

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards No.134 – “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the attached explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013. The results of the associates are based on unaudited management accounts. The power generating facility operated by Cambodia Utilities Pte. Ltd. (“CUPL”) under a build, operate and transfer agreement with Electricite Du Cambodge expires in May 2015. Upon its expiration, the balance of the investment in CUPL will be represented by liquid assets.

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 2013, except for a change in the Group’s accounting policy on inventory valuation. On 1 January 2014, the Group adopted the weighted average cost method for inventory valuation across the Group, which is more appropriate to the Group’s businesses. The adoption of this new policy had no material effect on the amounts reported by the Group for the current financial period or prior financial years. The amendments to published standards effective for financial year beginning on 1 January 2014 that are applicable and adopted by the Group as follows:

Amendment to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the above Amendments to MFRS has no material impact to the Group.

The Group has not early adopted the following accounting standards and amendments to published standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) as these are effective for the financial period beginning on or after 1 January 2015.

- Annual improvements to MFRSs 2010 – 2012 cycle (effective 1 July 2014)
- Annual improvements to MFRSs 2011 – 2013 cycle (effective 1 July 2014)

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

A1. BASIS OF PREPARATION (Cont'd)

The Group has not early adopted the following accounting standards and amendments to published standards that have been issued by the Malaysian Accounting Standards Board ("MASB") as these are effective for the financial period beginning on or after 1 January 2015 (cont'd).

MFRS 14	Regulatory Deferral Accounts (effective 1 January 2016)
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of interest in Joint Operations (effective 1 January 2016)
Amendments to MFRS 116	Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
Amendments to MFRS 138	Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
Amendments to MFRS 116	Property, Plant and Equipment - Agriculture: Bearer Plants (effective 1 January 2016)
Amendments to MFRS 141	Agriculture – Agriculture: Bearer Plants (effective 1 January 2016)
MFRS 15	Revenue from Contracts with Customers (effective 1 January 2017)
MFRS 9	Financial instruments (2014) (effective 1 January 2018)
Amendments to MFRS 7	Financial instruments: Disclosure – Mandatory date of MFRS 9 and Transition Disclosures (effective 1 January 2018)

The Group is in the process of assessing the impact on initial adoption of the above mentioned accounting standards and amendments to published standards.

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

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of the revenue recognition might be different as compared with the current practices.

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

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A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's operations are not affected by any significant seasonal or cyclical factors in the financial period under review. It should be noted that the Group operates predominantly in the oil and gas sector in Malaysia. Accordingly, the level of the Group's business activities is closely correlated with that of the oil and gas operators and contractors in Malaysia. Any significant change in their level of activities will likewise have an impact on the Group.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the financial year-to-date.

A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

A5. EQUITY AND DEBT SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year-to-date, other than the bonus issue and share split completed in the second quarter of the financial year.

A6. OUTSTANDING DERIVATIVES

The Group had not entered into any new type of derivative in the current interim quarter that was not disclosed in the preceding year's annual financial statements. In addition, the Group did not have any outstanding derivative as at 30 September 2014.

A7. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2014.

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A8. DIVIDENDS PAID

During the first quarter under review, the Company paid the following second interim single tier dividend of 11 sen per share of RM1.00 each on 150,000,000 ordinary shares, in respect of the financial year ended 31 December 2013.

	RM'000
Second interim single tier dividend of 11 sen per share on 150,000,000 ordinary shares, paid on 26 March 2014	<u>16,500</u>

During the current quarter under review, the Company paid a first interim single tier dividend of 2.5 sen per share of RM0.50 each on 400,000,000 ordinary shares, in respect of the financial year ending 31 December 2014.

	RM'000
First interim single tier dividend of 2.5 sen per share on 400,000,000 ordinary shares, paid on 25 September 2014	<u>10,000</u>

A9. SEGMENT INFORMATION

The segments of the Group are as follows:

- Power and Machinery – Mainly consists of:-
 - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewals and retrofit;
 - Supply and commission combined heat and power plants; and
 - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment.
- Oilfield Services – Mainly consists of:-
 - Provision of slickline equipment and services;
 - Provision of integrated wellhead maintenance services;
 - Provision of oilfield chemicals; and
 - Provision of drilling equipment and services and other oilfield products and technical services.
- Maintenance, Repair and Overhaul – Mainly consists of:-
 - Repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps; and
 - Provision of integrated corrosion and inspection services, blasting technology and services for tanks, vessels, structures and piping.

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

A9. SEGMENT INFORMATION (Cont'd)

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

Segmental information for the financial period ended 30 September 2014 is as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	148,522	84,067	335,646	235,745
Power and Machinery	148,522	84,067	335,646	235,745
Oilfield Services				
External revenue	33,812	18,910	93,084	54,322
Oilfield Services	33,812	18,910	93,084	54,322
Maintenance, Repair and Overhaul				
External revenue	5,988	5,825	25,153	17,722
Maintenance, Repair and Overhaul	5,988	5,825	25,153	17,722
Total Group revenue	188,322	108,802	453,883	307,789

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A9. SEGMENT INFORMATION (Cont'd)

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
<u>Segment Results</u>				
Power and Machinery	26,167	21,030	51,095	43,651
Oilfield Services	5,962	3,489	21,145	8,678
Maintenance, Repair and Overhaul	(1,116)	(405)	(2,295)	1,717
Segment results	31,013	24,114	69,945	54,046
Unallocated income ^	35	108	151	348
Unallocated corporate expenses #	(4,344)	(5,562)	(10,877)	(11,048)
Share of results of associates	2,680	4,407	10,579	12,053
Tax expense	(8,077)	(6,590)	(17,362)	(13,380)
Profit for the financial period	21,307	16,477	52,436	42,019

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

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

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
<u>Segment Assets</u>		
Power and Machinery	267,372	252,327
Oilfield Services	277,519	141,891
Maintenance, Repair and Overhaul	27,688	24,363
Segment assets	572,579	418,581
Unallocated corporate assets ^	69,261	81,797
Total assets	641,840	500,378

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A9. SEGMENT INFORMATION (Cont'd)

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	152,089	139,158
Oilfield Services	171,729	67,931
Maintenance, Repair and Overhaul	7,839	8,185
Segment liabilities	331,657	215,274
Unallocated corporate liabilities #	21,025	13,858
Total liabilities	352,682	229,132

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

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

During the current and cumulative quarters ended 30 September 2014, the acquisitions and disposals of plant and equipment and intangible assets by the Group are as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Acquisitions at cost: -				
- Plant and equipment	45,442	2,808	107,287	17,156
- Intangible assets	392	1,196	915	1,196
Disposals at net book value: -				
- Plant and equipment	1	99	1	186

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

There was no other material event after the end of the reporting date other than as reported in note B9.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

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

A13. CONTINGENT LIABILITIES / ASSETS

As at 30 September 2014, the Group did not have any contingent liabilities or assets except for contingent liabilities for guarantees in respect of credit facilities from licensed financial institutions of RM26.4 million (31 December 2013: RM21.4 million) for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts.

A14. COMMITMENTS

Capital commitments for property, plant and equipment and intangible assets not provided for as at 30 September 2014 were as follows:

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Authorised but not contracted for		
- Plant and machinery	29,481	105,531
- Others	14,853	15,464
Authorised and contracted for		
- Plant and machinery	21,698	75,157
- Others	25	655
	66,057	196,807

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

A15. RELATED PARTY DISCLOSURES

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Purchases and technical services from Solar Turbines International Company	93,015	49,824	211,886	143,008

Significant outstanding balance arising from the above transactions as at 30 September 2014 is as follows:

	30/09/2014 RM'000	31/12/2013 RM'000
Amount due to Solar Turbines International Company	85,336	81,846

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Purchases from Dresser Italia S.R.L	0	55	108	298
Purchases from related parties of Dresser Italia S.R.L	6,150	4,195	15,090	14,069

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

A15. RELATED PARTY TRANSACTIONS (Cont'd)

Significant outstanding balance arising from the above transactions as at 30 September 2014 is as follows:

	30/09/2014 RM'000	31/12/2013 RM'000
Amount due to related parties of Dresser Italia S.R.L	4,391	3,841

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Directors' fees	233	232	698	697
Salaries, bonuses, allowances and other staff related expenses	1,707	1,921	5,735	5,487
Defined contribution plan	195	197	646	601
	2,135	2,350	7,079	6,785

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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

Revenue	Q3'14 RM'000	Q3'13 RM'000	Variance RM'000	Variance %
Power and Machinery	148,522	84,067	64,455	76.7
Oilfield Services	33,812	18,910	14,902	78.8
Maintenance, Repair and Overhaul	5,988	5,825	163	2.8
	188,322	108,802	79,520	73.1

Revenue of the **Power and Machinery** segment recorded an improvement of RM64.5 million against the corresponding quarter mainly attributable to higher revenue of RM63.4 million from retrofit projects consisting of Gas Turbine Integrity and Rehabilitation (“GATIR”) under a Long Term Service Agreement signed with a customer that was secured in the last quarter of the previous year.

The **Oilfield Services** segment experienced a revenue increase of RM14.9 million in the current quarter largely due to improvement from slickline activities of RM13.4 million on account of Pan Malaysia Slickline Contracts secured in the third quarter of 2013.

The revenue contribution from the **Maintenance, Repair and Overhaul** segment increased by RM0.2 million compared to the corresponding quarter mainly attributable to integrated corrosion maintenance activities of RM1.3 million driven by additional contracts secured, whilst revenue from the Rotary division retreated by RM1.1 million due to lower level of contract works secured for repairs and maintenance of motors and generators.

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

	Q3'14 RM'000	Q3'13 RM'000	Variance RM'000	Variance %
Power and Machinery	26,167	21,030	5,137	24.4
Oilfield Services	5,962	3,489	2,473	70.9
Maintenance, Repair and Overhaul	(1,116)	(405)	(711)	175.6
Segment results	<u>31,013</u>	<u>24,114</u>	<u>6,899</u>	<u>28.6</u>
Share of associates' results	2,680	4,407	(1,727)	(39.2)
Profit before tax	<u><u>29,384</u></u>	<u><u>23,067</u></u>	<u><u>6,317</u></u>	<u><u>27.4</u></u>

Profit before tax increased by RM6.3 million over the corresponding quarter due to higher contributions from the Power and Machinery and Oilfield Services segments.

The **Power and Machinery** segment recorded improved results of RM5.1 million and was mainly attributable to retrofit projects offset by a one-time commission received in the corresponding quarter of RM7.7 million.

Notwithstanding a significant increase in revenue, the **Oilfield Services** segment results was only RM2.5 million higher due to increased operating expenses of RM3.6 million to support the higher level of activities and additional finance expenses incurred on account of the capital expenditures incurred on slickline related equipment.

Whilst revenue increased marginally by RM0.2 million, the **Maintenance, Repair and Overhaul** segment recorded a loss of RM1.1 million compared with a loss of RM0.4 million in the corresponding quarter. The negative result was largely due to weaker margins earned in the current quarter and higher operating expenses mainly staff related to support the higher level of business activities.

Share of associates' results decreased from RM4.4 million in the corresponding quarter to RM2.7 million for the current quarter and was mainly attributable to lower throughput from Malaysian Mud And Chemicals Sdn. Bhd. ("MMC") by RM1.8 million due to slow down in drilling activities by major customers.

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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) Revenue of the current year-to-date against the corresponding year-to-date

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q3'14 RM'000	Q3'13 RM'000		
Revenue				
Power and Machinery	335,646	235,745	99,901	42.4
Oilfield Services	93,084	54,322	38,762	71.4
Maintenance, Repair and Overhaul	25,153	17,722	7,431	41.9
	<u>453,883</u>	<u>307,789</u>	<u>146,094</u>	<u>47.5</u>

Revenue from the **Power and Machinery** segment improved by RM99.9 million compared to the corresponding period. The favorable performance was mainly attributable to higher revenue from retrofit projects of RM93.2 million.

The **Oilfield Services** segment experienced an increase in revenue from RM54.3 million in the corresponding period to RM93.1 million in the current 9-month period and was largely driven by slickline activities on the back of the Pan Malaysian slickline contracts secured in the third quarter of 2013.

The revenue contribution from the **Maintenance, Repair and Overhaul** segment increased from RM17.7 million in the corresponding period to RM25.2 million in the current 9-month period and was mainly attributable to improved contributions from both motor and generator maintenance and corrosion treatment related services of RM6.3 million and RM1.1 million respectively.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q3'14 RM'000	Q3'13 RM'000		
Power and Machinery	51,095	43,651	7,444	17.1
Oilfield Services	21,145	8,678	12,467	143.7
Maintenance, Repair and Overhaul	(2,295)	1,717	(4,012)	(233.7)
Segment results	69,945	54,046	15,899	29.4
Share of associates' results	10,579	12,053	(1,474)	(12.2)
Profit before tax	69,798	55,399	14,399	26.0

The Group recorded a profit before tax of RM69.8 million for the current 9-month period compared to RM55.4 million in the corresponding period. The increase for the current 9-month period was largely due to higher segment results from the Power and Machinery and Oilfield Services segments.

Power and Machinery segment recorded an increase in result by RM7.4 million compared to corresponding period, in line with higher revenue recorded for the current 9-month period for retrofit projects.

Oilfield Services segment registered a result of RM21.1 million for the current 9-month period compared to RM8.7 million in the corresponding period. The better result was in line with increased slickline activities.

Maintenance, Repair and Overhaul segment recorded a loss of RM2.3 million for the current 9-month period compared to a profit of RM1.7 million in the corresponding period mainly attributable to less favorable margins and higher operating expenses mainly an increase in manning requirements to support the expansion of the sales activities.

Share of associates' results decreased by RM1.5 million attributable mainly to lower throughput from MMC. Contribution from CUPL was little changed at RM5.0 million compared to corresponding period.

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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 PROFIT BEFORE TAX AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PROFIT BEFORE TAX

	Q3'14 RM'000	Q2'14 RM'000	Variance RM'000	Variance %
Power and Machinery	26,167	14,790	11,377	76.9
Oilfield Services	5,962	9,413	(3,451)	(36.7)
Maintenance, Repair and Overhaul	(1,116)	(634)	(482)	76.0
Segment results	<u>31,013</u>	<u>23,569</u>	<u>7,444</u>	<u>31.6</u>
Share of associates' results	2,680	3,933	(1,253)	(31.9)
Profit before tax	<u>29,384</u>	<u>24,720</u>	<u>4,664</u>	<u>18.9</u>

The segments posted a higher result of RM7.4 million for the current quarter over the preceding quarter mainly due to better performance by the Power and Machinery segment.

Power and Machinery segment recorded a result of RM26.2 million for the current quarter compared with RM14.8 million in the preceding quarter. The favorable variance was attributable to higher revenue derived from retrofit projects.

Oilfield Services segment registered lower result for the current quarter of RM6.0 million compared with RM9.4 million in the preceding quarter. Whilst the level of sales revenue quarter on quarter was little changed due to lower slickline activities offset by higher chemical treatment related activities, the margin earned in the quarter from chemical business was lower being linked to outcomes of the treatment and compounded by higher interest charges and foreign exchange losses of RM1.2 million.

Maintenance, Repair and Overhaul segment recorded a higher loss by RM0.5 million for the current quarter and was mainly attributable to lower revenue of RM1.2 million due to deferment of projects and write-back of impairment for doubtful debts of RM0.3 million in the preceding quarter.

Share of associates' results decreased by RM1.3 million attributable to lower throughput from MMC of RM1.1 million.

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B3. PROSPECTS

Global benchmark oil prices eased on account of higher production and softer demand. Going forward, the downward pressure on oil price is expected to continue and this trend is having an effect on the level of activities of the oil and gas producers and contractors in Malaysia. However, we do not expect these developments to materially affect the level of activities of the Group for our financial year ending 31 December 2014.

B4. PROFIT FORECAST

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

B5. INCOME TAX EXPENSE

Current income tax is calculated at the statutory rate of 25% of the assessable profit for the period. The statutory tax rate will be reduced to 24% from the current year's statutory rate of 25% effective year of assessment 2016. The computation of the deferred tax as at 30 September 2014 has reflected this change.

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Current tax – current year	5,234	5,186	11,682	12,459
Under/(over) provision in prior year	9	(6)	(8)	39
Deferred tax – origination and reversal of temporary differences	2,834	1,410	5,688	882
Total income tax expense	8,077	6,590	17,362	13,380

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B5. INCOME TAX EXPENSE (Cont'd)

Including the associates' results which are presented net of tax, the effective tax rate of the Group for the financial year ended 30 September 2014 is as shown below.

	Cumulative Quarters ended	
	30/09/2014 %	30/09/2013 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	25	25
<u>Tax effects of:</u>		
- Expenses not deductible for tax purposes	4	4
- Share of results of associates	(4)	(5)
Effective tax rate	25	24

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

Saved as disclosed in the second quarter announcement dated 20 August 2014 in relation to the long-term incentive plan (“LTIP”), the implementation of the LTIP is effective from 10 October 2014 pursuant to the following:

- (i) the submission of the final copy of the by-laws governing the LTIP to Bursa Malaysia Securities Berhad on 10 October 2014; and
- (ii) the receipt of all required approvals and the compliance with the requirements pertaining to the LTIP by Deleum.

The trust deed in relation to the LTIP has been executed on 3 October 2014.

There was no issuance of LTIP shares at the date of this report.

B9. ASSOCIATES

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Group's share of net assets of associates	42,815	43,823

In the opinion of the Directors, MMC and CUPL are material associates to the Group. The Group's effective equity interest in the associates, the nature of the relationship and country of incorporation are set out in the audited financial statements for the financial year ended 31 December 2013. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

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

The power generating facility operated by Cambodia Utilities Pte. Ltd. (“CUPL”) under a build, operate and transfer agreement with Electricite Du Cambodge expires in May 2015. Upon its expiration, the Company will cease to equity account for the results of CUPL. The Company's interest in CUPL at that date will be represented by current assets which are expected to be liquidated and returned to the Company in the form of cash.

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B9. ASSOCIATES (Cont'd)

Summarised statement of comprehensive income

	MMC		CUPL		Total	
	Quarter ended		Quarter ended		Quarter ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,044	11,375	8,640	8,200	13,684	19,575
Income tax expense	(1,581)	(2,269)	(780)	(735)	(2,361)	(3,004)
Profit for the period	<u>3,463</u>	<u>9,106</u>	<u>7,860</u>	<u>7,465</u>	<u>11,323</u>	<u>16,571</u>
Interest in associates (32%; 20%) Share of results	<u>1,108</u>	<u>2,914</u>	<u>1,572</u>	<u>1,493</u>	<u>2,680</u>	<u>4,407</u>
	MMC		CUPL		Total	
	Year-to-date ended		Year-to-date ended		Year-to-date ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	23,434	28,525	27,720	27,445	51,154	55,970
Income tax expense	(6,228)	(6,603)	(2,355)	(2,255)	(8,583)	(8,858)
Profit for the financial period	<u>17,206</u>	<u>21,922</u>	<u>25,365</u>	<u>25,190</u>	<u>42,571</u>	<u>47,112</u>
Interest in associates (32%; 20%) Share of results	<u>5,506</u>	<u>7,015</u>	<u>5,073</u>	<u>5,038</u>	<u>10,579</u>	<u>12,053</u>

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B10. GROUP BORROWINGS

The Group borrowings as at 30 September 2014 were as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
<u>30/09/2014</u>			
Borrowings - secured	10,071	85,601	95,672
- unsecured	17,300	0	17,300
	<u>27,371</u>	<u>85,601</u>	<u>112,972</u>
<u>31/12/2013</u>			
Borrowings - secured	2,114	11,731	13,845
- unsecured	15,800	0	15,800
	<u>17,914</u>	<u>11,731</u>	<u>29,645</u>

The borrowings were all denominated in Ringgit Malaysia.

	Note	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Revolving credits	(i)	17,300	15,800
Finance lease liabilities	(ii)	79	104
Term loans	(iii)	93,730	11,275
Islamic term financing long term non-interest bearing facilities	(iv)	1,863	2,466
		<u>112,972</u>	<u>29,645</u>
Less: Amount repayable within 12 months			
Revolving credits		(17,300)	(15,800)
Finance lease liabilities		(34)	(33)
Term loans		(9,373)	(1,279)
Islamic term financing long term non-interest bearing facilities		(664)	(802)
		<u>(27,371)</u>	<u>(17,914)</u>
Amount repayable after 12 months		<u>85,601</u>	<u>11,731</u>

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B10. GROUP BORROWINGS (Cont'd)

- (i) Revolving credits are rolled over on a monthly basis at an average rate of 5.10% (1.25% per annum above the bank's cost of funds).
- (ii) Interest on the leases ranged from 2.55% - 2.56% per annum.
- (iii) Term loan consist of term loan 3 which carries an average rate of 4.68% (1.15% per annum above the bank's cost of funds). The tenure of the loan is 5 years. Term loans 1 and 2 were fully repaid during the financial period.
- (iv) The Islamic term financing bear profit sharing margins of 6.55% - 7.00% per annum and are repayable over 7 – 10 years.

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 30 September 2014.

B12. MATERIAL LITIGATION

Following the Company's announcement on 5 June 2014 under the Corporate Proposals, the legal suit filed against NSE Resources Corporation (M) Sdn. Bhd. ("NSERC") for the recovery of the sum of RM3.8 million being the earnest deposit duly paid by the Company to NSERC, the Company was informed by its solicitors that an application for Summary Judgement against the Defendant had been filed in Court on 21 October 2014. However, the parties have recently reached an agreement in principle on the terms of settlement and this was conveyed to the Court at the mention on 14 November 2014. The parties are expected to record a Consent Judgment on 24 November 2014 before the High Court of Malaya at Temerloh.

The legal suit is not expected to have any material adverse impact on the Company's and the Group's financial position and performance for the financial year ending 31 December 2014.

Other than as disclosed above, there was no material litigation as at 10 November 2014 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B13. DIVIDEND

Save as disclosed in A8, there were no other dividends declared / paid during the quarter under review for the financial year ending 31 December 2014.

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B14. EARNINGS PER SHARE (“EPS”)

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
Basic earnings per share				
Profit attributable to equity holders of the Company (RM'000)	16,834	14,354	42,526	34,991
Number of ordinary shares at the beginning of the year ('000)	150,000	150,000	150,000	150,000
Effect of bonus issue ('000)	50,000	50,000	50,000	50,000
Effect of share split ('000)	200,000	200,000	200,000	200,000
Adjusted weighted average number of ordinary shares (Restated) ('000)	400,000	400,000	400,000	400,000
Basic earnings per share (Restated) (sen)	4.21	3.59	10.63	8.75

The diluted earnings per share for the Group is not presented as there is no dilutive potential ordinary shares during the current financial year-to-date under review.

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B15. PROFIT BEFORE TAX

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Interest income	(324)	(334)	(863)	(931)
Other income including investment income	(348)	(542)	(707)	(990)
Interest expenses	1,322	327	2,513	1,096
Depreciation and amortization	5,283	3,742	14,428	11,400
Reversal of provision for trade receivables	(55)	(995)	(491)	(1,428)
Provision for trade receivables	135	715	933	747
Provision for other receivables	0	3,800	0	3,800
Foreign exchange gains	(1,183)	(715)	(3,168)	(889)
Reversal of provision for inventories	(5)	(2)	(58)	(10)
Provision for liquidated damages	25	17	272	111
Reversal of provision for liquidated damages	0	(254)	0	(260)
Gains on disposal of property, plant and equipment	0	(68)	0	(114)

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

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B16. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

RM'000	Cumulative Quarters ended 30/09/2014	Cumulative Quarters ended 31/12/2013
Total retained profits of the Company and its subsidiaries:		
Realised	113,812	132,994
Unrealised	(9,500)	(6,574)
	104,312	126,420
Total share of retained profits from associated companies:		
Realised	44,792	45,429
Unrealised	(3,796)	(3,540)
	40,996	41,889
Less: Consolidation adjustments	(34,263)	(23,290)
Total Group's retained profits	111,045	145,019

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

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B17. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2013 was unqualified.

B18. 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 17 November 2014.

By order of the Board

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