Share based payment expense	2,003	448
Share of results of associates	385	(223)
Share of results of a joint venture	(857)	(684)
Tax expense	14,764	16,946
Unrealised foreign exchange losses/(gains)	396	(5,904)
Fair value loss on foreign currency exchange forward contract	24	0
Operating profit before working capital changes	89,481	88,972
Changes in working capital		
Inventories	3,452	(3,008)
Amounts due from a joint venture	(58)	41
Trade receivables	23,193	(39,916)
Deferred costs	3,253	4,621
Other receivables, deposits and prepayments	(3,382)	8,329
Trade payables	(41,968)	21,183
Other payables and accruals	5,720	(11,341)
Deferred revenue	(5,389)	(1,521)
Cash generated from operations	74,302	67,360
Tax paid	(10,478)	(11,547)
Tax refunded	352	74
Interest paid	(4,021)	(5,257)
Net cash generated from operating activities	**60,155**	**50,630**

DELEUM BERHAD (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	YEAR ENDED	
RM'000	**31/12/2017**	**31/12/2016**
	Unaudited	**Audited**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,346	1,442
Property, plant and equipment		
- Purchases	(2,642)	(4,009)
- Proceeds from disposals	163	596
Purchases of intangible assets	0	(417)
Downpayment for an investment	(4,922)	0
Dividend received from associates	0	7,200
Amounts due from an associate	8	2
Amounts due from a joint venture	0	53
Amounts due to a joint venture	(77)	(221)
Net cash (used in)/generated from investing activities	**(5,124)**	**4,646**
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Drawn down	0	1,150
- Repayment	(11,100)	(5,050)
Loans against import		
- Drawn down	4,940	2,780
- Repayment	(2,748)	(2,073)
Term loan		
- Repayment	(24,600)	(24,600)
Repayment of hire purchase under finance lease	(11)	(26)
Dividends paid to:		
- Shareholders	(13,002)	(19,074)
- Non-controlling interest	(5,536)	(5,178)
Increase in restricted cash	83	59
Net cash used in financing activities	**(51,974)**	**(52,012)**
Net increase in cash and cash equivalents	**3,057**	**3,264**
Foreign currency translation	(2,020)	2,517
Cash and cash equivalents at beginning of the year	129,611	123,830
Cash and cash equivalents at end of year	**130,648**	**129,611**
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	100,885	91,695
Cash and bank balances	40,503	48,739
	141,388	140,434
Restricted cash	(10,740)	(10,823)
Cash and cash equivalents at end of year	**130,648**	**129,611**

The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	110,463	76,328
US Dollar	20,060	52,953
Others	125	330
	130,648	129,611

The above consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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 2016 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 2016.

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 2016 except for changes made to comply to the requirements of the new Companies Act 2016 in Malaysia.

The amendments to published standards effective for financial year beginning on 1 January 2017 that are applicable and adopted by the Group as follows:

Annual Improvements to MFRS 2014 – 2016 cycle	Amendments to MFRS 12 Disclosure of Interests in Other Entities
Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiatives
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments did not have any impact on the current period or any prior period.

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

A1. BASIS OF PREPARATION (Cont'd)

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 2018 or where the effective date has been deferred to a date to be determined by the MASB is as follows:

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
Amendments to MFRS 140	Transfers of Investment Property (effective 1 January 2018)
Amendments to MFRS 9	Prepayment Features with Negative Compensation (effective 1 January 2019)
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date is deferred to a date to be determined by MASB)
MFRS 9	Financial Instruments (effective 1 January 2018)
MFRS 15	Revenue from Contracts with Customers (effective 1 January 2018)
MFRS 16	Leases (effective 1 January 2019)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
IC Interpretation 23	Uncertainty over Income Tax Treatments (effective 1 January 2019)
Annual Improvements to MFRS 2014 – 2016 cycle (effective 1 January 2018)	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards and Amendments to MFRS 128 Investments in Associates and Joint Ventures
Annual Improvements to MFRS 2015 – 2017 cycle (effective 1 January 2019)	Amendments to MFRS 3 Business Combinations, Amendments to MFRS 11 Joint Arrangements, Amendments to MFRS 112 Income Taxes, Amendments to MFRS 123 Borrowing Costs

The initial application of the aforementioned accounting standards, amendments to published standards and IC Interpretations are not expected to have any material impact to the financial statements of the Group except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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

A1. BASIS OF PREPARATION (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group is reviewing its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

All financial assets held by the Group are classified as loans and receivables and subsequently measured at amortised cost. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of Group's financial assets.

There will be no material impact expected on the Group's accounting for financial liabilities given that the new requirements only affects the accounting for financial liabilities that are designated at fair value through profit or loss and the Group only has limited exposure on such financial liabilities that are designated at fair value through profit or loss with its financial exposure and impact as disclosed in Note A7. The derecognition rules have been transferred from MFRS 139 'Financial Instruments: Recognition and Measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income ("FVOCI"), contract assets under MFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects no material financial impact upon the adoption of the MFRS 9.

The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

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

A1. BASIS OF PREPARATION (Cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue and MFRS 111 Construction contracts and related interpretations. The standard 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. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift, some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements.
- As with any new standard, there are also increased disclosures.

In assessing the effects of applying the new standard, the Group has performed an assessment on its revenue recognition process and method across all operating segments within the Group and against the five-step process and key provisions introduced by the new standard on revenue recognition.

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

A1. BASIS OF PREPARATION (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

In the assessment, the Group has identified the following areas that will be affected:

- The Group does not expect the new guidance on revenue recognition will have a material impact on the method and timing of the Group's revenue recognition going forward; and

- Separate presentation on contract assets and contract liabilities in the Statement of Financial Position which will result in some reclassifications as of 1 January 2018 to contract assets and contract liabilities in relation to accrued revenue, deferred cost, deferred revenue and advance payments received from customer which are currently included in "trade and other receivables", "deferred costs", "deferred revenue" and "trade and other payables" respectively line items of the Statements of Financial Position.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

MFRS 16 Leases

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The adoption of MFRS 16 will result in a change in accounting policy. Based on the assessments undertaken to date, the Group expects no material financial impact upon the adoption of the MFRS 16.

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 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 co-related 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

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

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

A5. EQUITY AND DEBT SECURITIES

On 23 June 2017, the Company had issued and listed 195,300 ordinary shares in the Company at an issuance price of RM1.053 per share to eligible employees under the First Tranche of the Special Grant of the Restricted Share Incentive Plan portion of the Group's Long Term Incentive Plan.

Other than as disclosed above, the Group did not undertake any other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year.

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

A6. FINANCIAL RISK MANAGEMENT POLICIES

In addition to the relevant notes as set out in the 2016 Financial Statements, pursuant to the new Foreign Exchange Administration Rules ("FEA") which came into effect on 1 April 2017, the degree and level of the Group's exposure to foreign currency exchange risks had changed as the Group could no longer apply to the extent possible, by collecting and paying in the same currency as all settlement of goods and services between local resident entities shall be made only in Ringgit Malaysia. To mitigate this risk, the Group is utilising its foreign currency in hand to settle its foreign currency liabilities in the same currency. Alongside that, a foreign exchange management policy has been established, principally on forward foreign exchange contracts for the Group to manage the foreign currency exchange risks. The details on the forward foreign currency exchange contract entered by the Group that remains outstanding as at 31 December 2017 is disclosed in Note A7.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than Ringgit Malaysia were as follows:

	As at 31/12/2017		As at 31/12/2016	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
US Dollar	109,506	97,055	195,311	127,979
Others	125	259	414	184
	109,631	97,314	195,725	128,163
Closing exchange rate				
US Dollar	4.062	4.062	4.484	4.484

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

A7. OUTSTANDING DERIVATIVES

Forward foreign currency exchange contract

Forward foreign currency exchange contract is used to manage the foreign currency exposures arising from the Group's obligation to settle its liabilities that are denominated in currencies other than the functional currency of the Group. The forward foreign currency exchange contract entered into by the Group has a maturity period of less than one year from the current reporting date. As at 31 December 2017, the notional principal amount of the outstanding forward foreign currency exchange contract was RM609,300.

Details of derivative on forward foreign currency exchange contract that remains outstanding as at 31 December 2017 is set out below as follows:

Type of derivatives	**Contract/ Notional amount** RM'000	**Fair Value Liabilities** RM'000
Forward foreign currency exchange contract ("FX Contract)		
- Less than 1 year	609	24

A8. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES AND FINANCIAL ASSETS

The Group determines the fair value of the derivative financial instrument relating to the forward foreign exchange contracts using a valuation technique which utilises input from recognised and reliable financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value of forward foreign exchange contract is determined by using the forward exchange rates as at each reporting date.

During the financial year, the fair value changes arising from the forward foreign currency exchange contract entered into by the Group amounting to a fair value loss of RM24,000 is as disclosed in Note A7 above with a corresponding unrealised foreign currency exchange gain on the hedge item of RM25,798.

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

A9. DIVIDENDS PAID

During the first quarter of the financial year, the Company paid the following second interim single tier dividend of 2.25 sen per share of RM0.50 each on 400,000,000 ordinary shares, in respect of the financial year ended 31 December 2016.

	RM'000
Second interim single tier dividend of 2.25 sen per share on 400,000,000 ordinary shares, paid on 28 March 2017	9,000

During the third quarter of the financial year, the Company paid a first interim single tier dividend of 1.00 sen per share on 400,195,300 ordinary shares, in respect of the financial year ended 31 December 2017.

	RM'000
First interim single tier dividend of 1.00 sen per share on 400,195,300 ordinary shares, paid on 26 September 2017	4,002

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

A10. 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 renewal and retrofit;
    - Supply and commission of 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 well intervention and cased hole logging services;
    - Provision of specialty chemicals and well stimulation services;
    - Provision of drilling and completions services; and
    - Provision of subsurface engineering 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 threshold for a reporting segment in 2017.

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

A10. SEGMENT INFORMATION (Cont'd)

Segmental information for the financial year ended 31 December 2017 was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Segment Revenue				
Power and Machinery				
External revenue	118,802	151,820	364,409	429,105
Power and Machinery	118,802	151,820	364,409	429,105
Oilfield Services				
External revenue	30,856	36,285	119,403	135,515
Oilfield Services	30,856	36,285	119,403	135,515
Integrated Corrosion Solution				
External revenue	20,019	13,055	49,746	43,633
Integrated Corrosion Solution	20,019	13,055	49,746	43,633
Other non-reportable segment				
External revenue	172	129	500	399
Other non-reportable segment	172	129	500	399
Total Group revenue	169,849	201,289	534,058	608,652

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

A10. SEGMENT INFORMATION (Cont'd)

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Segment Results				
Power and Machinery	15,283	12,931	39,109	35,884
Oilfield Services	3,929	1,929	14,523	12,515
Integrated Corrosion Solution	1,414	3,412	4,072	4,099
Other non-reportable segment	16	6	55	19
Segment results	20,642	18,278	57,759	52,517
Unallocated income ^	46	81	197	483
Unallocated corporate expenses #	(276)	(872)	(4,403)	(4,141)
Share of results of a joint venture *	141	191	857	684
Share of results of associates *	(474)	25	(385)	223
Tax expense *	(4,261)	(5,341)	(14,764)	(16,946)
Profit for the financial period/year	15,818	12,362	39,261	32,820

^ 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.

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

A10. SEGMENT INFORMATION (Cont'd)

	As at 31/12/2017 RM'000	**As at 31/12/2016 RM'000**
Segment Assets		
Power and Machinery	243,797	278,036
Oilfield Services	234,289	250,692
Integrated Corrosion Solution	37,089	33,348
Segment assets	515,175	562,076
Unallocated corporate assets ^	94,485	102,547
Total assets	609,660	664,623

	As at 31/12/2017 RM'000	**As at 31/12/2016 RM'000**
Segment Liabilities		
Power and Machinery	113,543	160,045
Oilfield Services	93,641	125,084
Integrated Corrosion Solution	15,588	16,920
Segment liabilities	222,772	302,049
Unallocated corporate liabilities #	36,020	34,133
Total liabilities	258,792	336,182

^ 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.

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

A11. ACQUISITIONS AND DISPOSALS OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current and cumulative quarters ended 31 December 2017, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/122016 RM'000**
Acquisitions at cost:				
- Plant and equipment	921	677	2,642	4,009
- Intangible assets	0	29	0	417
Disposals at net book value:				
- Plant and equipment	87	405	318	706
Depreciation:				
- Plant and equipment	7,633	8,146	30,723	32,707
- Investment properties	6	5	24	23
Amortisation of intangible assets	186	283	727	1,108

A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

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

A13. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

A14. CONTINGENT LIABILITIES / ASSETS

As at 31 December 2017, 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 RM32.9 million (31 December 2016: RM26.9 million).

A15. COMMITMENTS

(a) Capital commitment

Capital commitments for investment, property, plant and equipment and intangible assets not provided for as at 31 December 2017 were as follows:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Authorised but not contracted for		
- Plant and machinery	30,221	7,126
- Others	13,707	2,646
Authorised and contracted for		
- Plant and machinery	2,480	188
- Others	6,221	3
	52,629	9,963
Share of capital commitment of joint venture	59	0
	52,688	9,963

(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 31/12/2017 RM'000	As at 31/12/2016 RM'000
Within one year	648	836
Between two to five years	606	550
	1,254	1,386

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

A16. RELATED PARTY DISCLOSURES

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Manpower services to Solar Turbines International Company ("STICO")	2,400	0	4,042	0
Rental income from an affiliate company of STICO	13	0	113	0
Purchases and technical services from STICO and its affiliated company	75,770	100,167	224,648	265,939

Significant outstanding balance arising from the above transactions as at 31 December 2017 was as follows:

	As at 31/12/2017 RM'000	**As at 31/12/2016 RM'000**
Amount due from STICO and its affiliated company	5,774	0
Amount due to STICO and its affiliated company	85,989	101,384

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

A16. RELATED PARTY TRANSACTIONS (Cont'd)

(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	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Sales to related parties of Dresser Italia S.R.L	0	43	21	43
Purchases from Dresser Italia S.R.L	0	8	0	49
Purchases of goods and services from related parties of Dresser Italia S.R.L	9,708	5,905	29,438	25,559

Significant outstanding balance arising from the above transactions as at 31 December 2017 was as follows:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Amount due to related parties of Dresser Italia S.R.L	3,104	5,465

(c) Turboservices Overhaul Sdn. Bhd. ("TOSB") is a joint venture between Deleum Berhad and STICO and the related party transactions during the period/year were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Sales to STICO	1,484	1,400	5,936	5,600
Rental income from an affiliate company of STICO	207	207	828	828

A16. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Turboservices Overhaul Sdn. Bhd. ("TOSB") is a joint venture between Deleum Berhad and STICO and the related party transactions during the period were as follows (cont'd):

Significant outstanding balance arising from the above transactions as at 31 December 2017 was as follows:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Amount due from STICO	538	1,198

(d) The following transaction is with a person connected to Datuk Vivekananthan a/l M.V. Nathan, the Deputy Chairman and a major shareholder of the Company.

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Purchase of a motor vehicle	7	0	7	0

(e) The remuneration of the key management personnel during the quarter and year ended were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Directors' fees	235	235	942	942
Salaries, bonuses, allowances and other staff related expenses	2,378	2,191	11,165	10,877
Defined contribution plan	250	249	1,133	1,206
	2,863	2,675	13,240	13,025

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

	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Group				
Revenue	169,849	201,289	(31,440)	(15.6)
Operating profit	21,281	18,696	2,585	13.8
Share of results of a joint venture, net of tax	141	191	(50)	(26.2)
Share of results of associates, net of tax	(474)	25	(499)	(1,996.0)
Profit before interest and tax	20,242	18,583	1,659	8.9
Profit before tax	20,079	17,703	2,376	13.4
Profit after tax	15,818	12,362	3,456	28.0
Profit attributable to equity holders of the Company	13,458	9,879	3,579	36.2

As oil price recovery continued to be supported in part by the positive commitment demonstrated by the Organisation of Petroleum Exporting Countries ("OPEC") and non-OPEC members on production cuts, oil producers are cautiously prudent over the rebound in oil prices as the market continues to rebalance itself. Notwithstanding the positives, there were downside risks that the market tightening might not be sustainable as US production continued to climb. Amidst the uncertainty and inherent pressure of project feasibility, upstream oil and gas activities were subdued, adversely slowing down the demand for related products and services. Accordingly, Power and Machinery and Oilfield Services segments experienced lower revenues compared with the corresponding quarter. In contrast, Integrated Corrosion Solution reported higher revenues due to the completion of a higher number of work orders for corrosion protection and maintenance services.

Despite lower revenues, the Group's profit attributable to equity holders of the Company increased by RM3.6 million as a result of better sales mix contributed by Power and Machinery and Oilfield Services and that the corresponding quarter's results were impacted by a one time restructuring charge of RM4.4 million of the rotary business and write-offs of RM1.8 million on Oilfield assets and inventories.

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

Share of results of associates were lower by RM0.5 million mainly due to additional impairment charges made on the operating assets of Malaysia Mud and Chemicals Sdn. Bhd. ("2MC"). In the current quarter, certain assets of 2MC were impaired in which our share amounted to RM1.9 million in line with the applicable accounting requirements.

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

B1. PERFORMANCE REVIEW (Cont'd)

(A) Performance of the current quarter against the corresponding quarter (Cont'd)

	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Power and Machinery				
Revenue	118,802	151,820	(33,018)	(21.7)
Operating profit	15,283	12,931	2,352	18.2
Profit before interest and tax	14,738	12,738	2,000	15.7
Profit before tax	15,283	12,931	2,352	18.2

The Power and Machinery segment revenue contracted by RM33.0 million against the corresponding quarter mainly attributable to the decrease in the work order level for exchange engine and ancillary services of RM23.9 million and lower revenue contribution from retrofit projects of RM12.2 million offset by higher revenue from parts, repairs and maintenance, valve and flow regulators of RM4.9 million.

The segment results improved by RM2.4 million due to better sales mix with higher margins earned from the supply of local field service representative, parts, repairs and maintenance, and without the impact of a one-time restructuring charge of RM4.4 million weighing down on the results of the corresponding quarter.

	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Oilfield Services				
Revenue	30,856	36,285	(5,429)	(15.0)
Operating profit	4,777	3,051	1,726	56.6
Profit before interest and tax	4,674	2,989	1,685	56.4
Profit before tax	3,929	1,929	2,000	103.7

The Oilfield Services segment revenue was lower by RM5.4 million compared with the corresponding quarter due to lower utilisation of slickline assets of RM2.4 million, well intervention and enhancement services with a lower sales of RM5.9 million mitigated by higher revenue from oilfield chemicals of RM3.7 million.

Notwithstanding the lower revenue earned in the current period, operating profits were lifted by RM2.0 million due higher margin contributions from oilfield chemicals, lower write-offs of RM1.8 million and cost of finance was RM0.3 million less on the back of lower borrowings.

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

B1. PERFORMANCE REVIEW (Cont'd)

(A) Performance of the current quarter against the corresponding quarter (Cont'd)

	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Integrated Corrosion Solution				
Revenue	20,019	13,055	6,964	53.3
Operating profit	1,435	3,487	(2,052)	(58.8)
Profit before interest and tax	1,435	3,487	(2,052)	(58.8)
Profit before tax	1,414	3,412	(1,998)	(58.6)

The Integrated Corrosion Solution segment revenue increased by RM7.0 million riding on the higher work orders completion on corrosion protection and maintenance services from the Pan Malaysia Blasting Contract.

However, profit before tax fell by RM2.0 million affected by downward pressures on margins and higher cost to serve, much of which were attributable to upscaling capacity to support the delivery of the MCM contract.

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

B1. PERFORMANCE REVIEW (Cont'd)

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

	Cummulative quarters ended			
	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Group				
Revenue	534,058	608,652	(74,594)	(12.3)
Operating profit	57,558	54,207	3,351	6.2
Share of results of a joint venture, net of tax	857	684	173	25.3
Share of results of associates, net of tax	(385)	223	(608)	(272.6)
Profit before interest and tax	55,645	53,662	1,983	3.7
Profit before tax	54,025	49,766	4,259	8.6
Profit after tax	39,261	32,820	6,441	19.6
Profit attributable to equity holders of the Company	32,277	26,513	5,764	21.7

The Group's revenue fell by 12.3% or RM74.6 million to RM534.1 million as compared with the corresponding year of RM608.7 million amidst challenging trading conditions felt particularly in the Power and Machinery and Oilfield Services segments mitigated by the higher revenue from the Integrated Corrosion Solution segment.

The Group's profit attributable to equity holders of the Company recorded an improvement against the corresponding year due to lower impairment charges, restructuring costs, financing costs and a more favourable effective tax rate. However, current year earnings were adversely affected by a strengthening RM against the USD which turned a net exchange gain of RM2.3 million into a net loss of RM5.1 million.

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

Share of results of associates was lower by RM0.6 million mainly due to losses incurred by the two associates. 2MC moved into a small loss due to asset impairment charges in which our share amounted to RM2.9 million. Operationally, work orders were running ahead of the previous year and was profitable on the back of an increase in drilling activities. The share of loss from CUPL comprised of run off costs following the expiry of the energy supply agreement in 2015.

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

B1. PERFORMANCE REVIEW (Cont'd)

(B) Performance of the current year-to-date against the corresponding year-to-date (Cont'd)

	Cummulative quarters ended			
	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Power and Machinery				
Revenue	364,409	429,105	(64,696)	(15.1)
Operating profit	39,109	35,884	3,225	9.0
Profit before interest and tax	37,273	35,110	2,163	6.2
Profit before tax	39,109	35,884	3,225	9.0

The Power and Machinery segment revenue fell by 15.1% or RM64.7 million as compared to the corresponding year affected by the lower work orders for exchange engines of RM59.7 million and retrofits project of RM14.6 million but alleviated by the higher revenue contribution from training, parts, repairs and maintenance, valve and flow regulators amounting to RM10.0 million.

The current year segment results were higher by RM3.2 million despite lower revenue reported as a result of better sales composition and improved margins from repair and maintenance of valves, flow regulators and ancillary services, and absence of a non-recurring restructuring cost of RM4.4 million offset by foreign exchange loss of RM5.5 million compared with a gain of RM2.5 million in the corresponding year.

	Cummulative quarters ended			
	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Oilfield Services				
Revenue	119,403	135,515	(16,112)	(11.9)
Operating profit	18,393	17,537	856	4.9
Profit before interest and tax	18,018	17,296	722	4.2
Profit before tax	14,523	12,515	2,008	16.0

The Oilfield Services segment revenue decreased by 11.9% to RM119.4 million against the corresponding year mainly attributable to the lower revenue contribution from slickline activities of RM10.5 million and well intervention and enhancement services of RM10.1 million mitigated by higher revenue contribution from oilfield chemicals by RM5.6 million.

Notwithstanding the lower revenue earned in the current year, segment results were higher due to improved margins from slickline activities of RM4.0 million, recovery of oilfield chemical activities, reduction in finance costs on borrowings of RM1.2 million due to lower borrowings and write-offs of RM1.8 million in the corresponding year.

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

B1. PERFORMANCE REVIEW (Cont'd)

(B) Performance of the current year-to-date against the corresponding year-to-date (Cont'd)

	Cummulative quarters ended			
	Q4'17 RM'000	Q4'16 RM'000	Variance RM'000	Variance %
Integrated Corrosion Solution				
Revenue	49,746	43,633	6,113	14.0
Operating profit	4,207	4,412	(205)	(4.6)
Profit before interest and tax	4,207	4,412	(205)	(4.6)
Profit before tax	4,072	4,099	(27)	(0.7)

The Integrated Corrosion Solution segment recorded higher revenue of RM49.7 million, an increase of RM6.1 million compared with the corresponding year due to the higher work orders completion on corrosion protection and maintenance services.

Despite the higher revenue, the segment results were marginally down due to downward pressure on margins and higher costs to serve, much of which were attributable to upscaling capacity to support the delivery of the MCM contract.

(C) Consolidated Statements of Financial Position

Group total assets at end of the financial year stood at RM609.7 million against RM664.6 million at the end of the previous financial year, representing a contraction of RM54.9 million. This was mainly due to reduction in trade receivables by RM25.1 million, lower carrying value of fixed assets from the effects of depreciation and amortisation of RM31.5 million. In tandem, total liabilities declined by RM77.4 million mainly due to lower trade payables by RM44.9 million and borrowings by RM33.5 million and a corresponding increase in equity by RM22.5 million derived mainly from earnings in the current year.

(D) Consolidated Statements of Cash Flow

The Group's cash and bank balances reported a marginal increase of RM1.0 million to RM141.4 million from RM140.4 million in the previous financial year due to positive cash flows generated from operating activities of RM60.2 million offset by net cash used in investing and financing activities of RM5.1 million and RM52.0 million respectively and translation effects on foreign currencies held of RM2.0 million. Investing outflows were mainly for acquisition of assets for used in operations and payments made for a long term investment. Financing outflows included net repayment of borrowings of RM33.5 million and dividends to shareholders of RM18.5 million.

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

B2. MATERIAL CHANGE IN THE CURRENT QUARTER PERFORMANCE AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PERFORMANCE

	Q4'17 RM'000	Q3'17 RM'000	Variance RM'000	Variance %
Group				
Revenue	169,849	167,785	2,064	1.2
Operating profit	21,281	19,899	1,382	6.9
Share of results of a joint venture, net of tax	141	311	(170)	(54.7)
Share of results of associates, net of tax	(474)	(637)	163	25.6
Profit before interest and tax	20,242	18,867	1,375	7.3
Profit before tax	20,079	18,599	1,480	8.0
Profit after tax	15,818	13,709	2,109	15.4
Profit attributable to equity holders of the Company	13,458	10,802	2,656	24.6

Quarter-on-quarter, the Group reported an improvement in profit attributable to equity holders of the Company by RM2.7 million from RM10.8 million recorded in the immediate preceding quarter to RM13.5 million in the current quarter. The increase was mainly attributable to better earnings from Power and Machinery segment offset by a contraction in contribution from Oilfield Services and Integrated Corrosion Solution segments.

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

The share of results of associates included share of an impairment charge on assets of RM1.9 million. In the preceding quarter there was a charge of RM1.0 million.

	Q4'17 RM'000	Q3'17 RM'000	Variance RM'000	Variance %
Power and Machinery				
Revenue	118,802	122,764	(3,962)	(3.2)
Operating profit	15,283	13,162	2,121	16.1
Profit before interest and tax	14,738	12,575	2,163	17.2
Profit before tax	15,283	13,162	2,121	16.1

Power and Machinery segment results were RM15.3 million for the current quarter versus RM13.2 million reported in the immediate preceding quarter. The higher results was attributable to the improved contribution from retrofit projects and ancillary services.

B2. MATERIAL CHANGE IN THE CURRENT QUARTER PERFORMANCE AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PERFORMANCE (Cont'd)

	Q4'17 RM'000	Q3'17 RM'000	Variance RM'000	Variance %
Oilfield Services				
Revenue	30,856	32,882	(2,026)	(6.2)
Operating profit	4,777	6,389	(1,612)	(25.2)
Profit before interest and tax	4,674	6,295	(1,621)	(25.8)
Profit before tax	3,929	5,451	(1,522)	(27.9)

Oilfield Services segment results were lower by RM1.5 million on the account of lower contribution from slickline activities and well intervention and enhancement services, in line with the lower revenue offset by higher contribution from oilfield chemical activities.

	Q4'17 RM'000	Q3'17 RM'000	Variance RM'000	Variance %
Integrated Corrosion Solution				
Revenue	20,019	12,028	7,991	66.4
Operating profit	1,435	1,804	(369)	(20.5)
Profit before interest and tax	1,435	1,804	(369)	(20.5)
Profit before tax	1,414	1,768	(354)	(20.0)

Integrated Corrosion Solution segment result was lower by RM0.4 million despite higher revenue mainly due to downward pressure on margins and expenditure to upscale capacity to service the new contract awarded by Petronas Carigali Sdn. Bhd. for the Provision of Maintenance, Construction and Modification services [Package C (Offshore) – Peninsular Malaysia Gas] of RM0.7 million.

B3. PROSPECTS

Crude oil prices in 2017 were on average higher than 2016. Average annual Brent crude oil price in 2017 was USD54.25 compared with USD43.55 in 2016, driven in part by the continued compliance by OPEC and non-OPEC members to the agreed production output cut of 1.8 million barrels per day. In early February it was around the USD64.00 per barrel level. Whilst oil prices had been on the uptrend on the back of a better balance between supply and demand, this market tightening could be impacted by soaring US production and inventory builds and downside risk remain. In the Petronas Activity Outlook 2018-2020 released in December, short term crude oil prices are expected to remain volatile.

In the year-to-date, whilst revenue was down cumulatively from RM608.7 million to RM534.1 million, profit for the financial year was up from RM32.8 million to RM39.3 million on the back of a more favourable sales mix, operational efficiencies and cost management. However, the volatility of the Ringgit Malaysia continued to have a marked effect on reported earnings as certain of the Group's financial assets and liabilities, mainly trade receivables and payables are denominated in USD. In this regard the current year to-date results were impacted by foreign exchange losses of RM5.1 million compared with a gain of RM2.3 million in the corresponding period. At end December 2017, a 10% change in the RM/USD exchange ratio would impact pre-tax results by RM1.2 million. In addition, our associate 2MC, where the Group holds a 32% equity interest had completed its impairment assessment on its plant and equipment which had adversely impacted our share of results by RM2.9 million.

Looking ahead to 2018, oil prices are likely to trade in the USD60-70 range but downside risks remain elevated on account that the market is still rebalancing and the observed inverse relationship between oil prices and the dollar. The operating and trading challenges that the Group face in the current year is unlikely to be much different from the previous year but with the added upside of firmer oil prices. Accordingly, the Group will continue with its existing strategies focusing on its core businesses, operational efficiencies and managing cash flows.

On a segment basis, Power and Machinery's financial performance are expected to further soften due to lower gas turbine after sales and service activity levels impacting revenues from field service representatives and parts and repairs, but cushioned by higher revenue from exchange engines, retrofit and rotary projects, and MRO goods and services. However, the revenue deficit experienced in recent years would not be arrested within our traditional markets and there is an increased focus by management to seek out other markets outside Malaysia. Operational efficiencies are now effectively embedded in the business and operating margins had risen through a better sales mix.

Oilfield services revenue generation is derived largely from the provision of slickline equipment and underpinned by various contracts are due to expire in 2018 and 2019. The continuity of contracts and new contracts secured with various operators would be critical to ensure the sustainability of oilfield segment. However, as these services are essential to production and being the leading provider with a solid service and delivery track record we expect to be a key participant when bidding begins. In the interim we will where appropriate continue to engage and partnering our clients in mutually benefiting relationships.

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

B3. PROSPECTS (Cont'd)

Integrated Corrosion Solution started 2018 on a positive note with the securing of the Maintenance, Construction and Modification Services contract for Peninsular Malaysia Gas. The contract duration is for 5 years and the Segment's revenue going forward will come substantially from work orders flowing from it. The painting and blasting services were mainly supported by the Pan Malaysia Blasting contract. But with its expiry in November 2017, moving ahead revenue from this service line would consist of fulfilling outstanding work orders and spill overs from the contract, alongside potential work orders from local and overseas operators. We do not expect revenues from these activities to match those recorded in the previous year.

B4. PROFIT FORECAST

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

B5. INCOME TAX EXPENSE

	Individual Quarter Ended		Cumulative Quarters Ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Current tax – current period/year	4,547	6,415	11,612	12,343
Under/(Over) provision in prior year	87	(47)	134	(736)
Deferred tax				
– origination and reversal of temporary differences	255	(1,027)	3,975	2,270
– recognition of previously unrecognised temporary differences	(628)	0	(957)	0
– reversal of deferred tax asset recognised in prior periods*	0	0	0	3,069
Total income tax expense	**4,261**	**5,341**	**14,764**	**16,946**

* In the corresponding quarter, the management reappraised the business prospects and profitability of companies within the Group and their related deferred tax assets. As a result, the deferred tax assets recognised in prior periods relating to two companies were not expected to be utilised in the foreseeable future and accordingly reversed.

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

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 year ended 31 December 2017 was higher than the headline tax rate as shown below.

	Cumulative Quarters ended	
	31/12/2017 %	**31/12/2016 %**
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	24	24
Tax effects of:		
- Expenses not deductible for tax purposes	5	2
- Income not subject to tax	(1)	(1)
- Share of results of associates and joint venture	0	0
- Deferred tax assets not recognised	0	3
- Under/(Over) provision in prior year	1	0
- Recognition of previously unrecognised temporary differences	(2)	0
- Reversal of deferred tax asset recognised in prior periods	0	6
Effective tax rate	27	34

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.

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There was no corporate proposal announced which was not completed as of 19 February 2018 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B9. JOINT VENTURE

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Group's share of net assets of joint venture	28,563	27,706

TOSB was a wholly owned subsidiary of the Group. It was incorporated in Malaysia and its main activities included the provision of gas turbine overhaul and maintenance services. In March 2015, the Group entered into a Subscription Agreement with STICO, which resulted in the Group having an equity interest of 80.55%. However, both parties approval on relevant activities is required as stated in the Subscription Agreement. Accordingly, under current accounting rules and in the opinion of the Directors, TOSB is regarded as a material joint venture and its results and net assets are accounted under the equity method of accounting.

The capital of TOSB consists of ordinary shares and redeemable convertible preference shares. It is a private company and there is no readily available quoted market price available for its shares.

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

B9. JOINT VENTURE (Cont'd)

Summarised statement of comprehensive income

	Quarter ended		Year ended	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Profit before tax	229	323	1,421	1,166
Income tax expense	(54)	(86)	(357)	(317)
Profit for the period/ year	175	237	1,064	849
Interest in joint venture (80.55%)				
Share of results	141	191	857	684

B10. ASSOCIATES

	As at 31/12/2017 RM'000	**As at 31/12/2016 RM'000**
Group's share of net assets of associates	38,595	39,745

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 place of business / country of incorporation are set out in the audited financial statements for the financial year ended 31 December 2016. The associates have share capitals 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 the 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 share of loss from this associate and its contribution to the loss attributable to the shareholders of the Company in the financial year ended 31 December 2017 amounted to RM376,000 (31 December 2016: profit of RM594,300) and RM225,600 (31 December 2016: profit of RM356,600) respectively.

B10. ASSOCIATES (Cont'd)

Summarised statement of comprehensive income

	2MC Quarter ended		CUPL Quarter ended		Total Quarter ended	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
(Loss)/ profit before tax	(2,082)	(1,615)	(619)	3,027	(2,701)	1,412
Income tax expense	987	(196)	0	(1)	987	(197)
(Loss)/ profit for the period	(1,095)	(1,811)	(619)	3,026	(1,714)	1,215
Interest in associates (32%; 20%) Share of results	(350)	(580)	(124)	605	(474)	25

	2MC Year ended		CUPL Year ended		Total Year ended	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
(Loss) / profit before tax	(313)	(983)	(1,878)	3,059	(2,191)	2,076
Income tax expense	284	(175)	0	(87)	284	(262)
(Loss) / profit for the period	(29)	(1,158)	(1,878)	2,972	(1,907)	1,814
Interest in associates (32%; 20%) Share of results	(9)	(371)	(376)	594	(385)	223

B11. TRADE RECEIVABLES

	As at 31/12/2017 RM	As at 31/12/2016 RM
Neither past due nor impaired	165,212	180,283
1 to 30 days past due not impaired	14,478	21,688
31 to 60 days past due not impaired	9,007	12,260
61 to 90 days past due not impaired	2,511	2,502
91 to 120 days past due not impaired	482	353
More than 121 days past due not impaired	1,220	960
	192,910	218,046
Not past due but impaired	623	0
Past due and impaired:		
61 to 90 days past due and impaired	64	43
More than 121 days past due and impaired	1,986	2,591
	195,583	220,680
Less: Impairment of receivables	(2,673)	(2,633)
	192,910	218,047

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are debtors with good payment history. A number of these debtors are from the oil and gas industry. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM27.7 million (31 December 2016: RM37.8 million) that are past due at the reporting date but not impaired. The receivable balances are unsecured in nature. These balances relate mainly to customers who have good payment history.

Receivables that are not past due but impaired

Trade receivables that are not past due but impaired are specific debtors that are identified in which collection are in doubt.

B12. GROUP BORROWINGS

The Group borrowings as at 31 December 2017 were as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
31/12/2017			
Borrowings - secured	24,599	30,750	55,349
- unsecured	20,699	0	20,699
	45,298	30,750	76,048
31/12/2016			
Borrowings - secured	24,611	55,349	79,960
- unsecured	29,607	0	29,607
	54,218	55,349	109,567

The borrowings were all denominated in Ringgit Malaysia.

	Note	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Revolving credits	(i)	17,800	28,900
Finance lease liabilities	(ii)	0	11
Term loan	(iii)	55,349	79,949
Loans against import	(iv)	2,899	707
		76,048	109,567
Less: Amount repayable within 12 months			
Revolving credit		(17,800)	(28,900)
Finance lease liabilities		0	(11)
Term loan		(24,599)	(24,600)
Loans against import		(2,899)	(707)
		(45,298)	(54,218)
Amount repayable after 12 months		30,750	55,349

The decrease in borrowings is due to repayment of term loan of RM24.6 million, revolving credits of RM11.1 million, offset by the net drawdown on loans against import of RM2.2 million.

B12. GROUP BORROWINGS (Cont'd)

(i) Revolving credits are rolled over on a monthly basis at an average interest rate of 4.96% (average interest of 1.20% per annum above the bank's cost of funds).

(ii) Finance lease liabilities carry interest rate of 2.55% per annum.

(iii) Term loan carries an average interest rate of 3.97% (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 4.51% (1.15% per annum above the bank's cost of funds). The tenure of the import line is 90 days.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 31 December 2017.

B14. MATERIAL LITIGATION

As announced by the Company on 9 February 2018 in respect of the Writ of Summons and Statement of Claim served on Deleum Primera Sdn. Bhd. ("Deleum Primera") by Mogbiss, an amicable out-of-court settlement of the matter was reached between Deleum Primera and Mogbiss. Deleum Primera has paid Mogbiss a sum of money in full and final settlement of the matter with no admission as to liability. The suit was withdrawn by Mogbiss and struck out by the Court on 9 February 2018 with no Order as to costs and with no liberty to file afresh. The settlement did not have a material impact on the reported results and the financial assets and liabilities of the Group for the financial year ended 31 December 2017.

B15. DIVIDEND

The Board of Directors have, in respect of financial year ended 31 December 2017, declared a second interim single tier dividend of 3.25 sen per share on 400,195,300 ordinary shares. The number of ordinary shares will be increased upon the allotment of new ordinary shares pursuant to the vesting of the third tranche of the first grant of the Restricted Share Incentive Plan under the Company's Long-Term Incentive Plan due to vest in March 2018.

The dividend will be payable on 28 March 2018 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 15 March 2018.

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 15 March 2018 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 2017 is 4.25 sen per ordinary share. There will be no final dividend declared for the financial year ended 31 December 2017.

B16. EARNINGS PER SHARE ("EPS")

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

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Basic earnings per share				
Profit attributable to equity holders of the Company (RM'000)	13,458	9,879	32,277	26,513
Weighted average number of shares in issue ('000)	400,195	400,000	400,195	400,000
Basic earnings per share (sen)	3.36	2.47	8.07	6.63

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

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 Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	13,458	9,879	32,277	26,513
Weighted average number of shares in issue ('000) (Basic)	400,195	403,960	400,195	400,000
Effect of potential vesting of Long Term Incentive Plan	3,669	0	2,777	4,005
Weighted average number of ordinary shares ('000)	403,864	403,960	402,972	404,005
Diluted earnings per share (sen)	3.33	2.45	8.01	6.56

B17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period presentation as disclosed below:

	As restated		As previously stated	
	Individual Quarter Ended 31/12/2016 RM'000	**Cumulative Quarter Ended 31/12/2016 RM'000**	**Individual Quarter Ended 31/12/2016 RM'000**	**Cumulative Quarter Ended 31/12/2016 RM'000**
Cost of sales	158,837	474,848	160,115	480,131
Selling and distribution costs	10,069	33,423	8,791	28,140

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

B18. PROFIT BEFORE TAX

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Inventories consumed and recognised as cost of sales	29,234	23,130	107,122	102,518
Purchase of products, parts and Consumable	4,202	2,848	10,392	13,675
Costs of services purchased	69,369	111,569	200,135	277,579
Interest income	(706)	(329)	(2,385)	(1,452)
Other income including investment income	(178)	76	(450)	(501)
Interest expenses	869	1,209	4,005	5,348
Depreciation and amortisation	7,825	8,434	31,474	33,838
Write back of impairment for doubtful debts				
- Trade receivables	0	(61)	(100)	(61)
Bad debts written off				
- Trade receivables	0	52	0	64
- Other receivables	2	(41)	2	19
Inventories written off	69	1,060	88	1,175
Impairment of doubtful debts				
- Trade receivables	365	226	365	507
- Other receivables	48	0	48	0
Allowance for slow moving inventories	0	283	318	283
Bad debts recovered				
- Other receivables	0	0	0	(2,421)
Reversal of allowance for slow moving inventories	(7)	(11)	(120)	(89)
Impairment of property, plant and equipment	0	4,357	0	4,357

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

B18. PROFIT BEFORE TAX (Cont'd)

The following items were charged / (credited) in arriving at profit before tax (Cont'd):

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2017 RM'000	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Property, plant and equipment written off	39	1,023	78	1,023
Intangible asset written off	0	6	0	6
Foreign exchange losses / (gains)				
- Realised	2,869	1,311	4,654	3,568
- Unrealised	(3,411)	(3,983)	396	(5,904)
(Gain) / Loss on disposals of property, plant and equipment	(77)	203	(77)	110
Provision for liquidated damages	0	164	0	459
Reversal of allowance for provision of liquidated damages	(25)	0	(182)	0
Fair value loss on foreign currency exchange forward contract	25	0	24	0

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

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

B19. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2016 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 26 February 2018.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
26 February 2018