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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 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 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)

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

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).

Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions (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 10	Consolidated Financial Statements (effective 1 January 2016)
Amendments to MFRS 128	Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates/Joint Ventures (effective 1 January 2016)
Amendments to MFRS 127	Separate Financial Statements – Equity Accounting in Separate Financial Statements (effective 1 January 2016)
Annual improvements to MFRS 2012 – 2014 cycle (effective 1 January 2016)	
MFRS 15	Revenue from Contracts with Customers (effective 1 January 2017)
MFRS 9	Financial instruments (effective 1 January 2018)

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 and amendments to published standards are not expected to have any material impact to the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

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

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

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

A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

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

A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

A5. EQUITY AND DEBT SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year, 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 31 December 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 31 December 2014.

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

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	16,500

During the third quarter of the financial year, 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 ended 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	10,000

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.

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

A9. SEGMENT INFORMATION (Cont'd)

Segmental information for the financial year ended 31 December 2014 is as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2014 RM'000	31/12/2013 Restated RM'000	31/12/2014 RM'000	31/12/2013 Restated RM'000
Segment Revenue				
Power and Machinery				
External revenue	143,677	143,000	476,916	375,460
Power and Machinery	143,677	143,000	476,916	375,460
Oilfield Services				
External revenue	53,389	20,879	146,473	75,201
Oilfield Services	53,389	20,879	146,473	75,201
Maintenance, Repair and Overhaul				
External revenue	8,731	9,572	33,884	27,294
Maintenance, Repair and Overhaul	8,731	9,572	33,884	27,294
Total Group revenue	205,797	173,451	657,273	477,955

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

A9. SEGMENT INFORMATION (Cont'd)

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2014	**31/12/2013 Restated**	**31/12/2014**	**31/12/2013 Restated**
	RM'000	**RM'000**	**RM'000**	**RM'000**
<u>Segment Results</u>				
Power and Machinery	16,048	18,946	67,881	61,783
Oilfield Services	7,156	(1,249)	28,301	7,286
Maintenance, Repair and Overhaul	(3,003)	161	(5,298)	1,869
Segment results	20,201	17,858	90,884	70,938
Unallocated income ^	24	66	175	414
Unallocated corporate expenses #	(1,916)	(3,930)	(12,793)	(13,999)
Share of results of associates *	3,148	3,920	13,727	15,973
Tax expense *	(3,821)	(2,965)	(21,359)	(16,370)
Profit from continuing operations	17,636	14,949	70,634	56,956
Profit from discontinued operation, net of tax	579	1,693	17	1,705
Profit for the financial period / year	18,215	16,642	70,651	58,661

^ 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.

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

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

A9. SEGMENT INFORMATION (Cont'd)

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Segment Assets		
Power and Machinery	236,575	252,327
Oilfield Services	303,991	141,891
Maintenance, Repair and Overhaul	27,797	24,363
Segment assets	568,363	418,581
Unallocated corporate assets ^	74,506	81,797
Assets classified as held for sale	27,266	0
Total assets	670,135	500,378

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Segment Liabilities		
Power and Machinery	133,088	139,158
Oilfield Services	201,573	58,131
Maintenance, Repair and Overhaul	7,534	8,185
Segment liabilities	342,195	205,474
Unallocated corporate liabilities #	21,033	23,658
Liabilities classified as held for sale	1,985	0
Total liabilities	365,213	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.

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

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

During the current and cumulative quarters ended 31 December 2014, the acquisitions and disposals of plant and equipment and intangible assets by the Group are as follows:

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2014 RM'000	**31/12/2013 RM'000**	**31/12/2014 RM'000**	**31/12/2013 RM'000**
Acquisitions at cost: -				
- Plant and equipment	30,194	34,820	137,481	51,976
- Intangible assets	193	377	1,108	1,053
Disposals at net book value: -				
- Plant and equipment	0	0	1	186

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 B12.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

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

A13. CONTINGENT LIABILITIES / ASSETS

As at 31 December 2014, 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 RM26.2 million (31 December 2013: RM21.4 million).

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

A14. COMMITMENTS

(a) Capital commitment

Capital commitments for property, plant and equipment and intangible assets not provided for as at 31 December 2014 were as follows:

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Authorised but not contracted for		
- Plant and machinery	37,813	105,531
- Land and building	10,800	11,000
- Others	9,948	4,464
Authorised and contracted for		
- Plant and machinery	14,181	75,157
- Others	465	655
	73,207	196,807

(b) Operating lease commitment

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Within one year	660	751
Between two to five years	432	198
More than five years	117	0

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**	
	31/12/2014 RM'000	**31/12/2013 RM'000**	**31/12/2014 RM'000**	**31/12/2013 RM'000**
Purchases and technical services from Solar Turbines International Company	109,640	100,113	321,526	243,121

Significant outstanding balance arising from the above transactions as at 31 December 2014 is as follows:

	31/12/2014 RM'000	**31/12/2013 RM'000**
Amount due to Solar Turbines International Company	48,040	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**	
	31/12/2014 RM'000	**31/12/2013 RM'000**	**31/12/2014 RM'000**	**31/12/2013 RM'000**
Purchases from Dresser Italia S.R.L	21	145	129	443
Purchases from related parties of Dresser Italia S.R.L	4,054	3,173	19,144	17,242

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 31 December 2014 is as follows:

	31/12/2014 RM'000	31/12/2013 RM'000
Amount due to related parties of Dresser Italia S.R.L	3,555	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	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Directors' fees	232	227	930	924
Salaries, bonuses, allowances and other staff related expenses	5,243	4,757	11,981	10,244
Defined contribution plan	627	559	1,385	1,160
	6,102	5,543	14,296	12,328

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	Q4'14 RM'000	Q4'13 Restated RM'000	Variance RM'000	Variance %
Power and Machinery	143,677	143,000	677	0.5
Oilfield Services	53,389	20,879	32,510	155.7
Maintenance, Repair and Overhaul	8,731	9,572	(841)	(8.8)
	205,797	173,451	32,346	18.6

Group revenue in the current quarter expanded by RM32.3 million compared with the corresponding quarter. The prime contributor to the increase was Oilfield Services segment.

On the segment basis, revenue of the **Power and Machinery** segment recorded an increase of RM0.7 million against the corresponding quarter mainly attributable to higher revenue contribution from parts and repairs of RM30.9 million. This was then partially offset by lower revenue from retrofit projects of RM27.2 million with deferment of certain Gas Turbine Integrity and Rehabilitation ("GATIR") projects to 2015 and the completion of most Turbine Enclosure Intergrity Restoration ("TEIR") projects during the corresponding quarter, lower field service representatives activities of RM2.6 million and lower revenue derived from fleet management services and training of RM3.1 million.

The **Oilfield Services** segment experienced a revenue increase of RM32.5 million in the current quarter largely due to improvement from slickline activities of RM20.3 million on account of the Pan Malaysia Slickline Contracts secured in the third quarter of 2013 and higher level of oilfield chemicals activities of RM12.8 million.

The revenue contribution from the **Maintenance, Repair and Overhaul** segment decreased by RM0.8 million compared to the corresponding quarter with a reduction in revenue by the Rotary division of RM2.5 million with lower level of contract works secured for repairs and maintenance of motors and generators, offset by higher revenue derived from integrated corrosion maintenance activities of RM1.7 million.

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

	Q4'14	Q4'13 Restated	Variance	Variance
	RM'000	RM'000	RM'000	%
Power and Machinery	16,048	18,946	(2,898)	(15.3)
Oilfield Services	7,156	(1,249)	8,405	(672.9)
Maintenance, Repair and Overhaul	(3,003)	161	(3,164)	(1965.2)
Segment results	20,201	17,858	2,343	13.1
Share of associates' results	3,148	3,920	(772)	(19.7)
Profit before tax	21,457	17,914	3,543	19.8

Profit before tax increased by RM3.5 million over the corresponding quarter due to higher contributions from the Oilfield Services segment.

The results of the **Power and Machinery** segment, were lower by RM2.9 million and was mainly attributable to higher margin earned for field service representatives activities in the corresponding quarter, marketing fees in connection with the provision of an offshore facility received in the corresponding quarter of RM1.6 million and higher operating expenses by RM0.9 million which were mainly staff related.

The **Oilfield Services** segment recorded a profit improvement of RM8.4 million on the back of the higher revenues earned primarily benefitting from the full impact of the slickline contracts secured in the third quarter 2013 and higher chemicals activities.

Whilst revenue decreased marginally by RM0.8 million, the **Maintenance, Repair and Overhaul** segment recorded a loss of RM3.0 million compared with a profit of RM0.2 million in the corresponding quarter. The negative result was largely due to weaker margins earned in the current quarter and higher operating expenses of RM0.8 million to support the business activities.

Share of associates' results decreased from RM3.9 million in the corresponding quarter to RM3.1 million for the current quarter and was mainly attributable to lower throughput from Malaysian Mud And Chemicals Sdn. Bhd. ("MMC") by RM0.8 million.

B1. PERFORMANCE REVIEW (Cont'd)

(C) Revenue of the current year against the corresponding year

	Cumulative Quarters ended			
	Q4'14	Q4'13 Restated	Variance	Variance
Revenue	RM'000	RM'000	RM'000	%
Power and Machinery	476,916	375,460	101,456	27.0
Oilfield Services	146,473	75,201	71,272	94.8
Maintenance, Repair and Overhaul	33,884	27,294	6,590	24.1
	657,273	477,955	179,318	37.5

Group revenue to date lifted by RM179.3 million with revenue improvements posted by the three main business segments.

Revenue from the **Power and Machinery** segment improved by RM101.5 million compared to the corresponding year. The favorable performance was attributable to higher revenue from retrofit projects of RM66.0 million, exchange engines of RM15.5 million, field service representatives of RM14.4 million and repair and maintenance of valves and flow regulators of RM10.7 million.

The **Oilfield Services** segment experienced an increase in revenue from RM75.2 million in the corresponding year to RM146.5 million in the current year and was largely driven by slickline activities on the back of the Pan Malaysia slickline contracts secured in the third quarter of 2013 amounting to RM55.7 million and an increase in the level of oilfield chemicals activities of RM11.7 million mainly during the second half of the year.

The revenue contribution from the **Maintenance, Repair and Overhaul** segment increased from RM27.3 million in the corresponding year to RM33.9 million in the current year and was mainly attributable to improved contributions from both motor and generator maintenance and corrosion treatment related services of RM3.8 million and RM2.8 million respectively.

B1. PERFORMANCE REVIEW (Cont'd)

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

	Cumulative Quarters ended			
	Q4'14	Q4'13 Restated	Variance	Variance
	RM'000	RM'000	RM'000	%
Power and Machinery	67,881	61,783	6,098	9.9
Oilfield Services	28,301	7,286	21,015	288.4
Maintenance, Repair and Overhaul	(5,298)	1,869	(7,167)	(383.5)
Segment results	90,884	70,938	19,946	28.1
Share of associates' results	13,727	15,973	(2,246)	(14.1)
Profit before tax	91,993	73,326	18,667	25.5

The Group recorded a profit before tax of RM92.0 million for the current year compared to RM73.3 million in the corresponding year. The increase for the current year was largely due to higher segment results from the Power and Machinery and Oilfield Services segments.

Whilst the segment recorded increased revenue of RM101.5 million, the results of the **Power and Machinery** segment for the current year to date was higher by RM6.1 million as the previous year's results benefited from a one-time marketing fee of RM9.4 million received in connection with the provision of an offshore facility.

Oilfield Services segment registered a result of RM28.3 million for the current year compared to RM7.3 million in the corresponding year. The better result was in line with increased slickline and oilfield chemicals activities.

Maintenance, Repair and Overhaul segment recorded a loss of RM5.3 million for the current year compared to a profit of RM1.9 million in the corresponding year mainly attributable to less favorable margins and higher operating expenses to support the expansion of the business activities.

Share of associates' results decreased by RM2.2 million attributable mainly to lower throughput from MMC. Contribution from CUPL remained consistent with that of the corresponding year at RM6.9 million.

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

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

	Q4'14	Q3'14 Restated	Variance	Variance
	RM'000	RM'000	RM'000	%
Power and Machinery	16,048	26,529	(10,481)	(39.5)
Oilfield Services	7,156	5,962	1,194	20.0
Maintenance, Repair and Overhaul	(3,003)	(1,116)	(1,887)	169.1
Segment results	20,201	31,375	(11,174)	(35.6)
Share of associates' results	3,148	2,680	468	17.5
Profit before tax	21,457	30,409	(8,952)	(29.4)

The segments posted a lower result by RM11.2 million for the current quarter over the preceding quarter mainly due to less favorable performance by the Power and Machinery and the Maintenance, Repair and Overhaul segments.

Power and Machinery segment recorded a result of RM16.0 million for the current quarter compared with RM26.5 million in the preceding quarter. The less than favorable variance was attributable to lower revenue derived from retrofit projects and lower margin earned from field service representatives.

Oilfield Services segment registered a slightly higher result for the current quarter of RM7.2 million compared with RM6.0 million in the preceding quarter. Whilst the level of revenue increased by RM19.6 million during the current quarter attributable mainly to higher slickline and oilfield chemicals activities, however the margin earned thereon were largely offset by higher finance cost of RM0.3 million and foreign exchange losses of RM2.0 million on foreign currency denominated payables.

Maintenance, Repair and Overhaul segment recorded a higher loss by RM1.9 million for the current quarter and was mainly attributable to lower margins earned and higher operating expenses of RM0.8 million.

Share of associates' results increased by RM0.5 million attributable to higher contribution from CUPL of RM0.4 million and MMC of RM0.1 million.

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

B3. PROSPECTS

Global oil prices reached new lows in January 2015, and oil prices are expected to stay depressed compared with the recent past. In Malaysia, PETRONAS as announced would be making capital expenditure deferments and reductions in operational expenditure which in turn would affect the level of the oil and gas activities in the country. However, existing development and production activities are expected to continue thus ensuring an ongoing need for products and services for operations and maintenance. Whilst, the Group has a diversified portfolio of products and services to meet those requirements, there will be downward pressure on activities and margins.

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 year. The statutory tax rate will be reduced to 24% from the current year's statutory rate of 25% effective year of assessment 2016. The computation of the deferred tax as at 31 December 2014 has reflected this change.

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2014 RM'000	**31/12/2013 Restated RM'000**	**31/12/2014 RM'000**	**31/12/2013 Restated RM'000**
Current tax – current year	1,691	4,426	13,339	16,885
Over provision in prior year	0	(60)	(8)	(21)
Deferred tax – origination and reversal of temporary differences	2,130	(1,401)	8,028	(494)
Total income tax expense	**3,821**	**2,965**	**21,359**	**16,370**

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 associates' results which are presented net of tax, the effective tax rate of the Group for the financial year ended 31 December 2014 is lower than the statutory tax rate as shown below.

	Cumulative Quarters ended	
	31/12/2014 **%**	**31/12/2013** **%**
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	25	25
Tax effects of:		
- Expenses not deductible for tax purposes	2	3
- Share of results of associates	(4)	(5)
- Change in statutory tax rate	0	(1)
Effective tax rate	23	22

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

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

B7. QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

Saved as disclosed in the third quarter announcement dated 17 November 2014 in relation to the long-term incentive plan ("LTIP"), there is no corporate proposal announced which is not completed as of 17 February 2015 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

There was no issuance of LTIP shares at the date of this report. No options were granted to any person to take up unissued shares at the date of this report.

B9. ASSOCIATES

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Group's share of net assets of associates	40,645	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 CUPL under a build, operate and transfer agreement with Electricite Du Cambodge expires in May 2015. Upon its expiration, the Company will continue to equity account for the results of CUPL until it ceases to be an associate. The Company's interest in CUPL at that date will be represented by current assets which are expected to be liquidated and returned to the Company in the form of cash. The share of results from this associate and its contribution to the profit attributable to the shareholders of the Company in the financial year ended 31 December 2014 amounted to RM 6,947,000 and RM 4,168,200 respectively.

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

B9. ASSOCIATES (Cont'd)

Summarised statement of comprehensive income

	MMC Quarter ended		CUPL Quarter ended		Total Quarter ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Profit before tax	4,965	8,368	10,449	10,788	15,414	19,156
Income tax expense	(982)	(2,118)	(1,080)	(1,186)	(2,062)	(3,304)
Profit for the year	3,983	6,250	9,369	9,602	13,352	15,852
Interest in associates (32%; 20%) Share of results	1,274	2,000	1,874	1,920	3,148	3,920

	MMC Year-to-date ended		CUPL Year-to-date ended		Total Year-to-date ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Profit before tax	28,399	36,893	38,169	38,233	66,568	75,126
Income tax expense	(7,210)	(8,721)	(3,435)	(3,441)	(10,645)	(12,162)
Profit for the financial year	21,189	28,172	34,734	34,792	55,923	62,964
Interest in associates (32%; 20%) Share of results	6,780	9,015	6,947	6,958	13,727	15,973

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

B10. GROUP BORROWINGS

The Group borrowings as at 31 December 2014 were as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
31/12/2014			
Borrowings - secured	18,484	104,587	123,071
- unsecured	32,300	0	32,300
	50,784	104,587	155,371
31/12/2013			
Borrowings - secured	2,114	11,731	13,845
- unsecured	15,800	0	15,800
	17,914	11,731	29,645

The borrowings were all denominated in Ringgit Malaysia.

	Note	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Revolving credits	(i)	32,300	15,800
Finance lease liabilities	(ii)	71	104
Term loans	(iii)	123,000	11,275
Islamic term financing long term non-interest bearing facilities	(iv)	0	2,466
		155,371	29,645
Less: Amount repayable within 12 months			
Revolving credits		(32,300)	(15,800)
Finance lease liabilities		(34)	(33)
Term loans		(18,450)	(1,279)
Islamic term financing long term non-interest bearing facilities		0	(802)
		(50,784)	(17,914)
Amount repayable after 12 months		104,587	11,731

B10. GROUP BORROWINGS (Cont'd)

(i) Revolving credits are rolled over on a monthly basis at an average rate of 4.95% (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 5.03% (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 year.

(iv) The Islamic term financing bear profit sharing margins of 6.55% - 7.00% per annum and are repayable over 7 – 10 years. The outstanding balance of RM1,654,000 as at period end was reclassified to liabilities held for sale.

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 31 December 2014.

B12. MATERIAL LITIGATION

Following from the Company's announcement on 24 November 2014 in relation to the legal suit filed against NSE Resources Corporation (M) Sdn. Bhd. ("NSERC"), namely that a Consent Judgement was entered into on 24 November 2014 against the Defendant for the outstanding sum of RM3.8 million, the Defendant has defaulted in the payment of the first instalment of the said Judgement sum due as at 31 December 2014 . Hence the Company will now consider its options vis-à-vis the Consent Judgement, as against the Defendant.

The Company has been informed by its solicitors that they are in the midst of extracting the sealed Consent Judgement, which would be necessary in commencing execution proceedings against the Defendant.

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 ended 31 December 2014.

Other than as disclosed above, there was no material litigation as at 17 February 2015 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B13. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

Part of an overhaul facility within the power and machinery operating segment is presented as a disposal group held for sale following the commitment of the Group's management to a plan to enter into a subscription agreement with a corporate shareholder of another subsidiary within the Group. Upon completion of the proposed subscription, the Group will lose control over the said subsidiary and it will become a jointly controlled entity of the Group. The segment was not a discontinued operation or classified as held for sale as at 31 December 2013 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

	Quarter ended		Year-to-date ended	
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	2,153	3,444	4,559	6,729
Expenses	(1,378)	(1,167)	(4,523)	(4,464)
Profit before tax	775	2,277	36	2,265
Income tax expense	(196)	(584)	(19)	(560)
Profit for the year	579	1,693	17	1,705

The profit from discontinued operation of RM17,000 (2013: RM1,705,000) is attributable entirely to the owners of the Company.

	Quarter and year-to-date ended 31/12/2014 RM'000
Net cash generated from operating activities	2,529
Net cash used in investing activities	(1,175)
Net cash (used in)/generated from financing activities	(811)
Effect on cash flows	543

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

B13. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE (Cont'd)

	As at 31/12/2014 RM'000
Assets classified as held for sale	
Property, plant and equipment	19,307
Intangible assets	148
Deferred tax assets	39
Trade and other receivables	2,071
Cash and cash equivalents	5,701
	27,266
Liabilities classified as held for sale	
Trade and other payables	320
Borrowings	1,654
Provision for taxation	11
	1,985

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to current assets.

B14. DIVIDEND

The Board of Directors have, in respect of financial year ended 31 December 2014, declared a second interim single tier dividend of 5.0 sen per share on 400,000,000 ordinary shares.

The dividend will be payable on 26 March 2015 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 13 March 2015.

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

(i) shares transferred into the Depositor's securities account before 4 p.m on 13 March 2015 in respect of ordinary transfers; and

(ii) shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia Listing Requirements.

Together with the first interim dividend of 2.5 sen per ordinary share, the total dividend for the financial year ended 31 December 2014 is 7.5 sen per ordinary share, totaling RM30 million (2013: 17 sen per ordinary share based on 150 million ordinary shares, totaling RM25.5 million). There will be no final dividend declared for the financial year ended 31 December 2014.

B15. 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	
	31/12/2014 RM'000	**31/12/2013 RM'000**	**31/12/2014 RM'000**	**31/12/2013 RM'000**
Basic earnings per share				
Profit attributable to equity holders of the Company (RM'000)	16,798	14,568	59,324	49,559
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)				
- From continuing operations	4. 06	3.22	14.83	11. 96
- From discontinued operation	0.14	0.42	0.00	0.43
Basic earnings per share	4.20	3.64	14.83	12.39

The earnings per share for the prior period had been adjusted retrospectively due to the bonus issue and share split which occurred during the financial year.

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

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

B16. PROFIT BEFORE TAX

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

	Individual Quarter ended		**Cumulative Quarters ended**	
	31/12/2014 RM'000	**31/12/2013 RM'000**	**31/12/2014 RM'000**	**31/12/2013 RM'000**
Interest income	(294)	(329)	(1,157)	(1,260)
Other income including investment income	(272)	(131)	(979)	(1,121)
Interest expenses	1,608	323	4,121	1,120
Depreciation and amortisation	7,439	4,332	21,867	15,732
Reversal of provision for trade receivables	(11)	(33)	(497)	(1,461)
Provision for trade receivables	0	20	929	767
Provision for other receivables	0	0	0	3,800
Foreign exchange (gains) / losses				
- Realised	1,011	(269)	(414)	(1,057)
- Unrealised	(1,379)	1,291	(3,122)	1,190
Provision for inventories	147	225	147	225
Reversal of provision for inventories	(34)	(1)	(92)	(11)
Provision for liquidated damages	83	46	355	157
Reversal of provision for liquidated damages	(203)	0	(203)	(260)
Gains on disposal of property, plant and equipment	(17)	(3)	(17)	(117)

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.

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 31/12/2014**	**Cumulative Quarters ended 31/12/2013**
Total retained profits of the Company and its subsidiaries:		
Realised	125,593	132,994
Unrealised	(11,314)	(6,574)
	114,279	126,420
Total share of retained profits from associated companies:		
Realised	42,458	45,429
Unrealised	(4,021)	(3,540)
	38,437	41,889
Less: Consolidation adjustments	(24,873)	(23,290)
Total Group's retained profits	127,843	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.

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

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 24 February 2015.

By order of the Board

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