

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2023

<u>Table of Contents</u>	Page
Unaudited Condensed Interim Consolidated Statement of Comprehensive Income	1
Unaudited Condensed Interim Consolidated Statement of Financial Position	2
Unaudited Condensed Interim Consolidated Statement of Changes in Equity	3
Unaudited Condensed Interim Consolidated Statement of Cash Flows	4 - 5
Part A: Explanatory Notes Pursuant to MFRS 134	6 - 20
Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing requirements of Bursa Malaysia Securities Berhad	21- 48

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2023

RM'000		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	YEAR TO DATE ENDED	YEAR TO DATE ENDED
		30/9/2023	30/9/2022	30/9/2023	30/9/2022
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Revenue	A11	241,819	141,175	553,341	370,270
Cost of sales		(193,029)	(104,641)	(436,686)	(276,660)
Gross profit		48,790	36,534	116,655	93,610
Other operating income		1,834	1,109	4,990	4,446
Selling and distribution costs		(10,007)	(8,511)	(28,547)	(24,232)
Administrative expenses		(14,808)	(14,753)	(39,724)	(40,306)
Other operating (expenses)/gains ⁽¹⁾		(1,593)	3,891	1,628	6,610
Operating profit		24,216	18,270	55,002	40,128
Finance costs		(32)	(131)	(167)	(524)
Share of results of a joint venture (net of tax)	B9	272	272	931	885
Share of results of an associate (net of tax)	B10	879	1,665	3,197	4,089
Profit before tax	B18	25,335	20,076	58,963	44,578
Income tax expense	B5	(6,563)	(4,570)	(15,192)	(10,315)
Profit from continuing operations (net of tax)		18,772	15,506	43,771	34,263
Discontinued operation					
Profit from discontinued operation (net of tax)	B14	0	0	0	283
Profit for the period		18,772	15,506	43,771	34,546
Currency translation differences		1	6	(29)	(27)
Reclassification adjustment relating to a subsidiary liquidated during the period		0	0	0	395
Total comprehensive income for the period		18,773	15,512	43,742	34,914
Profit attributable to:					
- Equity holders of the Company		12,211	11,803	31,067	28,374
- Non-controlling interests		6,561	3,703	12,704	6,172
		18,772	15,506	43,771	34,546
Total comprehensive income attributable to:					
- Equity holders of the Company		12,212	11,809	31,053	28,783
- Non-controlling interests		6,561	3,703	12,689	6,131
		18,773	15,512	43,742	34,914
Basic/Diluted earnings per share (EPS) attributable to equity holders of the Company (sen)					
- Continuing operations		3.04	2.94	7.74	7.00
- Discontinued operation		0.00	0.00	0.00	0.07
	B17	3.04	2.94	7.74	7.07
⁽¹⁾ Other operating (expenses)/gains include the following:					
Foreign exchange (losses)/gains:					
- Realised		(521)	525	2,326	2,860
- Unrealised		(482)	(245)	(2,195)	(1,241)
Fair value (loss)/gain on forward foreign currency exchange contracts		(385)	2,907	1,034	2,724
Impairment made:					
- trade receivables		0	(2)	0	(24)
Inventories written-off		(94)	1	(94)	(15)

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 2022 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 30 SEPTEMBER 2023

RM'000	Note	As at 30/9/2023 Unaudited	As at 31/12/2022 Audited
ASSETS			
Property, plant and equipment*		95,629	110,291
Investment properties		682	700
Intangible assets		192	212
Associate	B10	23,278	23,921
Joint venture	B9	35,011	34,081
Deferred tax assets		8,004	2,186
Other receivables		2,393	2,296
Cash and bank balances		0	3,696
Other investment		1,167	0
Non-current Assets		166,356	177,383
Inventories		30,153	40,014
Amounts due from an associate		0	1,921
Amounts due from a joint venture		159	223
Trade receivables	B11	103,716	120,299
Contract assets		95,335	178,605
Other receivables, deposits and prepayments		17,346	19,376
Derivative financial instrument	A7	95	0
Tax recoverable		1,527	1,674
Cash and bank balances		230,211	174,321
Current Assets		478,542	536,433
TOTAL ASSETS		644,898	713,816
EQUITY AND LIABILITIES			
Share capital		201,802	201,802
Retained earnings		248,622	238,637
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(1,700)	(1,686)
Equity attributable to equity holders of the Company		398,724	388,753
Non-controlling interests		34,031	25,793
Total Equity		432,755	414,546
Borrowings	B12	778	1,175
Deferred income		219	259
Deferred tax liabilities		14,032	14,596
Non-current Liabilities		15,029	16,030
Trade payables		131,903	221,129
Contract liabilities		24,071	5,553
Other payables and accruals		25,059	38,385
Derivative financial instrument	A7	0	1,513
Taxation		14,925	9,048
Borrowings	B12	1,156	7,612
Current Liabilities		197,114	283,240
Total Liabilities		212,143	299,270
TOTAL EQUITY AND LIABILITIES		644,898	713,816

* 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
200501033500 (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	← 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 2022	401,553	201,802	(2,088)	(50,000)	208,537	358,251	20,518	378,769
Profit for the financial period	0	0	0	0	28,374	28,374	6,172	34,546
Other comprehensive income for the financial period	0	0	14	0	0	14	(41)	(27)
Reclassification adjustment relating to a subsidiary liquidated during the financial period	0	0	395	0	0	395	0	395
Total comprehensive income for the financial period	0	0	409	0	28,374	28,783	6,131	34,914
Dividend	0	0	0	0	808	808	(1,519)	(711)
Acquisition of non-controlling interest	0	0	0	0	(12,850)	(12,850)	(2,281)	(15,131)
At 30 September 2022	<u>401,553</u>	<u>201,802</u>	<u>(1,679)</u>	<u>(50,000)</u>	<u>224,869</u>	<u>374,992</u>	<u>22,849</u>	<u>397,841</u>
At 1 January 2023	401,553	201,802	(1,686)	(50,000)	238,637	388,753	25,793	414,546
Profit for the financial period	0	0	0	0	31,067	31,067	12,704	43,771
Other comprehensive income for the financial period	0	0	(14)	0	0	(14)	(15)	(29)
Total comprehensive income for the financial period	0	0	(14)	0	31,067	31,053	12,689	43,742
Dividend	0	0	0	0	(21,082)	(21,082)	(4,451)	(25,533)
At 30 September 2023	<u>401,553</u>	<u>201,802</u>	<u>(1,700)</u>	<u>(50,000)</u>	<u>248,622</u>	<u>398,724</u>	<u>34,031</u>	<u>432,755</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

RM'000	YEAR-TO-DATE ENDED	
	30/9/2023	30/9/2022
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period from:		
- Continuing operations	43,771	34,263
- Discontinued operation	0	283
	43,771	34,546
<u>Adjustments for:</u>		
Trade receivables		
- impairment made	0	24
- write back of impairment	(450)	(3,643)
Allowance for slow moving inventories:		
- allowance made	690	1,233
- write back of allowance	(601)	(78)
Amortisation of intangible assets	19	54
Accretion of income on other long-term receivable	(131)	(84)
Depreciation:		
- property, plant and equipment*	24,596	25,213
- investment properties	18	18
Amortisation of government grants	(40)	(40)
Provision for liquidated damages		
- provision made	445	62
- write back of provision	(99)	(108)
Gain on disposals of plant and equipment	(59)	(2,004)
Loss on lease disposal	0	8
Write off:		
- inventories	94	15
Interest income	(3,583)	(1,953)
Finance costs	167	524
Share of results of an associate	(3,197)	(4,089)
Share of results of a joint venture	(931)	(885)
Tax expense	15,192	10,383
Unrealised net foreign exchange loss	2,195	1,241
Net fair value gain on investment securities	0	(447)
Net fair value (gain)/loss on forward foreign currency exchange contracts	(1,034)	(2,724)
Loss on liquidation of a subsidiary	0	352
Operating profit before working capital changes	77,062	57,618
<u>Changes in working capital</u>		
Inventories	9,679	17,113
Trade receivables	18,366	13,270
Contract assets	84,141	(9,348)
Other receivables, deposits and prepayments	2,408	1,034
Trade payables	(93,977)	(45,202)
Other payables and accruals	(13,703)	3,399
Contract liabilities	18,519	7,154
Cash generated from operations	102,495	45,038
Tax paid	(15,551)	(8,615)
Tax refunded	0	2
Interest paid	(167)	(524)
Net cash generated from operating activities	86,777	35,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,253	1,865
Purchase of plant and equipment	(9,108)	(7,287)
Proceeds from disposals of plant and equipment	59	3,153
Purchase of investment securities	(1,167)	0
Dividend received from an associate	5,761	3,840
Amounts due from a joint venture	65	90
Acquisition of non-controlling interests	0	(711)
Net cash (used in)/generated from investing activities	(1,137)	950

* Inclusive of right-of-use assets.

DELEUM BERHAD
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

RM'000	YEAR TO-DATE-ENDED	
	30/9/2023	30/9/2022
	Unaudited	Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Repayment	(2,580)	(3,420)
Term loans		
- Repayment	(4,200)	(15,680)
Lease liabilities on right-of-use assets		
- Repayment	(900)	(950)
Dividends paid to:		
- Shareholders	(21,082)	(12,850)
- Non-controlling interests	(4,451)	(2,281)
Increase in restricted cash	(8,959)	(7,249)
Net cash used in financing activities	(42,172)	(42,430)
Net increase/(decrease) in cash and cash equivalents	43,468	(5,579)
Foreign currency translation	(233)	878
Effect of fair value changes on cash and cash equivalents	0	447
Cash and cash equivalents at beginning of the year	168,540	183,379
Cash and cash equivalents at end of period	211,775	179,125
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Deposits with licensed banks	222,977	180,731
Cash and bank balances	7,234	14,978
	230,211	195,709
Restricted cash	(18,436)	(16,584)
Cash and cash equivalents at end of period	211,775	179,125
The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	194,883	106,205
US Dollar	16,857	72,869
Others	35	51
	211,775	179,125

The above consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 2022 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 2022.

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 2022.

During the financial year, the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”):

Effective for financial year beginning on or after 1 January 2023:

- | | |
|--------------------------|--|
| • Amendments to MFRS 17 | Initial application of MFRS 17 and MFRS 9 – Comparative Information |
| • 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 adoption of the above amendments to published standards did not have any material impact to the Group financial results for the financial year ending 31 December 2023 upon their initial application.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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”):

Effective for financial year beginning on or after 1 January 2024:

- Amendments to MFRS 16 Lease Liability in a Sale and Leaseback Leases
- Amendments to MFRS 101 Non-current Liabilities with Covenants Presentation of Financial Statements
- Amendments to MFRS 107 Supplier Finance Arrangements Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure

Effective for financial year beginning on or after 1 January 2025:

- Amendments to MFRS 121 Lack of Exchangeability The Effect of Changes in Foreign Exchange Rates

The effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board (“MASB”):

- 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 period 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
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 year-to-date 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 30 September 2023 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 30/9/2023		As at 31/12/2022	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
US Dollar	114,823	117,224	204,801	188,243
Others	5,292	1,926	8,247	8,448
	120,115	119,150	213,048	196,691
	120,115	119,150	213,048	196,691
Closing exchange rate				
US Dollar	4.690	4.690	4.413	4.413
	4.690	4.690	4.413	4.413

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 contracts entered into by the Group has a maturity period of less than one year from the current reporting date. As at 30 September 2023, the net notional principal amount of the outstanding buy and sell forward foreign currency exchange contracts were RM38,759,000 (31 December 2022: RM55,314,000).

	As at 30/9/2023		As at 31/12/2022	
	Net	Net	Net	Net
	Notional	Fair Value	Notional	Fair Value
	Amount	Assets	Amount	Assets
	RM'000	RM'000	RM'000	RM'000

Type of derivatives

Forward foreign currency exchange contracts

("FX Contract")

- Less than 1 year

	38,759	95	0	0
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	As at 30/9/2023		As at 31/12/2022	
	Net	Net Fair	Net	Net
	Notional	Value	Notional	Fair Value
	Amount	Liabilities	Amount	Liabilities
	RM'000	RM'000	RM'000	RM'000

Type of derivatives

Forward foreign currency exchange contracts

("FX Contract")

- Less than 1 year

	0	0	55,314	(1,513)
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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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 foreign currency 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 30 September 2023 amounted to a fair value gain of RM95,000 (31 December 2022: RM1,513,000).

A9. DIVIDENDS PAID

During the first quarter under review, the Company paid the following second interim single tier dividend of 3.25 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2022.

	RM'000
Second interim single tier dividend of 3.25 sen per share on 401,553,500 ordinary shares, paid on 30 March 2023	13,050
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During the current quarter under review, the Company paid the following first interim single tier dividend of 2.00 sen per share on 401,553,500 ordinary shares in respect of the financial year ending 31 December 2023.

	RM'000
First interim single tier dividend of 2.00 sen per share on 401,553,500 ordinary shares, paid on 29 September 2023	8,032
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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 solid control 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 2023.

Segmental information for the financial period ended 30 September 2023 was as follows:

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
External revenue				
Power and Machinery	212,759	89,715	465,723	229,096
Oilfield Services	28,011	28,776	82,412	91,364
Integrated Corrosion Solution	888	22,540	4,779	49,432
Other non-reportable segment	161	144	427	378
Total Group revenue	241,819	141,175	553,341	370,270

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

A10. SEGMENT INFORMATION (Cont'd)

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
<u>Segment Results</u>				
Power and Machinery	31,212	12,173	64,877	26,027
Oilfield Services	(3,350)	(1,310)	(3,348)	5,927
Integrated Corrosion Solution	(2,302)	8,279	(3,846)	10,688
Other non-reportable segment	14	24	38	45
Segment results	25,574	19,166	57,721	42,687
Unallocated income [^]	132	105	365	265
Unallocated corporate expenses #	(1,522)	(1,132)	(3,251)	(3,348)
Share of results of a joint venture *	272	272	931	885
Share of results of an associate *	879	1,665	3,197	4,089
Tax expense (Note B5) *	(6,563)	(4,570)	(15,192)	(10,315)
Profit from continuing operations	18,772	15,506	43,771	34,263
Profit from discontinued operation, net of tax	0	0	0	283
Profit for the period	18,772	15,506	43,771	34,546

[^] 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 associate are not allocated to the business segments as they are measured at the entity level.

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200501033500 (715640-T)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

A10. SEGMENT INFORMATION (Cont'd)

	As at 30/9/2023	As at 31/12/2022
	RM'000	RM'000
<u>Segment Assets</u>		
Power and Machinery	382,898	405,991
Oilfield Services	152,862	169,207
Integrated Corrosion Solution	16,744	50,501
Segment assets	552,504	625,699
Unallocated corporate assets [^]	92,394	88,117
Total assets	644,898	713,816

	As at 30/9/2023	As at 31/12/2022
	RM'000	RM'000
<u>Segment Liabilities</u>		
Power and Machinery	162,660	224,668
Oilfield Services	9,798	20,393
Integrated Corrosion Solution	2,718	25,425
Segment liabilities	175,176	270,486
Unallocated corporate liabilities [#]	36,967	28,784
Total liabilities	212,143	299,270

[^] Unallocated corporate assets represent the Group's corporate assets including property, plant and equipment, investment properties, intangible assets, investment in joint venture and associate, 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.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

A11. REVENUE

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Revenue from contracts with customers:				
- Goods and services	241,658	141,031	552,914	369,892
- Management fee	161	144	427	378
	241,819	141,175	553,341	370,270

Revenue from contracts with customers:

Type of goods and services

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Sale of gas turbine packages and after sales support and services	168,394	61,348	366,813	170,882
Commission based income services	236	280	2,919	3,549
Principal based income services	9,021	66	20,819	173
Sale of valves and flow regulators and after sales support and services	35,374	28,087	76,089	54,665
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, drilling and production services	25,363	27,703	76,138	86,372
Provision of specialty chemical and well stimulation services	1,135	1,007	3,465	4,819
Provision of solid control services	1,247	0	1,892	0
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	888	12,119	907	26,982
Provision of maintenance, construction and modification services	0	10,421	3,872	22,450
	241,658	141,031	552,914	369,892

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

A12. ACQUISITIONS OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current quarter ended 30 September 2023, the acquisitions of plant and equipment and intangible assets by the Group were as follows:

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Acquisitions at cost:				
- Plant and equipment*	2,798	8,035	9,934	8,962

* Included in the acquisition of plant and equipment is addition of right-of-use assets of RM826,000 (30 September 2022: RM1,674,478).

A13. MATERIAL EVENTS DURING THE REPORTING DATE

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

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

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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 30 September 2023, 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 RM36.3 million (31 December 2022: RM13.1 million).

A17. COMMITMENTS

Capital commitment

Capital commitments for property, plant and equipment and intangible assets not provided for as at 30 September 2023 were as follows:

	As at 30/9/2023	As at 31/12/2022
	RM'000	RM'000
Authorised but not contracted for		
- Plant and machinery	12,874	15,311
- Others	2,924	4,853
Authorised and contracted for		
- Plant and machinery	2,238	2,293
- Others	128	411
	18,164	22,868
Share of capital commitment of joint venture	708	1,250
	18,872	24,118

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Manpower services to Solar Turbines International Company ("STICO") and its affiliated companies	1,260	722	3,248	1,943
Rental income from an affiliate company of STICO	14	14	41	41
Purchases and technical services from STICO and its affiliated companies	138,351	48,857	272,997	116,280

Significant outstanding balances arising from the above transactions as at 30 September 2023 were as follows:

	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Amount due from STICO and its affiliated companies	2,923	8,706
Amount due to STICO and its affiliated companies	104,655	178,358

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Sales to related parties of Dresser Italia S.R.L	0	1,055	30	1,517
Purchases of goods and services from related parties of Dresser Italia S.R.L	10,669	15,138	32,007	29,836

Significant outstanding balances arising from the above transactions as at 30 September 2023 were as follows:

	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Amount due from related parties of Dresser Italia S.R.L	0	111
Amount due to related parties of Dresser Italia S.R.L	6,480	7,071

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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:

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Sales to STICO	1,000	1,000	3,000	3,000
Rental income from affiliate company of STICO	141	141	422	422

Outstanding balance arising from the above transactions as at 30 September 2023 was as follows:

	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Amount due from STICO and its affiliated company	380	380

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

A18. RELATED PARTY TRANSACTIONS (Cont'd)

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

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Directors' fees	111	173	431	346
Salaries, bonuses, allowances and other staff related expenses	3,245	3,063	10,245	5,454
Defined contribution plan	371	351	1,144	614
	3,727	3,587	11,820	6,414

- (e) The provision of general and financial advisory services by a non-independent director was as follows:

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Provision for general and financial advisory services	51	0	68	0

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

	Q3'23	Q3'22	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Group</u>				
Revenue	241,819	141,175	100,644	71.3
Operating profit	24,216	18,270	5,946	32.5
Share of results of a joint venture, net of tax	272	272	0	0
Share of results of an associate, net of tax	879	1,665	(786)	(47.2)
Profit before interest and tax	23,762	19,661	4,101	20.9
Profit before tax	25,335	20,076	5,259	26.2
Profit from continuing operations	18,772	15,506	3,266	21.1
Profit attributable to equity holders of the Company	12,211	11,803	408	3.5

The Group's revenue has increased by RM100.6 million or 71.3% to RM241.8 million against the previous corresponding quarter of RM141.2 million mainly due to higher sales activities in the Power and Machinery segment. However, the increase was offset by lower revenue generated from the Oilfield Services and Integrated Corrosion Solution segments.

The Group's profit attributable to equity holders of the Company has increased by RM0.4 million or 3.5% to RM12.2 million against the previous corresponding quarter of RM11.8 million predominantly due to better operating results achieved in the Power and Machinery segment and lower other operating expenses incurred in the Integrated Corrosion Solution segment. However, the results were offset by higher other operating expenses incurred in the Power and Machinery and Oilfield Services segments. These included loss on foreign exchange of RM1.0 million, fair value loss on foreign forward currency exchange contracts of RM0.4 million and the absence of reversal of impairment made on its trade receivables in the current quarter.

Share of results of a joint venture was contributed by overhaul and repairs of gas turbines business. The share of results was consistent with the previous corresponding quarter.

Share of results from an associate has decreased by RM0.8 million mainly due to the lower throughput achieved from both its liquid mud and dry bulk businesses.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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)

	Q3'23	Q3'22	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Power and Machinery</u>				
Revenue	212,759	89,715	123,044	137.1
Operating profit	31,238	12,179	19,059	156.5
Profit before interest and tax	29,900	11,735	18,165	154.8
Profit before tax	<u>31,212</u>	<u>12,173</u>	<u>19,039</u>	<u>156.4</u>

The Power and Machinery segment posted an increase in revenue of 137.1% or RM123.0 million against previous corresponding quarter of RM89.7 million. The increase was mainly attributable to increase in sales value and quantity of exchange engines delivered, sales of turbines parts and repairs, freight income, control and safety valves and flow regulator services, retrofit, field service representative call out activities and commission income from mechanical and processes activities.

The segment profit reported an increase of RM19.0 million or 156.4% in line with higher revenue reported but was offset by the net loss on foreign exchange of RM0.9 million (2022: net gain of RM0.4 million), fair value loss on foreign forward currency exchange contracts of RM0.3 million (2022: net gain of RM2.9 million), lower reversal of impairment made on its trade receivables as compared to the previous corresponding quarter of RM0.4 million and higher other operating expenses incurred in the current quarter.

	Q3'23	Q3'22	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Oilfield Services</u>				
Revenue	28,011	28,776	(765)	(2.7)
Operating loss	(3,348)	(1,233)	(2,115)	171.5
Loss before interest and tax	(3,439)	(1,261)	(2,178)	172.7
Loss before tax	<u>(3,350)</u>	<u>(1,310)</u>	<u>(2,040)</u>	<u>155.7</u>

The Oilfield Services segment revenue recorded a decrease of RM0.8 million or 2.7% to RM28.0 million as compared to the previous corresponding quarter of RM28.8 million. This was primarily due to lower business activities in the slickline services and gas lift valve services.

The segment recorded a loss before tax of RM3.4 million in the current quarter as compared to the previous corresponding quarter of RM1.3 million mainly due to lower revenue achieved, the absence of reversal of impairment made on its trade receivable by RM0.5 million, loss on foreign exchange of RM0.1 million and higher other operating expenses.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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)

	Q3'23	Q3'22	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Integrated Corrosion Solution</u>				
Revenue	888	22,540	(21,652)	(96.1)
Operating (loss)/profit	(2,301)	8,280	(10,581)	(127.8)
(Loss)/profit before interest and tax	(2,377)	8,252	(10,629)	(128.8)
 (Loss)/profit before tax	<u>(2,302)</u>	<u>8,279</u>	<u>(10,581)</u>	<u>(127.8)</u>

The Integrated Corrosion Solution segment recorded a decrease in revenue by RM21.7 million or 96.1% to RM0.9 million as compared to the previous corresponding quarter of RM22.5 million. The decrease was due to lower maintenance activities from alternative blasting and painting jobs in Indonesia as well as its Maintenance, Construction and Modification ("MCM") projects.

The segment reported a loss of RM2.3 million predominantly due to the lower revenue reported in the current quarter but mitigated by lower other operating expenses incurred.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 quarter against the corresponding year-to-date

	Cumulative quarters ended		Variance RM'000	Variance %
	Q3'23 RM'000	Q3'22 RM'000		
<u>Group</u>				
Revenue	553,341	370,270	183,071	49.4
Operating profit	55,002	40,128	14,874	37.1
Share of results of a joint venture, net of tax	931	885	46	5.2
Share of results of an associate, net of tax	3,197	4,089	(892)	(21.8)
Profit before interest and tax	55,547	43,149	12,398	28.7
Profit before tax	58,963	44,578	14,385	32.3
Profit from continuing operations	43,771	34,263	9,508	27.8
Profit from discontinued operation	0	283	(283)	(100.0)
 Profit attributable to equity holders of the Company	 <u>31,067</u>	 <u>28,374</u>	 <u>2,693</u>	 <u>9.5</u>

The Group's revenue increased by RM183.1 million or 49.4% to RM553.3 million against the previous corresponding period of RM370.3 million as a result of stronger revenue contribution from the Power and Machinery segment. However, the increase was offset by lower revenue contribution from the Oilfield Services and Integrated Corrosion Solution segments.

The Group's profit attributable to equity holders of the Company increased by RM2.7 million or 9.5% to RM31.1 million against the previous corresponding cumulative quarters of RM28.4 million. The improved results were mainly due to improved operating profit coupled with gain on foreign exchange of RM1.0 million, fair value gain on forward foreign currency exchange contracts of RM1.0 million in the Power and Machinery segment and lower other operating expenses incurred in the Integrated Corrosion Solution segment. The higher segment results achieved was however offset by the loss on foreign exchange of RM0.9 million and RM0.2 million in the Integrated Corrosion Solution and Oilfield Services segments and the absence of reversal of impairment made on its trade receivables by RM2.6 million in the Oilfield Services segment.

The higher share of results of a joint venture was due to lower operating expenses incurred during the financial period.

Decrease in the share of results from an associate was mainly attributable to the lower throughput achieved from both its liquid mud and dry bulk businesses.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 quarter against the corresponding year-to-date (Cont'd)

	Cumulative quarters ended		Variance RM'000	Variance %
	Q3'23 RM'000	Q3'22 RM'000		
<u>Power and Machinery</u>				
Revenue	465,723	229,096	236,627	103.3
Operating profit	64,941	26,053	38,888	149.3
Profit before interest and tax	61,972	24,469	37,503	153.3
Profit before tax	<u>64,877</u>	<u>26,027</u>	<u>38,850</u>	<u>149.3</u>

The Power and Machinery segment posted an increase in revenue of 103.3% or RM236.6 million against the previous corresponding period of RM229.1 million. The increase was mainly attributable to higher sales value and increase in number of exchange engines delivered, sales of turbines parts and repairs, retrofit, field service representative call out activities, control and safety valves and flow regulator services, machinery management systems services and commission income from mechanical and processes projects.

The segment profit reported an increase of RM38.9 million or 149.3% mainly due to higher gross profit, fair value gain on forward foreign currency exchange contracts of RM1.0 million and gain on foreign exchange of RM1.0 million.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 quarter against the corresponding year-to-date (Cont'd)

	Cumulative quarters ended		Variance RM'000	Variance %
	Q3'23 RM'000	Q3'22 RM'000		
<u>Oilfield Services</u>				
Revenue	82,412	91,364	(8,952)	(9.8)
Operating (loss)/profit	(3,289)	6,263	(9,552)	(152.5)
(Loss)/profit before interest and tax	(3,545)	6,130	(9,675)	(157.8)
(Loss)/profit before tax	(3,348)	5,927	(9,275)	(156.5)

The Oilfield Services segment revenue recorded a decrease of RM9.0 million or 9.8% to RM82.4 million as compared to the previous corresponding period of RM91.4 million. This was primarily due to lower activities from its gas lift valve services, slickline activities in West and East Malaysia region.

The segment reported a loss before tax of RM3.3 million in the current period against a profit of RM5.9 million in previous corresponding period mainly due to the lower revenue achieved, loss on foreign exchange of RM0.2 million recorded, lower reversal of impairment made on its trade receivable by RM2.6 million and higher other operating expenses incurred.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 quarter against the corresponding year-to-date (Cont'd)

	Cumulative quarters ended		Variance RM'000	Variance %
	Q3'23 RM'000	Q3'22 RM'000		
<u>Integrated Corrosion Solution</u>				
Revenue	4,779	49,432	(44,653)	(90.3)
Operating (loss)/profit	(3,844)	10,691	(14,535)	(136.0)
(Loss)/profit before interest and tax	(4,018)	10,606	(14,624)	(137.9)
(Loss)/profit before tax	(3,846)	10,688	(14,534)	(136.0)

The Integrated Corrosion Solution segment recorded a decrease in revenue by RM44.7 million or 90.3% to RM4.8 million as compared to the previous corresponding period of RM49.4 million. The decrease was due to lower maintenance activities from the alternative blasting and painting job in Indonesia as well as its MCM projects.

Lower segment profit by RM14.5 million was reported mainly due to the lower revenue achieved in the current period but was mitigated by lower other operating expenses incurred of RM4.3 million as compared to the previous corresponding period.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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)

(C) Consolidated Statement of Financial Position

The Group's total assets as at 30 September 2023 stood at RM644.9 million against RM713.8 million at the end of the previous financial year, representing a decrease of RM68.9 million or 9.7%. This was mainly due to a decrease in contract assets and trade receivables by RM83.3 million and RM16.6 million respectively upon billings made and collections from customers and lower property, plant and equipment by RM14.7 million attributable to the depreciation charges for the current period. The reduction was however offset by higher cash and bank balances and deferred tax asset balance as at the end of the financial period.

The Group's total liabilities has decreased by RM87.1 million mainly due to lower trade payables balance by RM89.2 million upon payment made, reduction in other payables and accruals by RM13.3 million and repayment of bank borrowings of RM6.8 million. However, this was offset with higher balance from contract liabilities by RM18.5 million mainly due to the deferment of deliveries of exchange engines, solar turbines parts and hardware.

(D) Consolidated Statement of Cash Flows

The Group's cash and bank balances were higher at RM230.2 million as compared to RM178.0 million as at 31 December 2022. The increase was mainly attributable to higher cash flow generated from its operating activities of RM86.8 million in the current financial period.

Higher cash flow generated from operating activities were primarily due to higher billings made for contract assets and collections from customers during the financial period. However, the cash inflow was offset by payments made to trade creditors during the financial period.

In investing activities, the Group has paid a total of RM9.1 million for the purchases of plant and equipment and investment made of RM1.2 million. However, the cash outflow was mitigated by the dividend received from an associate of RM5.8 million and interest received of RM3.3 million during the current the financial period.

In financing activities, dividend payments of RM25.5 million have been made to its shareholders and non-controlling interests. There was also an increase in restricted cash of RM9.0 million and repayment of bank borrowings of RM6.8 million for the period under review.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

<u>Group</u>	Q3'23 RM'000	Q2'23 RM'000	Variance RM'000	Variance %
Revenue	241,819	188,079	53,740	28.6
Operating profit	24,216	17,268	6,948	40.2
Share of results of a joint venture, net of tax	272	315	(43)	(13.7)
Share of results of an associate, net of tax	879	813	66	8.1
Profit before interest and tax	23,762	17,304	6,458	37.3
Profit before tax	25,335	18,345	6,990	38.1
Profit from continuing operations	18,772	12,822	5,950	46.4
Profit attributable to equity holders of the Company	<u>12,211</u>	<u>9,732</u>	<u>2,479</u>	<u>25.5</u>

The Group's profit attributable to equity holders of the Company has increased by RM2.5 million or 25.5% as compared to the immediate preceding quarter due to higher contribution reported by the Power and Machinery segment but offset by lower contribution from the Oilfield Services and Integrated Corrosion Solution segments.

The increase in profit was offset by the loss on foreign exchange in all three segments by RM1.0 million, fair value loss on forward foreign currency exchange contracts by RM0.4 million, the absence of the reversal of impairment made on its trade receivables in the Oilfield Services segment of RM0.4 million and higher other operating cost incurred across all three segments as compared to the immediate preceding quarter.

Share of results of a joint venture was marginally lower due to higher overhead expenses incurred on repair and maintenance in the current quarter.

Share of results of an associate was higher against the immediate preceding quarter due to lower tax expense incurred in the current quarter.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 (Cont'd)

	Q3'23	Q2'23	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Power and Machinery</u>				
Revenue	212,759	155,315	57,444	37.0
Operating profit	31,238	17,315	13,923	80.4
Profit before interest and tax	29,900	16,436	13,464	81.9
Profit before tax	<u>31,212</u>	<u>17,297</u>	<u>13,915</u>	<u>80.4</u>

The Power and Machinery segment reported an increase in profit by RM13.9 million to RM31.2 million against the immediate preceding quarter profit of RM17.3 million. The increase was mainly attributable to the higher contribution from the control and safety valves and flow regulator services, freight income, field services representative activities, deliveries of exchange engines, retrofit income and commission income on mechanical and processes activities but offset by lower contribution from sales of turbines parts and repairs.

The segment profit was offset by loss on foreign exchange of RM0.9 million, fair value loss on forward foreign currency exchange contracts of RM0.4 million, lower reversal of impairment made on its trade receivables of RM0.1 million and higher other operating expenses incurred as compared to the immediate preceding quarter.

	Q3'23	Q2'23	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Oilfield Services</u>				
Revenue	28,011	31,584	(3,573)	(11.3)
Operating (loss)/profit	(3,348)	2,251	(5,599)	(248.7)
(Loss)/profit before interest and tax	(3,439)	2,152	(5,591)	(259.8)
(Loss)/profit before tax	<u>(3,350)</u>	<u>2,232</u>	<u>(5,582)</u>	<u>(250.1)</u>

The Oilfield Services segment reported a loss of RM3.4 million against the immediate preceding quarter profit of RM2.2 million which was mainly due to lower operating margin achieved from slickline activities and gas lift valve services. Furthermore, the absence of reversal of impairment made on its trade receivable by RM0.4 million, loss on foreign exchange of RM0.1 million and higher other operating expenses has further contributed to the loss reported in the current quarter.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 (Cont'd)

	Q3'23	Q2'23	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Integrated Corrosion Solution</u>				
Revenue	888	1,034	(146)	(14.1)
Operating loss	(2,301)	(1,586)	(715)	(45.1)
Loss before interest and tax	(2,377)	(1,656)	(721)	(43.5)
Loss before tax	<u>(2,302)</u>	<u>(1,586)</u>	<u>(716)</u>	<u>(45.1)</u>

The Integrated Corrosion Solution segment posted a higher loss by RM0.7 million mainly due to lower activities in both activities from its alternative blasting and painting job and MCM contract and higher other operating cost by RM0.1 million as compared to the immediate preceding quarter.

B3. PROSPECTS

Oil prices remain volatile in the second half of the year due to the weak economic data from China and slowing global demand. Growing concerns about geopolitical risks with the conflicts in the Middle East, have also contributed to the turmoil. Nevertheless, we are still seeing an increase in oil and gas global capital expenditure amidst the uncertainties.

Our business transformation journey is ongoing, and we are identifying areas to increase efficiency, structurally reducing costs, and enhancing how the business operates. These approaches are fundamentally strengthening the company's core earnings power, laying a framework for delivering results sustainably.

We will strive to intensify our efforts to increase contributions from all of our segment's products and services especially in the newly established business line of solid controls.

We are cognizant of potential risks to the oil and gas industry, such as the current geopolitical conflicts mentioned above. Nevertheless, we will continue to implement our expansion plans cautiously in light of the above factors.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B4. PROFIT FORECAST

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

B5. INCOME TAX EXPENSE

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
<u>Income tax expenses on continuing operations:</u>				
Current tax:				
Malaysia	12,884	676	22,349	4,872
Foreign	0	4,074	0	4,015
Over provision in prior years	(1,268)	(194)	(1,268)	(194)
Deferred tax:				
- origination and reversal of temporary differences	(5,610)	(88)	(6,772)	1,770
- deferred tax assets not recognised	557	102	883	(148)
Total income tax expense	6,563	4,570	15,192	10,315

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 associate's results which were presented net of tax, the effective tax rate of the Group for the financial period ended 30 September 2023 was higher than the headline tax rate as shown below.

	Cumulative quarters ended	
	30/09/2023 %	30/09/2022 %
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	5	1
- Income not subject to tax	(2)	(1)
- Share of results of associate and joint venture	(2)	(3)
- Deferred tax assets not recognised	2	0
- Over provision in prior years	(1)	(1)
- Effect of different tax rates in other country	0	3
Effective tax rate for continuing operations	26	23

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

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

B7. QUOTED SECURITIES

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 were no corporate proposal announced which was not completed as of 21 November 2023 (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 30/9/2023 RM'000	As at 31/12/2022 RM'000
Group's share of net assets of joint venture	35,011	34,081

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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Profit before tax	425	432	1,526	1,458
Income tax expense	(87)	(94)	(370)	(359)
Profit for the period	338	338	1,156	1,099
Interest in joint venture (80.55%) Share of results	272	272	931	885

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B10. ASSOCIATE

	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Group's share of net assets of associate	23,278	23,921

In the opinion of the Directors, Malaysian Mud and Chemicals Sdn. Bhd. ("2MC") is a material associate of the Group. The Group's effective equity interest in the associate, 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 2022. The associate has share capital 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.

Summarised statement of comprehensive income

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Profit before tax	2,630	6,090	11,491	17,081
Income tax expense	116	(886)	(1,501)	(4,303)
Profit for the period	2,746	5,204	9,990	12,778
Interest in associate (32%) Share of results	879	1,665	3,197	4,089

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B11. TRADE RECEIVABLES

	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Neither past due nor impaired	76,616	91,631
1 to 30 days past due not impaired	15,678	22,561
31 to 60 days past due not impaired	3,710	5,164
61 to 90 days past due not impaired	2,193	593
91 to 120 days past due not impaired	649	298
More than 121 days past due not impaired	4,870	52
	<hr/>	<hr/>
	103,716	120,299
Past due and impaired:		
More than 121 days past due and impaired	529	977
	<hr/>	<hr/>
	104,245	121,276
Less: Impairment of receivables	(529)	(977)
	<hr/>	<hr/>
	103,716	120,299
	<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 period.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM27.1 million (31 December 2022: RM28.7 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.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B12. GROUP BORROWINGS

The Group borrowings as at 30 September 2023 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>30/9/2023</u>			
Borrowings - secured	0	0	0
- unsecured	1,156	778	1,934
	<u>1,156</u>	<u>778</u>	<u>1,934</u>
<u>31/12/2022</u>			
Borrowings - secured	4,200	0	4,200
- unsecured	3,412	1,175	4,587
	<u>7,612</u>	<u>1,175</u>	<u>8,787</u>

The borrowings are all denominated in Ringgit Malaysia.

	Note	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Revolving credits	(i)	0	2,580
Lease liabilities on right-of-use assets	(ii)	1,934	2,007
Term loans	(iii)	0	4,200
		<u>1,934</u>	<u>8,787</u>
Less: Amount repayable within 12 months			
Revolving credits		0	(2,580)
Lease liabilities on right-of-use assets		(1,156)	(832)
Term loans		0	(4,200)
		<u>(1,156)</u>	<u>(7,612)</u>
		<u>778</u>	<u>1,175</u>

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B12. GROUP BORROWINGS (Cont'd)

The decrease in borrowings was due to net repayment on term loan of RM4.2 million, revolving credits of RM2.6 million and lease liabilities of RM0.9 million. However, the amount has been offset by the addition in lease liabilities for right-of-use assets of RM0.8 million.

- (i) Revolving credits are rolled over on a monthly basis at an average interest rate of 4.60% (average interest of 1.00% per annum above the bank's cost of funds).
- (ii) Lease liabilities on right-of-use assets carry interest rates ranging from 4.16% to 4.68% per annum.
- (iii) Term loans carry interest rates ranging from 4.19% to 4.45% per annum (1.1% and 1.25% per annum above the KLIBOR). The tenure of the term loans is 3 years.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off-balance sheet financial instrument as at 30 September 2023 other than the outstanding derivatives on forward foreign currency exchange contracts as disclosed in Note A7.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B14. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

The maintenance, repair and overhaul business unit within the Power and Machinery segment that provides 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.

Profit attributable to the discontinued operation was as follows:

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	0	0	0	0
Other income	0	0	0	351
Profit before tax	0	0	0	351
Tax expense	0	0	0	(68)
Profit after tax	0	0	0	283

The profit from discontinued operation is attributable entirely to the owners of the Company.

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

	Cumulative quarters ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
Net cash generated from operating activities	0	283
Effect on cash flows	0	283

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B15. MATERIAL LITIGATION

Save as disclosed below, as at 30 September 2023, Deleum Group has not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant and our Board is not aware of any proceedings, pending or threatened, against the Deleum Group or any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Deleum Group.

All the material litigation below relates to Deleum Technology Solutions Sdn. Bhd., a 86.67% owned indirect subsidiary of Deleum Group, and does not relate to Deleum Group and its other subsidiaries.

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn. Bhd. (“Plaintiff”) against Deleum Technology Solutions 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 CHE 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 against the Defendant, are as follows:

- (a) A Declaration that the termination of the CHE 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.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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 Technology Solutions Sdn. Bhd. (“Defendant”) (Cont'd)

The Suit proceeded for Trial on 27 - 28 September and 28 October 2021 and on 20 January 2022, the following Decision was delivered by the Court:

- (a) The Plaintiff’s claim is dismissed;
- (b) 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
- (c) The Plaintiff and the Defendant shall bear its own costs.

The Plaintiff has filed their appeal at the Court of Appeal on 17 February 2022 and the Memorandum of Appeal together with the Record of Appeal on 20 April 2022.

At the Case Management on 7 July 2022, Solicitors for the Plaintiff informed the Court that Plaintiff has been wound up and that they must apply to the liquidator, i.e., the Director General of Insolvency (“DGI”), for sanction to proceed with the appeal in the Court of Appeal under Section 486 [Powers of Liquidator in Winding Up by Court] (read together with Part I of the Twelfth Schedule) of the Companies Act 2016.

At the Case Management on 30 November 2022, solicitors for the Plaintiff informed that they have filed a letter in Court on 22 November 2022 enclosing the DGI’s approval of the Plaintiff’s application for sanction to continue the above action.

Pursuant to the Hearing of the Appeal held on 12 January 2023, the Court of Appeal has granted the following Orders in favour of the Plaintiff:

- (a) Judgment for the sum of RM1,400,500.00 for outstanding invoices, as pleaded in the Statement of Claim;
- (b) Interest at the rate of 5% per annum on the judgment sum from the date of filing of the Suit, 21 August 2020, until the date of full settlement; and
- (c) Costs of RM10,000.00 be paid to the Plaintiff, subject to payment of the Allocatur fee.

Item 1 and 3 have been paid to the Plaintiff on 23 February 2023 whilst item 2 was paid on 3 March 2023.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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 Technology Solutions 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, were 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:

- (a) Amend the original claim sum from RM1,568,048.66 to an amended claim sum of RM2,184,584.45; and
- (b) 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 RM616,535.79 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.

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 RM2,184,584.45 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.

Pursuant to the Case Management on 21 July 2021, the suit was initially fixed for Trial on 22, 23 and 29 September 2022, but was subsequently rescheduled by the Court to 22 and 23 March 2023.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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 Technology Solutions Sdn. Bhd. (“Defendant”) (Cont'd)

Following the conclusion of the trial on 23 March 2023, the following decisions were delivered by the High Court on 24 May 2023:

- (a) Defendant is to pay the judgment sum of RM2,184,584.45 to the Plaintiff as well as 5% interest per annum on the judgment sum until full settlement; and
- (b) Defendant is to pay RM100,000.00 as the costs of the Suit to the Plaintiff.

The above decisions do not have material financial impact on the Group for the financial year ending 31 December 2023.

The case has been reviewed and considered and it has been decided not to proceed with the appeal at the Court of Appeal.

Item (a) and (b) have been paid to the Plaintiff on 10 August 2023.

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Technology Solutions Sdn. Bhd. (“Plaintiff”) against Mazrin bin Ramli & 9 Others (“Defendants”)

The Plaintiff has commenced the above legal proceedings against the Defendants by way of a Writ of Summons dated 5 November 2020 for, *inter alia*, 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.

Pursuant to the Recusal Application filed by the 6 Defendants on 9 March 2021, Plaintiff has on 1 April 2022, vide its solicitors, Messrs. Ranjit Singh & Yeoh, filed an application for leave to apply for a committal order against Defendant No. 1 to Defendant No. 4, Syarifuddin bin Abdul Wahab, a director of Defendant No. 8 and Zul Hafizi bin Zainal Karib, a director of Defendant No. 10, for having committed contempt of Court.

During the Hearing on 21 November 2022, in relation to DTS Application for Leave to Apply for an Order of Committal against all the above and dismissed the same against Zul Hafizi bin Zainal Karib, a director of Defendant No. 10, with no order as to cost.

Pursuant to the above, DTS have filed an Application for an Order of Committal against all of the above except for Zul Hafizi bin Zainal Karib, a director of Defendant No. 10. The case management for the Application is scheduled on 21 March 2023.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B15. MATERIAL LITIGATION (Cont'd)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Technology Solutions Sdn. Bhd. (“Plaintiff”) against Mazrin bin Ramli & 9 Others (“Defendants”) (Cont'd)

During the case management for the Application on 21 March 2023, the Court has fixed a hearing date for the contempt application and has given directions for the filing of submissions. In this regard, the Court has directed as follows:

- (a) Written submissions to be filed on 8 May 2023;
- (b) Reply submissions to be filed on 22 May 2023; and
- (c) The hearing for the contempt application is fixed on 29 May 2023.

However, the scheduled hearing was vacated and the Court has fixed the contempt application to be heard on 14 September 2023 and has been postponed to 30 November 2023.

Following the Defendant No. 8 being wound-up 27 May 2022, the Plaintiff's solicitors have written to the Official Receiver on 27 July 2022 informing them of the ongoing Civil Suit filed by the Plaintiff against the 10 Defendants which includes, Defendant No. 8; and filed a Notice of Motion at the Shah Alam High Court for leave to be granted for the Plaintiff to continue with its claim against Defendant No. 8 which was granted by the Court on 26 August 2022.

Pursuant to the winding up of Defendant No. 8 and a forensic report prepared by our forensic analyst Virdos Lima Consultancy (M) Sdn Bhd dated 19 March 2023, the Plaintiff has filed its application to amend its Statement of Claim on 12 April 2023. During the case management on 22 May 2023, the Court gave the following directions in respect of the revised Statement of Claim:

- (a) Written Submissions be filed by all parties simultaneously on 21 August 2023;
- (b) Reply Submissions be filed by all parties simultaneously on 4 September 2023; and
- (c) The hearing is fixed on 13 September 2023 and has been postponed to 30 November 2023.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

B16. DIVIDEND

There was no dividend declared during the quarter under review for the financial year ending 31 December 2023.

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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Basic/Diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)				
- Continuing operations	12,211	11,803	31,067	28,091
- Discontinued operation	0	0	0	283
	12,211	11,803	31,067	28,374
Weighted average number of shares in issue ('000)	401,554	401,554	401,554	401,554
Basic/Diluted earnings per share (sen)				
- Continuing operations	3.04	2.94	7.74	7.00
- Discontinued operation	0.00	0.00	0.00	0.07
Basic/Diluted earnings per share	3.04	2.94	7.74	7.07

DELEUM BERHAD
200501033500 (715640-T)
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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 from operations:

	Individual quarter ended		Cumulative quarters ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Inventories consumed and recognised as cost of sales	31,910	31,019	88,313	69,770
Purchase of products, parts and consumable	10,647	3,388	25,820	10,612
Costs of services purchased	130,763	50,023	266,482	132,873
Interest income	(1,605)	(546)	(3,583)	(1,953)
Other income including investment income	(149)	(535)	(1,217)	(756)
Accretion of income on other receivable	(80)	(28)	(131)	(84)
Interest expenses	32	131	167	524
Depreciation and amortisation	8,265	8,362	24,633	25,285
Write-back of impairment - Trade receivables	(1)	(1,098)	(450)	(3,643)
Impairment for doubtful debts - Trade receivables	0	2	0	24
Allowance for slow moving inventories	286	716	690	1,233
Write back of allowance for slow moving inventories	(222)	(7)	(601)	(78)
Net fair value gain on investment	798	(447)	(67)	(447)

DELEUM BERHAD
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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 from operations (Cont'd):

	Individual quarter ended		Cumulative quarters ended	
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
Inventories written off/(written back)	94	(1)	94	15
Amortisation of government grants	(13)	(13)	(40)	(40)
Gain on disposals of plant and equipment	0	0	(59)	(2,004)
Loss on lease disposal	0	(1)	0	8
Foreign exchange loss/(gain)				
- Realised	521	(525)	(2,326)	(2,860)
- Unrealised	482	245	2,195	1,241
Provision for liquidated damages	100	0	445	62
Write back of provision of liquidated damages	(99)	0	(99)	(108)
Fair value loss/(gain) on forward foreign currency exchange contracts	385	(2,907)	(1,034)	(2,724)
Loss on liquidation of a subsidiary	0	0	0	352

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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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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 2022 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 28 November 2023.

By order of the Board

Suliana Binti Rosli (MAICSA no. 7057610)
Company Secretary
Kuala Lumpur
28 November 2023