

DELEUM BERHAD
200501033500 (715640-T)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2021

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DELEUM BERHAD
200501033500 (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2021

RM'000	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	QUARTER ENDED 31/12/2021	QUARTER ENDED 31/12/2020*	YEAR ENDED 31/12/2021	YEAR ENDED 31/12/2020*	
	Unaudited	Unaudited	Unaudited	Audited	
Continuing operations					
Revenue	A11	191,895	155,185	558,367	587,424
Cost of sales		(152,879)	(121,468)	(450,979)	(477,280)
Gross profit		39,016	33,717	107,388	110,144
Other operating income		831	887	3,460	3,434
Selling and distribution costs		(7,228)	(7,197)	(29,315)	(29,283)
Administrative expenses		(12,507)	(13,917)	(48,514)	(49,349)
Other operating (losses)/gains ⁽¹⁾		(3,751)	1,012	(6,005)	(7,747)
Operating profit		16,361	14,502	27,014	27,199
Finance costs		(286)	(611)	(1,840)	(2,963)
Share of results of a joint venture (net of tax)	B9	301	(429)	1,345	512
Share of results of associates (net of tax)	B10	1,088	1,395	5,633	5,007
Profit before tax	B18	17,464	14,857	32,152	29,755
Income tax expense	B5	(2,463)	(2,430)	(6,470)	(11,974)
Profit from continuing operations (net of tax)		15,001	12,427	25,682	17,781
Discontinued operation					
Profit/(loss) from discontinued operation (net of tax)	B14	321	(339)	(1,915)	(2,419)
Profit for the year		15,322	12,088	23,767	15,362
Other comprehensive income					
Currency translation differences		(32)	(179)	113	(114)
Total comprehensive income for the year		15,290	11,909	23,880	15,248
Profit attributable to:					
- Equity holders of the Company		10,554	7,498	17,068	7,429
- Non-controlling interests		4,768	4,590	6,699	7,933
		15,322	12,088	23,767	15,362
Total comprehensive income attributable to:					
- Equity holders of the Company		10,535	7,388	17,138	7,284
- Non-controlling interests		4,755	4,521	6,742	7,964
		15,290	11,909	23,880	15,248
Basic/Diluted earnings per share (EPS) attributable to equity holders of the Company (sen)					
- Continuing operations		2.55	1.95	4.73	2.45
- Discontinued operation		0.08	(0.08)	(0.48)	(0.60)
	B17	<u>2.63</u>	<u>1.87</u>	<u>4.25</u>	<u>1.85</u>
⁽¹⁾ Other operating losses include the following:					
Foreign exchange gains/(losses):					
- Realised		1,360	637	2,223	(1,395)
- Unrealised		(288)	616	(123)	842
Fair value gain/(loss) on forward foreign currency exchange contracts		107	243	(719)	753
Impairment made:					
- trade receivables		(4,780)	144	(4,915)	(942)
- contract assets		37	64	(196)	(34)
- other receivables		(212)	267	(212)	(1,204)

* The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides for repair, servicing, maintenance and overhaul of motors, generators, transformers and other related services had ceased its active business activities following the Group's decision to exit from this business unit segment. As this business unit segment was not a discontinued operation as at 31 December 2020, the comparative numbers of the consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations (Note B14).

The above unaudited condensed interim consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

RM'000	Note	As at 31/12/2021 Unaudited	As at 31/12/2020 Audited
ASSETS			
Property, plant and equipment*		134,526	154,307
Investment properties		724	747
Intangible assets		283	315
Associates	B10	24,373	24,501
Joint venture	B9	32,934	31,588
Deferred tax assets		1,223	1,772
Other receivables		1,881	8,875
Non-current Assets		195,944	222,105
Inventories		32,012	30,442
Amounts due from an associate		1,920	3,200
Amounts due from a joint venture		177	121
Trade receivables	B11	76,407	66,717
Contract assets		88,167	75,811
Other receivables, deposits and prepayments		20,358	16,176
Derivative financial instrument	A7	84	0
Tax recoverable		1,199	1,338
Investment securities		0	13,015
Cash and bank balances		192,712	219,616
Current Assets		413,036	426,436
TOTAL ASSETS		608,980	648,541
EQUITY AND LIABILITIES			
Share capital		201,802	201,802
Retained earnings		208,537	199,500
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(2,088)	(2,158)
Equity attributable to equity holders of the Company		358,251	349,144
Non-controlling interests		20,518	21,224
Total Equity		378,769	370,368
Borrowings	B12	4,447	22,732
Deferred income		312	543
Deferred tax liabilities		14,853	18,256
Non-current Liabilities		19,612	41,531
Trade payables		143,161	132,608
Contract liabilities		5,375	18,694
Other payables and accruals		33,055	21,934
Derivative financial instrument	A7	0	45
Taxation		3,139	7,645
Borrowings	B12	25,869	55,716
Current Liabilities		210,599	236,642
Total Liabilities		230,211	278,173
TOTAL EQUITY AND LIABILITIES		608,980	648,541

* Inclusive of right-of-use assets

The above unaudited condensed interim consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity	
	Issued and fully paid ordinary shares		-----Non-distributable-----	Distributable				
	Number of shares '000	Share capital RM'000	Foreign currency translation RM'000	Merger deficit RM'000	Retained earnings RM'000			Total RM'000
At 1 January 2020	401,553	201,802	(2,735)	(50,000)	200,971	350,038	28,484	378,522
Profit for the financial year	0	0	0	0	7,429	7,429	7,933	15,362
Other comprehensive (loss)/income for the financial year	0	0	(145)	0	0	(145)	31	(114)
Total comprehensive (loss)/income for the financial year	0	0	(145)	0	7,429	7,284	7,964	15,248
Dividend	0	0	0	0	(12,047)	(12,047)	(11,355)	(23,402)
Effect on dissolution of an associate	0	0	722	0	3,147	3,869	(3,869)	0
At 31 December 2020	<u>401,553</u>	<u>201,802</u>	<u>(2,158)</u>	<u>(50,000)</u>	<u>199,500</u>	<u>349,144</u>	<u>21,224</u>	<u>370,368</u>
At 1 January 2021	401,553	201,802	(2,158)	(50,000)	199,500	349,144	21,224	370,368
Profit for the financial year	0	0	0	0	17,068	17,068	6,699	23,767
Other comprehensive income for the financial year	0	0	70	0	0	70	43	113
Total comprehensive income for the financial year	0	0	70	0	17,068	17,138	6,742	23,880
Dividend	0	0	0	0	(8,031)	(8,031)	(7,448)	(15,479)
At 31 December 2021	<u>401,553</u>	<u>201,802</u>	<u>(2,088)</u>	<u>(50,000)</u>	<u>208,537</u>	<u>358,251</u>	<u>20,518</u>	<u>378,769</u>

The above unaudited condensed interim consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

RM'000	YEAR ENDED	
	31/12/2021	31/12/2020
	Unaudited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year from:		
- Continuing operations	25,682	17,781
- Discontinued operation	(1,915)	(2,419)
	23,767	15,362
<u>Adjustments for:</u>		
Impairment for doubtful debts:		
Trade receivables		
- impairment made	4,916	963
- write back of impairment	(263)	(154)
Contract assets		
- impairment made	196	37
- write back of impairment	(42)	(4)
Other receivable		
- impairment made	212	1,204
Allowance for slow moving inventories:		
- allowance made	9,249	198
- write back of allowance	(136)	(18)
Amortisation of intangible assets	70	297
Accretion of income on other long-term receivable	(37)	0
Depreciation:		
- property, plant and equipment*	36,143	37,373
- investment properties	23	23
Impairment on plant and equipment	3,171	30,344
Amortisation of government grants	(135)	0
Provision for liquidated damages		
- provision made	264	18
- write back of provision	(44)	(34)
Gain on disposals of plant and equipment	(210)	0
Gain on lease modification and disposal	(53)	(9)
Gain on rental concession	0	(47)
Write-off:		
- property, plant and equipment	192	15
- inventories	1,053	3,028
- other receivables	77	562
Interest income	(2,985)	(3,106)
Finance costs [^]	1,865	2,988
Share of results of associates	(5,633)	(5,007)
Share of results of a joint venture	(1,345)	(512)
Tax expense	6,470	11,974
Unrealised net foreign exchange losses/(gains)	123	(836)
Net fair value gain on investment securities	0	(15)
<u>Net fair value loss/(gain) on forward foreign currency exchange contracts</u>	719	(753)
Operating profit before working capital changes	77,627	93,891
<u>Changes in working capital</u>		
Inventories	(11,736)	10,991
Trade receivables	(15,692)	52,234
Contract assets	(12,733)	61,697
Other receivables, deposits and prepayments	(3,242)	(6,915)
Trade payables	11,052	(70,638)
Other payables and accruals	11,418	(6,216)
Contract liabilities	(13,318)	5,996
Decrease/(increase) in restricted cash	29,711	(29,711)
Cash generated from operations	73,087	111,329
Tax paid	(14,625)	(10,261)
Tax refunded	935	294
Interest paid	(1,895)	(3,010)
Net cash generated from operating activities	57,502	98,352

* Inclusive of right-of-use assets.

[^] Inclusive of finance costs from discontinued operation of RM25,000.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

RM'000	YEAR TO-DATE-ENDED	
	31/12/2021	31/12/2020
	Unaudited	Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,026	3,080
Addition of plant and equipment*	(12,721)	(26,874)
Long-term deposits paid	(757)	(1,268)
Proceeds from disposals on plant and equipment	399	0
Addition of intangible assets	(38)	(152)
Redemption/(purchase) of investment securities	13,000	(13,000)
Dividend received from an associate	7,040	6,400
Amounts due from a joint venture	(55)	6
Proceeds on net assets surplus distribution arising from the dissolution of an associate	0	148
Net cash generated from/(used in) investing activities	9,894	(31,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Repayment	(20,660)	(2,000)
Loans against import		
- Drawn down	0	8,375
- Repayment	0	(17,245)
Term loans		
- Drawn down	0	23,445
- Repayment	(26,590)	(23,670)
Lease liabilities on right-of-use assets		
- Repayment	(1,614)	(1,563)
Dividends paid to:		
- Shareholders	(8,031)	(12,047)
- Non-controlling interest	(8,023)	(11,828)
Decrease in restricted cash	1,399	1,707
Net cash used in financing activities	(63,519)	(34,826)
Net increase in cash and cash equivalents	3,877	31,866
Foreign currency translation	330	(213)
Cash and cash equivalents at beginning of the year	179,171	147,518
Cash and cash equivalents at end of year	183,378	179,171
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	179,119	166,606
Cash and bank balances	13,593	53,010
	192,712	219,616
Restricted cash	(9,334)	(40,445)
Cash and cash equivalents at end of year	183,378	179,171
The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	182,763	172,301
US Dollar	509	6,761
Others	106	109
	<u>183,378</u>	<u>179,171</u>

* Included in the addition on plant and equipment is the capitalisation on the advance payment made in prior years of RM6,410,000 as plant and equipment upon fulfillment of the recognition criteria during the current year.

The above consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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”, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia, where applicable.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the attached explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

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 2020 except for the amendments to published standards which is to be applied by all Entities Other Than Private Entities that is effective for the financial periods beginning on or after 1 January 2021.

The amendments to published standards effective for financial period beginning on or after 1 June 2020 that is applicable and adopted by the group is as follows:-

Amendments to MFRS 16	Leases - Covid-19 - Related Rent Concessions
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The amendments to published standards effective for financial year beginning on 1 January 2021 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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The adoption of the above amendments to published standards is not expected to have any material impact to the Group financial results for the financial year ending 31 December 2021 upon their initial application.

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

A1. BASIS OF PREPARATION (Cont'd)

The Group has not early adopted the following amendments to published standards that have been issued by the Malaysian Accounting Standards Board ("MASB") as follows:

Financial year beginning on or after 1 April 2021

- Amendments to MFRS 16 Lease - Covid-19 - Related Rent Concessions beyond 30 June 2021

Financial year beginning on or after 1 January 2022

- Amendments to MFRS 3 Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, plant and equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2020 Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, Amendments MFRS 9 Financial Instruments, Amendments to the illustrative examples accompanying MFRS 16 Leases

Financial year beginning on or after 1 January 2023

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board

- 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)

The initial application of the above-mentioned amendments to published standards are not expected to have any material impact to the financial statements of the Group.

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 other than as disclosed in this unaudited interim financial report. 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.

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

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 current 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 current financial results.

A5. EQUITY AND DEBT SECURITIES

The Group did not undertake any other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year-to-date.

A6. FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial risks and these include market risk, credit risk and liquidity risk. To mitigate these risks, the Group operates within defined policies and guidelines as approved by the Board.

The information on the forward foreign currency exchange contracts that remained outstanding at 31 December 2021 is set out in Note A7.

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

	As at 31/12/2021		As at 31/12/2020	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
US Dollar	90,725	109,766	71,269	82,825
Others	3,036	2,638	4,644	2,547
	<u>93,761</u>	<u>112,404</u>	<u>75,913</u>	<u>85,372</u>
Closing exchange rate				
US Dollar	<u>4.176</u>	<u>4.176</u>	<u>4.029</u>	<u>4.029</u>

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

A7. OUTSTANDING DERIVATIVES

Forward foreign currency exchange contracts

Forward foreign currency exchange contracts are used to manage 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 2021, the net notional principal amount of the outstanding buy and sell forward foreign currency exchange contracts were RM8,325,000 (31 December 2020: RM926,000).

	As at 31/12/2021		As at 31/12/2020	
	Net	Net	Net	Net
	Notional amount RM'000	Fair Value Assets RM'000	Notional amount RM'000	Fair Value Liabilities RM'000
Type of derivatives				
Forward foreign currency exchange contracts ("FX Contract")				
- Less than 1 year	8,325	84	926	45

A8. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES AND FINANCIAL ASSETS

The fair value of forward foreign currency exchange contracts is determined by using the forward exchange rates as at each reporting date.

During the financial year-to-date, the fair value changes arising from the forward foreign currency exchange contract entered into by the Group and remained outstanding as at 31 December 2021 amounted to a fair value gain of RM84,000 (31 December 2020: fair value loss of RM45,000).

A9. DIVIDENDS PAID

During the second quarter under review, the Company paid the following first interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2020.

	RM
First interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares, paid on 27 April 2021	<u>4,015,535</u>

During the third quarter under review, the Company paid the following first interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2021.

	RM
First interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares, paid on 30 September 2021	<u>4,015,535</u>

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UNAUDITED INTERIM FINANCIAL REPORT
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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; and
 - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment.

- 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 completion services;
 - Provision of gas lift valve and insert strings equipment, accessories and services; and
 - Provision of subsurface engineering services.

- Integrated Corrosion Solution (“ICS”) – Mainly consists of:
 - Provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification maintenance activities, 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 2021.

Segmental information for the financial year ended 31 December 2021 was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>Segment Revenue</u>				
External revenue				
Power and Machinery	137,768	103,347	391,014	368,122
Oilfield Services	28,949	27,110	104,188	109,436
Integrated Corrosion Solution	24,999	24,607	62,604	109,378
Other non-reportable segment	179	121	561	488
Total Group revenue	191,895	155,185	558,367	587,424

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

A10. SEGMENT INFORMATION (Cont'd)

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>Segment Results</u>				
Power and Machinery	17,684	13,386	42,295	47,442
Oilfield Services	(7,727)	(4,483)	(15,435)	(21,831)
Integrated Corrosion Solution	7,179	6,437	3,263	4,144
Other non-reportable segment	17	11	72	62
Segment results	17,153	15,351	30,195	29,817
Unallocated income ^	40	78	157	269
Unallocated corporate expenses #	(1,118)	(1,538)	(5,178)	(5,850)
Share of results of a joint venture *	301	(429)	1,345	512
Share of results of associates *	1,088	1,395	5,633	5,007
Tax expense (Note B5) *	(2,463)	(2,430)	(6,470)	(11,974)
Profit from continuing operations	15,001	12,427	25,682	17,781
Profit/(loss) from discontinued operation, net of tax	321	(339)	(1,915)	(2,419)
Profit for the financial year	15,322	12,088	23,767	15,362

^ Unallocated income comprised mainly interest income earned by the Group.

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

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

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

A10. SEGMENT INFORMATION (Cont'd)

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
<u>Segment Assets</u>		
Power and Machinery	294,647	247,123
Oilfield Services	182,677	234,624
Integrated Corrosion Solution	46,456	73,321
Segment assets	523,780	555,068
Unallocated corporate assets ^	85,200	93,473
Total assets	608,980	648,541

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	132,700	114,166
Oilfield Services	39,086	75,684
Integrated Corrosion Solution	36,961	60,705
Segment liabilities	208,747	250,555
Unallocated corporate liabilities #	21,464	27,618
Total liabilities	230,211	278,173

^ Unallocated corporate assets represent 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 are not allocated by business segments.

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

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A11. REVENUE

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Revenue from contracts with customers:				
- Goods and services	191,716	155,064	557,806	586,936
- Management fee	179	121	538	469
Revenue from other source:				
- Dividend income	0	0	23	19
	191,895	155,185	558,367	587,424

Revenue from contracts with customers:

Type of goods and services

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Sale of gas turbine packages and after sales support and services	121,451	84,442	334,160	295,170
Commission based income services	984	429	4,779	1,258
Principal based income services	64	72	315	380
Sale of valves and flow regulators and after sales support and services	15,333	18,476	52,075	71,694
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, drilling and production services	27,918	26,949	100,938	104,990
Provision of specialty chemical and well stimulation	967	89	2,935	4,066
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	13,288	7,131	31,070	28,583
Provision of maintenance, construction and modification services	11,711	17,476	31,534	80,795
	191,716	155,064	557,806	586,936

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A12. ACQUISITIONS AND DISPOSALS OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current quarter ended 31 December 2021, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Acquisitions at cost:-				
- Plant and equipment*	2,854	3,487	19,984	37,095
- Intangible assets	0	152	38	152
Depreciation:-				
- Property, plant and equipment^	9,063	8,498	36,143	37,373
- Investment properties	6	6	23	23
Amortisation of intangible assets	20	82	70	297

* Included in the acquisition of plant and equipment is the capitalisation on the advance payment made in prior years of RM6,410,000 as plant and equipment upon fulfilment of the recognition criteria during the period and addition on right-of-use assets of RM853,000.

^ Inclusive of right-of-use assets.

A13. MATERIAL EVENTS DURING THE REPORTING DATE

There were no other material events during the reporting date other than as disclosed in Note B15.

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A14. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

There were no material events after the end of the reporting date.

A15. CHANGES IN THE COMPOSITION OF THE GROUP

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

A16. CONTINGENT LIABILITIES / ASSETS

As at 31 December 2021, 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 RM51.5 million (31 December 2020: RM44.3 million).

A17. COMMITMENTS

Capital commitment

Capital commitments for investment, property, plant and equipment and intangible assets not provided for as at 31 December 2021 were as follows:

	As at 31/12/2021	As at 31/12/2020
	RM'000	RM'000
Authorised but not contracted for		
- Plant and machinery	9,770	21,852
- Others	5,558	4,127
Authorised and contracted for		
- Plant and machinery	733	3,511
- Others	44	162
	16,105	29,652
Share of capital commitment of joint venture	491	849
	16,596	30,501

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A18. 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	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Manpower services to Solar Turbines International Company ("STICO") and its affiliated companies	578	740	1,987	2,264
Rental income from an affiliate company of STICO	13	13	54	54
Purchases and technical services from STICO and its affiliated companies	112,955	76,785	282,545	239,265

Significant outstanding balances arising from the above transactions as at 31 December 2021 were as follows:

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Amount due from STICO and its affiliated companies	2,179	1,111
Amount due to STICO and its affiliated companies	108,890	79,943

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A18. RELATED PARTY TRANSACTIONS (Cont'd)

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Sales to related parties of Dresser Italia S.R.L	111	583	806	929
Purchases of goods and services from related parties of Dresser Italia S.R.L	5,820	6,122	20,047	30,932

Significant outstanding balances arising from the above transactions as at 31 December 2021 were as follows:

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Amount due from related parties of Dresser Italia S.R.L	243	669
Amount due to related parties of Dresser Italia S.R.L	4,192	4,856

- (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:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Sales to STICO	1,000	0	4,000	3,375
Rental income from affiliate company of STICO	141	118	563	739

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A18. 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 2021 was as follows:

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Amount due from STICO and its affiliated company	380	47

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Directors' fees	295	257	1,180	1,034
Salaries, bonuses, allowances and other staff related expenses	3,160	2,052	11,315	10,714
Defined contribution plan	302	228	1,171	1,195
	3,757	2,537	13,666	12,943

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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

	Q4'21 RM'000	Q4'20 RM'000	Variance RM'000	Variance %
<u>Group</u>				
Revenue	191,895	155,185	36,710	23.7
Operating profit	16,361	14,502	1,859	12.8
Share of results of a joint venture, net of tax	301	(429)	730	170.2
Share of results of associates, net of tax	1,088	1,395	(307)	(22.0)
Profit before interest and tax	17,019	14,627	2,392	16.4
Profit before tax	17,464	14,857	2,607	17.5
Profit from continuing operations	15,001	12,427	2,574	20.7
Profit/(loss) from discontinued operation	321	(339)	660	194.7
 Profit attributable to equity holders of the Company	 10,554	 7,498	 3,056	 40.8

The Group's revenue increased by RM36.7 million or 23.7% to RM191.9 million against the corresponding quarter of RM155.2 million following higher revenue reported across all reportable segments.

The Group's results attributable to equity holders of the Company increased by RM3.1 million or 40.8% to RM10.6 million against the corresponding quarter of RM7.5 million. The higher Group's profits were due to stronger performances recorded from both the Power and Machinery and Integrated Corrosion Solution segments but offset by weaker performance from the Oilfield Services segment mainly due to a provision for doubtful debts made of RM4.1 million during the current quarter.

Share of results of a joint venture was contributed by the overhaul and repairs of gas turbines. The higher share of results was due to the higher revenue generated from engine disassembly services and space rental.

Share of results from associates were lower by RM0.3 million against the corresponding quarter mainly attributable to the lower operating results recorded by Malaysian Mud and Chemicals Sdn. Bhd. ("2MC") on account of the slowdown in throughput achieved from both its liquid mud and dry bulk businesses.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Q4'21 RM'000	Q4'20 RM'000	Variance RM'000	Variance %
<u>Power and Machinery</u>				
Revenue	137,768	103,347	34,421	33.3
Operating profit	17,696	13,397	4,299	32.1
Profit before interest and tax	17,114	12,849	4,265	33.2
Profit before tax	17,684	13,386	4,298	32.1

The Power and Machinery segment posted an increase in revenue by 33.3% or RM34.4 million to RM137.8 million compared to the corresponding quarter of RM103.3 million supported by the increase in exchange engine deliveries, higher sales for turbine parts, stronger contribution from retrofit projects, increase in services performed for machinery management system as well as higher supply of local field service representatives. This was however offset by the weaker sales for control and safety valves and flow regulators services during the current quarter.

The segment results reported an increase of RM4.3 million consistent with the higher revenue reported due to the favourable change in sales mix as well as favourable movement in forward foreign currency exchange contract differences with a net gain of RM0.4 million compared to RM0.1 million recorded in the corresponding quarter.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Q4'21 RM'000	Q4'20 RM'000	Variance RM'000	Variance %
<u>Oilfield Services</u>				
Revenue	28,949	27,110	1,839	6.8
Operating loss	(7,464)	(4,030)	(3,434)	(85.2)
Loss before interest and tax	(7,555)	(4,143)	(3,412)	(82.4)
Loss before tax	<u>(7,727)</u>	<u>(4,483)</u>	<u>(3,244)</u>	<u>(72.4)</u>

The Oilfield Services segment revenue increased by 6.8% or RM1.8 million to RM28.9 million against the corresponding quarter of RM27.1 million. This was primarily due to higher activities from its slickline services in both the West and East Malaysia regions, gas lift valve services and chemical sales. This was however offset by lower activities from its well intervention and enhancement services.

The segment results contracted by RM3.2 million despite higher revenue recorded affected by a provision for doubtful debts made on its trade receivable of RM4.1 million during the current quarter.

	Q4'21 RM'000	Q4'20 RM'000	Variance RM'000	Variance %
<u>Integrated Corrosion Solution</u>				
Revenue	24,999	24,607	392	1.6
Operating profit	7,188	6,582	606	9.2
Profit before interest and tax	7,171	6,501	670	10.3
Profit before tax	<u>7,179</u>	<u>6,437</u>	<u>742</u>	<u>11.5</u>

The Integrated Corrosion Solution segment revenue increased by 1.6% or RM0.4 million to RM25.0 million against the corresponding quarter revenue of RM24.6 million. The increase was mainly attributable to the higher contract orders and job deliveries following higher maintenance activity levels for its Sponge-Jet Blasting ("SPJ") business in Indonesia. This was however offset by weaker contract orders with slowdown being experienced in the maintenance activity level and work order deliveries for its Maintenance, Construction and Modification services ("MCM") project.

The segment results reported a stronger profit of RM7.2 million against the previous corresponding quarter profit of RM6.4 million in tandem with the higher revenue reported. This was offset by higher provision made for slow moving inventories and obsolete stocks written-off of RM3.3 million and RM0.3 million respectively.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'21 RM'000	Q4'20 RM'000		
<u>Group</u>				
Revenue	558,367	587,424	(29,057)	(4.9)
Operating profit	27,014	27,199	(185)	(0.7)
Share of results of a joint venture, net of tax	1,345	512	833	162.7
Share of results of associates, net of tax	5,633	5,007	626	12.5
Profit before interest and tax	31,007	29,612	1,395	4.7
Profit before tax	32,152	29,755	2,397	8.1
Profit from continuing operations	25,682	17,781	7,901	44.4
Loss from discontinued operation	(1,915)	(2,419)	504	20.8
Profit attributable to equity holders of the Company	<u>17,068</u>	<u>7,429</u>	<u>9,639</u>	<u>129.7</u>

The Group's revenue for the year was lower by 4.9% or RM29.1 million to RM558.4 million against the corresponding year of RM587.4 million following lower revenue reported from both the Oilfield Services segment and the Integrated Corrosion Solution segment but mitigated by stronger revenue contribution from the Power and Machinery segment.

The Group's results attributable to equity holders of the Company improved by RM9.6 million or 129.7% to RM17.1 million against the corresponding year of RM7.4 million notwithstanding the Group's weaker revenue reported. The improvement in results was attributable to the lower impairment charges made on its reportable segments' operating assets by RM27.1million as compared with the corresponding year. However, the Group's results were partially offset by the weaker performance recorded in both the Power and Machinery and the Integrated Corrosion Services segments coupled with the higher provisions and write-offs made on slow-moving and/or obsolete stocks held totalling RM10.3 million against the previous corresponding year.

The higher share of results of a joint venture was due to higher revenue derived from engine disassembly and lower direct operating expenditure incurred despite a decline in revenue from space rental.

Share of results of associates were higher by RM0.6 million mainly attributable to the higher throughput achieved from 2MC's liquid mud and dry bulk businesses.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'21 RM'000	Q4'20 RM'000		
<u>Power and Machinery</u>				
Revenue	391,014	368,122	22,892	6.2
Operating profit	42,338	47,482	(5,144)	(10.8)
Profit before interest and tax	40,094	45,125	(5,031)	(11.1)
Profit before tax	<u>42,295</u>	<u>47,442</u>	<u>(5,147)</u>	<u>(10.8)</u>

The Power and Machinery segment revenue increased by 6.2% or RM22.9 million to RM391.0 million against the corresponding period of RM368.1 million. In contrast, the segment results fell by RM5.1 million or 10.8% affected by lower contribution from valves and flow regulators services, third party sales and other ancillary services coupled with higher losses incurred in the forward foreign currency exchange contracts differences on MYR against USD with a loss reported of RM0.8 million against a gain of RM0.8 million recorded in the previous corresponding year.

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'21 RM'000	Q4'20 RM'000		
<u>Oilfield Services</u>				
Revenue	104,188	109,436	(5,248)	(4.8)
Operating loss	(14,031)	(19,912)	5,881	29.5
Loss before interest and tax	(14,432)	(20,269)	5,837	28.8
Loss before tax	<u>(15,435)</u>	<u>(21,831)</u>	<u>6,396</u>	<u>29.3</u>

The Oilfield Services segment revenue decreased by 4.8% or RM5.2 million to RM104.2 million compared to the corresponding period of RM109.4 million. The segment reported a lower loss of RM15.4 million despite lower revenue reported mainly due to lower impairment charges made on its operating assets of RM3.2 million against the previous corresponding year of RM15.1 million. However, the results were offset by the higher provisions and write-offs made on its slow-moving and/or obsolete stocks held of RM4.5 million against the previous corresponding year of RM1.8 million.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'21 RM'000	Q4'20 RM'000		
<u>Integrated Corrosion Solution</u>				
Revenue	62,604	109,378	(46,774)	(42.8)
Operating profit	3,651	5,140	(1,489)	(29.0)
Profit before interest and tax	3,452	5,012	(1,560)	(31.1)
Profit before tax	3,263	4,144	(881)	(21.3)

The Integrated Corrosion Solution segment revenue declined to RM62.6 million, representing a decrease of RM46.8 million or 42.8% compared with the corresponding year of RM109.4 million following a decrease in the maintenance service activity levels performed for its MCM operations. Notwithstanding that the previous corresponding year result was affected by a one-off impairment charge made on its operating assets of RM15.2 million which did not recur during the current year, the segment reported a lower profit by RM0.9 million mainly attributable to the adverse change in sales mix with downward pressure on its project margins, provisions and write-offs made on its slow-moving and/or obsolete stocks held of RM5.3 million, higher legal and professional costs incurred and higher foreseeable losses recognised. This was however cushioned by the stronger margin earned from SPJ operations in Indonesia.

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B1. PERFORMANCE REVIEW (Cont'd)

(C) Consolidated Statement of Financial Position

The Group's total assets as at 31 December 2021 stood at RM609.0 million against RM648.5 million at the end of the previous financial year, representing a decrease of RM39.5 million or 6.1%. This was mainly due to the lower carrying value of fixed operating assets and decrease in other long-term receivables by RM26.8 million which were attributable to the depreciation and amortisation charges and decrease in advance payments made on capital expenditure requirements respectively. The decrease in total assets is also attributable to lower amount due from an associate of RM0.1 million upon receipt of dividend declared in the previous year and decrease in cash and bank balance and investment securities of RM39.9 million. The reduction is however mitigated by the higher trade and other receivables and contract assets balances by RM26.2 million, increase in the carrying value of investments in a joint venture of RM1.3 million and increase in inventories balance by RM1.6 million.

In tandem, the Group's total liabilities declined by RM48.0 million attributable to the lower borrowings of RM48.1 million due to scheduled repayment of term loans of RM26.6 million, settlement of revolving credit of RM20.7 million and lease liabilities of RM0.9 million respectively coupled with the decrease in contract liabilities of RM13.3 million. This was mitigated by lower trade and other payables of RM21.7 million.

(D) Consolidated Statement of Cash Flows

The Group's cash and bank balances was lower at RM192.7 million compared with RM219.6 million as at 31 December 2020.

The Group generated positive cash inflow of RM57.5 million and RM9.9 million from its operating activities and investing activities respectively for the financial year ended 31 December 2021.

The increase was however offset by a net outflow of RM63.5 million from its financing activities. The outflow from financing activities included mainly the net repayment on borrowings of RM48.9 million and dividends paid to shareholders and non-controlling interest totalling RM16.0 million.

In investing activities, the Group has paid a total of RM13.5 million for its capital expenditure, but this decrease was cushioned by proceeds from redemption of investment securities of RM13.0 million and dividend received from an associate of RM7.0 million.

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

	Q4'21 RM'000	Q3'21 RM'000	Variance RM'000	Variance %
<u>Group</u>				
Revenue	191,895	137,547	54,348	39.5
Operating profit/(loss)	16,361	(284)	16,645	5,860.9
Share of results of a joint venture, net of tax	301	350	(49)	(14.0)
Share of results of associates, net of tax	1,088	1,628	(540)	(33.2)
Profit before interest and tax	17,019	933	16,086	1,724.1
Profit before tax	17,464	1,239	16,225	1,309.5
Profit from continuing operations	15,001	1,054	13,947	1,323.2
Profit/(loss) from discontinued operation	321	(1,052)	1,373	130.5
Profit/(loss) attributable to equity holders of the Company	10,554	(639)	11,193	1,751.6

Quarter on quarter, the Group reported a profit of RM10.6 million compared to the immediate preceding quarter loss of RM0.6 million, representing an increase of RM11.2 million. The stronger results were supported by stronger margins earned from the Power and Machinery segment and a turnaround in the Integrated Corrosion Solution segment during the current quarter. The results were however mitigated by non-recurring one-off impairment charge made on its chemical operating assets of RM3.2 million from the Oilfield Services segment and provision for doubtful debts on trade receivables from both the Oilfield Services and Power and Machinery segments of RM4.1 million and RM0.6 million respectively made during the current quarter.

Share of results of a joint venture was lower due to the lower interest income received by the joint venture entity in the current quarter.

The share of results of associate was lower against the immediate preceding quarter due to lower results from 2MC on account of lower throughput achieved from both its liquid mud and dry bulk business.

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

	Q4'21	Q3'21	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Power and Machinery</u>				
Revenue	137,768	97,526	40,242	41.3
Operating profit	17,696	7,430	10,266	138.2
Profit before interest and tax	17,114	6,846	10,268	150.0
Profit before tax	<u>17,684</u>	<u>7,416</u>	<u>10,268</u>	<u>138.5</u>

The Power and Machinery segment results increased by RM10.3 million to RM17.7 million against the immediate preceding quarter profit of RM7.4 million. The higher segment results were supported by an increase in the exchange engines deliveries, stronger sales on turbine parts and valves and flow regulator services and increase of supply of local field service representatives.

	Q4'21	Q3'21	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Oilfield Services</u>				
Revenue	28,949	21,256	7,693	36.2
Operating loss	(7,464)	(7,055)	(409)	(5.8)
Loss before interest and tax	(7,555)	(7,155)	(400)	(5.6)
Loss before tax	<u>(7,727)</u>	<u>(7,380)</u>	<u>(347)</u>	<u>(4.7)</u>

The Oilfield Services segment results recorded a higher loss of RM0.3 million against the immediate preceding quarter loss of RM7.4 million despite higher revenue recorded. This was attributable mainly to a non-recurring one-off impairment charge made on its chemical operating assets of RM3.2million in addition to provision of doubtful debt of RM4.1 million made during the current quarter.

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

	Q4'21 RM'000	Q3'21 RM'000	Variance RM'000	Variance %
<u>Integrated Corrosion Solution</u>				
Revenue	24,999	18,623	6,376	34.2
Operating profit/(loss)	7,188	(321)	7,509	2,339.3
Profit/(loss) before interest and tax	7,171	(370)	7,541	2,038.1
Profit/(loss) before tax	7,179	(436)	7,615	1,746.6

The Integrated Corrosion Solution segment results posted a profit of RM7.2 million against the immediate preceding quarter loss of RM0.4 million, representing an increase of RM7.6 million. The stronger results were driven mainly by higher operating margins from both MCM and Sponge-Jet business on account of better sales mix, lower foreseeable losses recognised coupled with lower operating expenses.

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B3. PROSPECTS

With the nation's vaccination progress approaching 80% in early February this year, the country is slowly embracing the notion of living with COVID-19 under the new normal. All sectors within the Malaysian economy are operating at almost similar pre-COVID-19 conditions albeit with strict adherence to the Standard Operating Procedures set by the authorities.

The recovery of the Oil and Gas sector is more visible now and the increasing demand for the commodity with the capital discipline exercised by oil producers is expected to keep the commodity price at a stable level. The increase in global rig count is expected to cascade to Asia and Malaysia especially.

Deleum expects to see a stability within the Group for the financial year ending 31 December 2022 as business activities increase gradually since the start of the year. With the business environment slowly recovering, Deleum will seek opportunities to identify and establish new business prospects to further strengthen the performance of the Group as the market fully recovers and to promote long term sustainability.

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	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>Income tax expenses on continuing operations:</u>				
Current tax – current year	3,006	3,991	9,416	15,282
(Over)/Under provision in prior years	(46)	11	(92)	45
Deferred tax				
– origination and reversal of temporary differences	(571)	(559)	(3,274)	(7,514)
– deferred tax asset not recognised	74	(1,013)	420	4,161
Total income tax expense	2,463	2,430	6,470	11,974

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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 year ended 31 December 2021 was lower than the headline tax rate as shown below.

	Cumulative Quarters ended	
	31/12/2021	31/12/2020
	%	%
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	24	24
<u>Tax effects of:</u>		
- Expenses not deductible for tax purposes	9	11
- Income not subject to tax	(3)	(1)
- Share of results of associates and joint venture	(5)	(5)
- Deferred tax asset not recognised	1	14
- Under provision in prior years	0	(1)
- Recognition of previously unrecognised temporary differences	(6)	(2)
Effective tax rate for continuing operations	20	40

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

There was no corporate proposal announced which was not completed as of 16 February 2022 (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 31/12/2021 RM'000	As at 31/12/2020 RM'000
Group's share of net assets of joint venture	32,934	31,588

TOSB was a wholly owned subsidiary of the Group. It was incorporated in Malaysia and its main activities include 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. Based on MFRS and in the opinion of the Directors, TOSB is regarded as a material joint venture and its results and net assets are accounted for 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.

Summarised statement of comprehensive income

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Profit before tax	502	(715)	2,153	703
Income tax expense	(128)	183	(483)	(67)
Profit for the period	374	(532)	1,670	636
Interest in joint venture (80.55%) Share of results	301	(429)	1,345	512

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B10. ASSOCIATES

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Group's share of net assets of associates	24,373	24,501

In the opinion of the Directors, as at 31 December 2021, 2MC is a material associate while Combodia Utilities Pte. Ltd. ("CUPL") has been liquidated and ceased to be an associate of the Group during the financial year ended 31 December 2020. 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 2020. The associates have share capitals consisting solely of ordinary shares, which are held directly by the Group.

2MC is a private company and there is no quoted market price available for the shares.

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B10. ASSOCIATES (Cont'd)

Summarised statement of comprehensive income

	2MC		CUPL		Total	
	Individual Quarter ended		Individual Quarter ended		Individual Quarter ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,526	5,855	0	0	4,526	5,855
Income tax expense	(1,127)	(1,496)	0	0	(1,127)	(1,496)
Profit for the year	<u>3,399</u>	<u>4,359</u>	<u>0</u>	<u>0</u>	<u>3,399</u>	<u>4,359</u>
Interest in associates (32%; 20%) Share of results	1,088	1,395	0	0	1,088	1,395

	2MC		CUPL		Total	
	Cumulative Quarters ended		Cumulative Quarters ended		Cumulative Quarters ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	23,278	20,551	0	317	23,278	20,868
Income tax expense	(5,675)	(5,101)	0	0	(5,675)	(5,101)
Profit for the year	<u>17,603</u>	<u>15,450</u>	<u>0</u>	<u>317</u>	<u>17,603</u>	<u>15,767</u>
Interest in associates (32%; 20%) Share of results	5,633	4,944	0	63	5,633	5,007

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B11. TRADE RECEIVABLES

	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Neither past due nor impaired	61,716	61,374
1 to 30 days past due not impaired	11,286	2,469
31 to 60 days past due not impaired	1,032	612
61 to 90 days past due not impaired	542	476
91 to 120 days past due not impaired	43	225
More than 121 days past due not impaired	1,788	1,561
	<hr/>	<hr/>
	76,407	66,717
Not past due but impaired	93	0
Past due and impaired:		
1 to 30 days past due and impaired	175	0
31 to 60 days past due and impaired	1,043	0
More than 121 days past due and impaired	5,136	1,807
	<hr/>	<hr/>
	82,854	68,524
Less: Impairment of receivables	<hr/>	<hr/>
	(6,447)	(1,807)
	<hr/>	<hr/>
	76,407	66,717
	<hr/> <hr/>	<hr/> <hr/>

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 re-negotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM14.7 million (31 December 2020: RM5.3 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.

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B12. GROUP BORROWINGS

The Group borrowings as at 31 December 2021 were as follows:

		Short Term RM'000	Long Term RM'000	Total RM'000
<u>31/12/2021</u>				
Borrowings	- secured	17,501	4,201	21,702
	- unsecured	8,368	246	8,614
		25,869	4,447	30,316
		25,869	4,447	30,316
<u>31/12/2020</u>				
Borrowings	- secured	26,610	21,701	48,311
	- unsecured	29,106	1,031	30,137
		55,716	22,732	78,448
		55,716	22,732	78,448

The borrowings are all denominated in Ringgit Malaysia.

	Note	As at 31/12/2021 RM'000	As at 31/12/2020 RM'000
Revolving credits	(i)	7,140	27,800
Lease liabilities on right-of-use assets	(ii)	1,496	2,378
Term loans	(iii)	21,680	48,270
		30,316	78,448
Less: Amount repayable within 12 months			
Revolving credits		(7,140)	(27,800)
Lease liabilities on right-of-use assets		(1,249)	(1,326)
Term loans		(17,480)	(26,590)
		(25,869)	(55,716)
		4,447	22,732

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B12. GROUP BORROWINGS (Cont'd)

The decrease in borrowings was due to net repayment on term loan of RM26.6 million, revolving credits of RM20.7 million and net repayment of lease liabilities for right-of-use assets of RM0.9 million.

- (i) Revolving credits are rolled over on a monthly basis at an average interest rate of 3.38% (average interest of 1.00% per annum above the bank's cost of funds and 0.85% per annum above the KLIBOR).
- (ii) Lease liabilities on right-of-use assets carry interest rates ranging from 2.46% to 5.21% per annum.
- (iii) Term loans carry interest rates ranging from 2.76% to 3.12% per annum (0.90%, 1.1% and 1.25% per annum above the KLIBOR). The tenure of the term loans is ranging from 3 to 5 years.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off-balance sheet financial instrument as at 31 December 2021 other than the outstanding derivatives on forward foreign currency exchange contracts as disclosed in Note A7.

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B14. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides for repair, servicing, maintenance and overhaul of motors, generators, transformers and other related services had ceased its active business activities following the Group's decision to exit from this business unit segment. As this business unit segment was not a discontinued operation as at 31 December 2020, the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	758	2,048	4,412	4,680
Expenses	(437)	(2,387)	(6,327)	(7,099)
Profit/(loss) before/after tax	321	(339)	(1,915)	(2,419)

The loss from discontinued operation for year ended 31 December 2021 of RM1,915,000 (2020: RM2,418,000) is attributable entirely to the owners of the Company.

The effect of cash flows arising from discontinued operation was as follows:

	Cumulative Quarters ended
	31/12/2021
	RM'000
Net cash used in operating activities	(254)
Net cash generated from investing activities	200
Net cash used in financing activities	(381)
Effect on cash flows	(435)

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B15. MATERIAL LITIGATION

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”)

The Plaintiff has commenced the above legal proceedings against the Defendant wherein it is alleged *inter alia*, that the Defendant had unlawfully terminated the agreement entered into between parties for the supply and delivery of Cargo Handling Equipment (CHE) by the Plaintiff to the Defendant, and wherein there had been severe and protracted delay in delivery of the CHE by the Plaintiff.

By a Writ of Summons and Statement of Claim dated 21 August 2020, the Plaintiff commenced the above legal proceedings against the Defendant concerning the alleged unlawful termination of the Cargo Handling Equipment Project contract dated 11 October 2018 by the Defendant, claiming for *inter alia* Judgment for the amount of RM1,400,500.00, being the total sum from invoices allegedly outstanding, and damages in the amount of RM874,500.00 arising from the Defendant’s alleged refusal to accept delivery of the CHE.

The Orders and/or relief sought by the Plaintiff, are as follows:

- (a) a Declaration that the termination of the Cargo Handling Equipment Project contract dated 11 October 2018 by the Defendant, was unlawful;
- (b) Judgment for the sum of RM1,400,500.00, being the total sum from invoices allegedly outstanding;
- (c) Damages in the amount of RM874,500.00 due to the Defendant’s alleged refusal to accept delivery of the CHE;
- (d) General damages;
- (e) Late payment charges of 1.5% per month, from the date of the Writ of Summons until full settlement of all outstanding invoices;
- (f) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (g) Costs; and
- (h) Any other relief deemed fit by the High Court.

The Suit proceeded for Trial on 27 and 28 September 2021, and 28 October 2021 and both the Plaintiff and Defendant completed their respective cases on the said Trial dates.

The Suit came up for Decision on 20 January 2022, wherein the following Decision was delivered by the Court:

1. The Plaintiff’s claim is dismissed;
2. The Defendant’s counterclaim is dismissed, save for the declaration sought by the Defendant, namely for a declaration that the termination of the CHE Project by the Defendant was lawful and valid, which declaration was granted; and
3. The Plaintiff and the Defendant shall bear its own costs.

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B15. MATERIAL LITIGATION (Cont'd)

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”) (Cont'd)

The Plaintiff has filed their appeal at the Court of Appeal on 17 February 2022.

In essence, the Plaintiff. is appealing against the following :

1. The entire decision made against the Plaintiff; and
2. The High Court’s decision which declares that Defendant’s termination of the CHE Project was lawful and valid.

The Plaintiff is to file the Memorandum of Appeal together with the Record of Appeal by 20 April 2022.

2. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-768-11/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”)

The Plaintiff had commenced the above legal proceedings against the Defendant, wherein it is alleged inter alia, that the Defendant had failed to make payment for certain works carried out by the Plaintiff, for which the Defendant had engaged the Plaintiff.

The Writ of Summons and Statement of Claim, both dated 23 November 2020, was served on the Defendant on 26 November 2020. The Defendant has filed its Memorandum of Appearance dated 9 December 2020 and Defence dated 7 January 2021. The Plaintiff thereafter filed its Reply to Defence dated 21 January 2021.

The Plaintiff’s solicitors have, on 25 January 2021, served on the Defendant’s solicitors an Amended Writ and Statement of Claim, both dated 22 January 2021, to –

- i) amend the original claim sum from RM 1,568,048.66 to an amended claim sum of RM2,184,584.45; and
- ii) withdraw their claim for a declaration and injunction as the amended claim sum has rendered the declaration and injunction as no longer applicable.

The amendments have been sought on the basis that Invoice No. SS/CWR/BAP A Standby dated 3 November 2020 for the amount of RM 616,535.79 became due and payable on 3 December 2020 (i.e. after the filing of their suit on 23 November 2020). Therefore, the Plaintiff has included the invoice amount in the total sum claimed.

The said amendment is to regularise the Plaintiff’s claim and the same would not jeopardise the rights of the Defendant.

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B15. MATERIAL LITIGATION (Cont'd)

2. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-768-11/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”) (Cont'd)

Pursuant to the Amended Writ & Statement of Claim, both dated 22 January 2021, the Plaintiff has sought for the following relief:

- (a) Judgment for the sum of RM 2,184,584.45 being the total sum from invoices allegedly outstanding;
- (b) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (c) Costs; and
- (d) Any other relief deemed fit by the High Court.

At the Case Management on 21 July 2021, the Court issued the following directions:

1. The suit is now fixed for Trial on 22, 23 and 29 September 2022;
2. The pre-trial documents are required to be filed by 22 August 2022;
3. The matter is fixed for further Case Management on 22 August 2022; and
4. The previous Trial dates on 9, 10 and 11 May 2022, and the Case Management on 9 March 2022, are vacated to give priority to the disposal of pre-2020 cases..

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Primera Sdn Bhd (“Plaintiff”) against Deleum Primera’s employees, suppliers, contractors and employees of a client (“Defendants”)

The Plaintiff has commenced the above legal proceedings against the Defendants by way of a Writ of Summons dated 5 November 2020 for, amongst others, breaches of fiduciary duty, knowing receipt and dishonest assistance in relation to an alleged fraudulent scheme involving its employees, suppliers, contractors and employees of a client. The sum claimed by the Plaintiff in its Statement of Claim dated 5 November 2020 is RM19,876,389.87.

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B15. MATERIAL LITIGATION (Cont'd)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Primera Sdn Bhd (“Plaintiff”) against Deleum Primera’s employees, suppliers, contractors and employees of a client (“Defendants”) (Cont'd)

On 9 November 2020, the Plaintiff further obtained a Mareva (freezing) Injunction and a Delivery Up Order, on an ex-parte basis, against the Defendants. However, on 9 December 2020, Defendant No.9, Semi Hermatics Sdn. Bhd. has succeeded in setting aside the Plaintiff’s ex-parte Mareva (freezing) Injunction and Delivery Up Order and was awarded damages in the total sum of RM47,168.42 on 25 May 2021 which has been paid by the Plaintiff in July 2021.

Pursuant thereto, the Plaintiff appealed against this High Court’s decision namely CIVIL APPEAL NO.: W-02(IM)(NCC)-62-01/2021 and CIVIL APPEAL NO.: W-02(IM)(NCC)-64-01/2021 but subsequently, withdrew both its appeals on 22 November 2021.

Pursuant to a hearing on 13 January 2022 the Kuala Lumpur High Court has dismissed the application by Deleum Primera for inter-partes Forthwith Delivery Up Order and inter-partes Mareva (Freezing) Order against Defendant No.9 and Defendant No. 10 with costs of RM15,000.00 for each application.

On the applications by Defendant No. 1 to Defendant No. 8 and Defendant No. 10 to set aside Deleum Primera’s ex-parte Forthwith Delivery Up Order and ex-parte Mareva (Freezing) Order against them, as well as for Deleum Primera’s inter-partes Forthwith Delivery Up Order and inter-partes Mareva (Freezing) Order against all the Defendants, the Kuala Lumpur High Court has made the following findings on 27 January 2022:

- i) that Deleum Primera’s applications for *inter-partes* Forthwith Delivery Up Order and *inter-partes* Mareva (Freezing) Order against Defendant No.1 to Defendant No. 5, Defendant No. 7 and Defendant No. 8 are allowed with costs in the cause;
- ii) that Deleum Primera’s application for *inter-partes* Forthwith Delivery Up Order and *inter-partes* Mareva (Freezing) Order against Defendant No. 6 is dismissed with costs of RM5,000.00 for each application, subject to allocatur fee;
- iii) that the applications by Defendant No. 1 to Defendant No. 8 to set aside Deleum Primera’s *ex-parte* Forthwith Delivery Up Order and *ex-parte* Mareva (Freezing) Order against them are dismissed with costs of RM10,000.00 for each application, subject to allocatur fee; and
- iv) that the application by Defendant No 10 to set aside Deleum Primera’s *ex-parte* Forthwith Delivery Up Order and *ex-parte* Mareva (Freezing) Order against them is dismissed with costs of RM5,000 for each application, subject to allocatur fee.

On 9 March 2021, 6 of the Defendants applied to recuse the presiding Judge from hearing the matter (“Recusal Applications”) which was dismissed by the High Court with costs of RM15,000.00 payable by each set of the relevant Defendants’ Counsel to the Plaintiff. The relevant Defendants’ verbal application for a stay of execution was also dismissed by the High Court.

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B15. MATERIAL LITIGATION (Cont’d)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Primera Sdn Bhd (“Plaintiff”) against Deleum Primera’s employees, suppliers, contractors and employees of a client (“Defendants”) (Cont’d)

After the dismissal of the Recusal Applications, 5 of the Defendants lodged an appeal to the Court of Appeal (“the Recusal Appeals”) where the hearing was scheduled on 1 December 2021.

Pending the disposal of the Recusal Appeals, 4 of the Defendants in the Recusal Applications applied to the High Court to stay all the proceedings pending the disposal of the Recusal Appeals which was dismissed by the High Court on 20 April 2021 with costs of RM8,000.00 payable to the Plaintiff.

On the same date, the said 4 Defendants also filed a motion at the Court of Appeal to stay all the proceedings before the High Court pending the disposal of the Recusal Appeals which was allowed by the Court of Appeal on 30 April 2021, (“the Stay Decision”). In light of the Stay Decision, 4 of the Defendants are agreeable to withdraw their application to strike out Deleum Primera’s claim and the High Court decided to adjourn all the proceedings pending the disposal of the Recusal Appeals.

On 1 December 2021, the Court of Appeal has ordered for the Recusal Appeals to be struck out with costs of RM5,000.00 for each appeal, subject to allocatur fees, be made to Deleum Primera by 31 December 2021 which has been settled by the Defendants. The High Court Order dated 9 March 2021 which ordered for costs of RM15,000.00 to be paid by the Defendants’ solicitors remain.

During a case management on 21 May 2021, 4 of the Defendants disputed the extraction of some data from their devices (“Disputed Data”), and they are to produce the Disputed Data by way of affidavit so that the relevant parties may address on the issue of relevancy of the Disputed Data. The Plaintiff informed the High Court that they have provided their justification for the extraction of the Disputed Data on 30 June 2021 and the Defendants responded by the next case management on 28 July 2021 when the High Court allowed the Disputed Data to be released to the Plaintiff.

On 8 October 2021, the services of the legal firm, Messrs Lim Chee Wee Partnership, was terminated and the firm of Messrs Ranjit Singh & Yeoh, has been appointed henceforth. The Notice of Change of Solicitors has been filed accordingly by Messrs. Ranjit Singh & Yeoh on 10 November 2021.

On 27 January 2022, Defendant No. 8 has withdrawn its application to strike out the Suit before the Kuala Lumpur High Court with cost of RM2,000.00 being awarded to Deleum Primera, subject to allocatur fee.

The next case management will be held on 23 February 2022 to discuss on other ancillary applications filed by the Defendants.

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B16. DIVIDEND

The board of Directors have, in respect of financial year ending 31 December 2021, declared a second interim single tier dividend of 1.20 sen per share on 401,553,500 ordinary shares.

The dividend will be payable on 30 March 2022 to shareholders of ordinary shares whose names appear in Record of Depositors at the close of business on 15 March 2022.

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

- (i) shares transferred into the Depositor’s securities account before 5 p.m on 15 March 2022 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 2021 is 2.20 sen per ordinary share.

There will be no final dividend declared for the financial year ended 31 December 2021.

B17. EARNINGS PER SHARE (“EPS”)

The calculation of basic and diluted earnings per share for the reporting period was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Basic / Diluted earnings per share				
Profit/(loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	10,233	7,837	18,983	9,848
- Discontinued operations	321	(339)	(1,915)	(2,419)
	10,554	7,498	17,068	7,429
Weighted average number of shares in issue ('000)	401,554	401,554	401,554	401,554
Basic / Diluted earnings per share (sen)				
- Continuing operations	2.55	1.95	4.73	2.45
- Discontinued operations	0.08	(0.08)	(0.48)	(0.60)
Basic / Diluted earnings per share	2.63	1.87	4.25	1.85

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B18. PROFIT BEFORE TAX

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Inventories consumed and recognised as cost of sales	29,110	17,140	82,474	103,199
Purchase of products, parts and consumable	2,786	1,654	12,764	7,274
Costs of services purchased	98,147	76,403	272,982	232,475
Interest income	(729)	(816)	(2,985)	(3,106)
Other income including investment income	(51)	(81)	(234)	(270)
Accretion of income on other receivable	65	0	(37)	0
Interest expenses	286	611	1,840	2,963
Depreciation and amortisation	8,982	8,443	35,398	37,103
Write-back of impairment				
- Trade receivables	0	0	(246)	(152)
- Contract assets	0	(3)	(39)	(4)
Bad debts written-off				
- Other receivable	0	0	77	562
Impairment/(write-back) of doubtful debts				
- Trade receivables	4,780	(144)	4,915	942
- Contract assets	(37)	(64)	196	34
- Other receivables	212	(267)	212	1,204
Allowance for slow moving inventories	3,026	58	9,249	198
Reversal of allowance for slow moving inventories	(14)	(2)	(136)	(18)
Net fair value gain on investment securities	19	(15)	0	(15)

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B18. PROFIT BEFORE TAX (Cont'd)

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Inventories written-off	418	1,255	1,053	3,028
Amortisation of government grants	(135)	0	(135)	0
Gain on disposals of plant and equipment	0	20	(16)	0
Gain on lease modification and disposal	0	(6)	(53)	(7)
Gain on rental concession	0	11	0	(36)
Impairment on plant and equipment	3,171	4,500	3,171	30,344
Plant and equipment written-off	99	2	192	15
Foreign exchange (gains)/losses				
- Realised	(1,360)	(637)	(2,223)	1,395
- Unrealised	288	(616)	123	(842)
Provision for liquidated damages	264	9	264	18
Write back of provision of liquidated damages	0	0	(44)	(34)
Fair value (gain)/loss on forward foreign currency exchange contracts	(107)	(243)	719	(753)

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.

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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 2020 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 23 February 2022.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
23 February 2022