UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016

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 2015 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 2015.

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 2015.

The amendments to published standards effective for financial year beginning on 1 January 2016 that are applicable and adopted by the Group as follows:

- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates/Joint Ventures
- Amendments to MFRS 127 Separate Financial Statements – Equity Accounting in Separate Financial Statements
- Annual Improvements to MFRS 2012 – 2014 cycle (Amendments to MFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, MFRS 7 Financial Instruments: Disclosures, MFRS 119 Employee Benefits and MFRS 134 Interim Financial Reporting)
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure Initiatives

The adoption of the above Annual Improvements and Amendments to MFRSs do not have a material impact to the Group for the financial year ending 31 December 2016.

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 2017.

Amendments to MFRS 107	Disclosure Initiatives (effective 1 January 2017)
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
MFRS 15	Revenue from Contracts with Customers (effective 1 January 2018)
MFRS 9	Financial instruments (effective 1 January 2018)
MFRS 16	Leases (effective 1 January 2019)

The initial application of the aforementioned accounting standards and amendments to published standards 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 MFRS 118 Revenue and MFRS 111 Construction contracts and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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-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.

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. The Group did not have any outstanding derivative as at 31 March 2016.

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

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 March 2016.

A8. DIVIDENDS PAID

During the current quarter under review, the Company paid the following second interim single tier dividend of 3.5 sen per share of RM0.50 each on 400,000,000 ordinary shares, in respect of the financial year ended 31 December 2015.

	RM'000
Second interim single tier dividend of 3.5 sen per share on 400,000,000 ordinary shares, paid on 25 March 2016	14,000

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

A9. 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 renewals and retrofit projects;
  - Supply and commission combined heat and power plants;
  - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment; and
  - Repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps.

- Oilfield Services ("OS") – Mainly consists of:-
  - Provision of slickline equipment and services;
  - Provision of integrated wellhead maintenance services;
  - Provision of oilfield chemicals; and
  - Provision of drilling equipment and services and other oilfield products and technical services.

- Integrated Corrosion Solution ("ICS") – Mainly consists of:-
  - Provision of integrated corrosion and inspection services, blasting technology and services for tanks, vessels, structures and piping.

- Other non-reportable segment comprises management fees charged to a joint venture which does not meet the quantitative thresholds for reporting segment in 2016.

In the second quarter of the previous financial year, Maintenance, Repair and Overhaul ("MRO") segment was renamed Integrated Corrosion Solution and the results of Deleum Rotary Services Sdn. Bhd. which were previously reported under MRO segment was reclassified to P&M segment. The change in reportable segment is in line with the way resource allocation is assessed by the Chief Operating Decision Maker who is also the Group Managing Director. Accordingly, prior period segment information had been restated to reflect the change.

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

A9. SEGMENT INFORMATION (Cont'd)

Segmental information for the financial period ended 31 March 2016 was as follows:

	Quarter and year-to-date ended	
	31/03/2016 **RM'000**	**31/03/2015** **Restated** **RM'000**
Segment Revenue		
Power and Machinery		
External revenue	114,638	96,513
Power and Machinery	114,638	96,513
Oilfield Services		
External revenue	31,682	36,742
Oilfield Services	31,682	36,742
Integrated Corrosion Solution		
External revenue	5,467	2,612
Integrated Corrosion Solution	5,467	2,612
Other non-reportable segment		
External revenue	86	0
Other non-reportable segment	86	0
Total Group revenue	151,873	135,867

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

A9. SEGMENT INFORMATION (Cont'd)

	Quarter and year-to-date ended	
	31/03/2016 RM'000	31/03/2015 Restated RM'000
Segment Results		
Power and Machinery	10,001	11,022
Oilfield Services	2,319	2,562
Integrated Corrosion Solution	(647)	(2,931)
Other non-reportable segment	4	0
Segment results	11,677	10,653
Unallocated income ^	41	26
Unallocated corporate expenses #	(591)	(2,321)
Share of results of a joint venture, net of tax *	128	0
Share of results of associates, net of tax *	233	3,567
Tax expense *	(3,745)	(2,673)
Profit from continuing operations	7,743	9,252
Profit from discontinued operation, net of tax	0	1,041
Profit for the financial period	7,743	10,293

^ Unallocated income comprised mainly interest earned by the Group.

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

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

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

A9. SEGMENT INFORMATION (Cont'd)

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
<u>Segment Assets</u>		
Power and Machinery	194,882	253,817
Oilfield Services	271,889	280,931
Integrated Corrosion Solution	28,009	33,039
Segment assets	494,780	567,787
Unallocated corporate assets ^	105,465	104,979
Total assets	600,245	672,766

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	93,638	142,813
Oilfield Services	144,150	155,912
Integrated Corrosion Solution	17,763	20,737
Segment liabilities	255,551	319,462
Unallocated corporate liabilities #	33,723	34,317
Total liabilities	289,274	353,779

^ Unallocated corporate assets represented the Group's corporate assets including property, plant and equipment, investment properties, intangible assets, investment in joint venture and associates, deferred tax assets and tax recoverable that were not allocated by business segments.

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

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

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

During the current and cumulative quarters ended 31 March 2016, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Acquisitions at cost: -		
- Plant and equipment	1,081	12,115
- Intangible assets	163	149
Disposals at net book value: -		
- Plant and equipment	153	163

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 B13.

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 31 March 2016, 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 RM29.5 million (31 December 2015: RM30.7 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 March 2016 were as follows:

	As at 31/03/2016 RM'000	**As at 31/12/2015 RM'000**
Authorised but not contracted for		
- Plant and machinery	16,229	18,012
- Others	5,740	6,368
Authorised and contracted for		
- Plant and machinery	543	433
- Others	285	472
	22,797	25,285
Share of capital commitment of joint venture	1,030	1,420
	23,827	26,705

(b) Operating lease commitment

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

	As at 31/03/2016 RM'000	**As at 31/12/2015 RM'000**
Within one year	553	660
Between two to five years	672	771
More than five years	0	9
	1,225	1,447

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

A15. RELATED PARTY DISCLOSURES

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

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Purchases of products and technical services from Solar Turbines International Company ("STICO")	77,212	55,446

Significant outstanding balance arising from the above transactions as at 31 March 2016 was as follows:

	As at 31/03/2016 RM'000	**As at 31/12/2015 RM'000**
Amount due to STICO	44,750	83,365

(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.

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Purchases from related parties of Dresser Italia S.R.L	7,314	6,504

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

A15. RELATED PARTY TRANSACTIONS (Cont'd)

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

Significant outstanding balance arising from the above transactions as at 31 March 2016 was as follows:

	As at 31/03/2016 RM'000	**As at 31/12/2015 RM'000**
Amount due to related parties of Dresser Italia S.R.L	6,403	7,903

(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:

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Sales to STICO	1,400	0
Rental income from affiliate company of STICO	207	0

Significant outstanding balance arising from the above transactions as at 31 March 2016 were as follows:

	As at 31/03/2016 RM'000	**As at 31/12/2015 RM'000**
Amount due from STICO	989	1,062

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

A15. RELATED PARTY TRANSACTIONS (Cont'd)

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

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Directors' fees	236	251
Salaries, bonuses, allowances and other staff related expenses	2,521	2,499
Defined contribution plan	255	260
	3,012	3,010

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	Q1'16 RM'000	Q1'15 Restated RM'000	Variance RM'000	Variance %
Power and Machinery	114,638	96,513	18,125	18.8
Oilfield Services	31,682	36,742	(5,060)	(13.8)
Integrated Corrosion Solution	5,467	2,612	2,855	109.3
Other non-reportable segment	86	0	86	100.0
	151,873	135,867	16,006	11.8

Business prospect remained subdued as the imbalance between supply and demand exerted downward pressures on oil prices. Major customers reacted to the situation by undertaking various cost saving measures which adversely affected the level of business activities in the oil and gas sector. However, the Group registered positive revenue growth in the Power and Machinery and Integrated Corrosion Solution segments on the back of strong principal partnerships and the Pan Malaysia Blasting contract respectively.

The **Power and Machinery** segment recorded an increase in revenue by RM18.1 million against the corresponding quarter mainly attributable to higher revenue contribution from the exchange engines of RM30.8 million on the fulfilment of back orders secured in the previous financial year and training and machinery management system of RM2.0 million, offset partially against lower revenue contribution from parts and repairs of RM7.8 million and retrofit revenue of RM8.2 million.

The **Oilfield Services** segment experienced a revenue contraction of RM5.1 million against the corresponding quarter mainly attributable to lower revenue contribution from oilfield chemicals for production enhancements of RM2.2 million and lower third party sales under slickline contracts.

The revenue contribution from the **Integrated Corrosion Solution** segment experienced an increase of RM2.9 million compared to the corresponding quarter due to the improved work orders for corrosion protection and maintenance stemming from the Pan Malaysia Blasting Contract.

Other non-reportable segment comprised provision of management services to the joint venture.

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

	Q1'16 RM'000	Q1'15 Restated RM'000	Variance RM'000	Variance %
Power and Machinery	10,001	11,022	(1,021)	(9.3)
Oilfield Services	2,319	2,562	(243)	(9.5)
Integrated Corrosion Solution	(647)	(2,931)	2,284	77.9
Other non-reportable segment	4	0	4	100.0
Segment results	11,677	10,653	1,024	9.6
Share of results of a joint venture, net of tax	128	0	128	100.0
Share of results of associates, net of tax	233	3,567	(3,334)	(93.5)
Profit before tax	11,488	11,925	(437)	(3.7)

Profit before tax decreased by RM0.4 million from RM11.9 million in the corresponding quarter to RM11.5 million in the current quarter due to lower contributions from associates. However, the results benefited from the reversal of provision for doubtful other receivables of RM1.5 million.

The **Power and Machinery** segment despite posting higher revenues in the current quarter, segment results eased by RM1.0 million as a direct consequence of downward pressure on margins which were alleviated by exchange gains of RM2.3 million compared with RM1.7 million in the corresponding quarter as Ringgit Malaysia appreciated against US Dollar.

The **Oilfield Services** segment results were lower by RM0.2 million on the account of reduced revenue and margins from oilfield chemicals and slickline activities as customers cut back on operating expenditures in response to low oil prices. The decrease was partially offset by lower finance costs on account of lower borrowings through scheduled repayments.

Loss of the **Integrated Corrosion Solution** segment declined from RM2.9 million to RM0.6 million as blasting and other corrosion related services picked up. However, the level of revenue and margins derived therefrom were not sufficient to meet ongoing operating costs despite the cost cutting measures implemented by management.

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

Share of results of associates decreased from RM3.6 million in the corresponding quarter to RM0.2 million in the current quarter and was attributable to lower throughput from Malaysian Mud And Chemicals Sdn. Bhd. ("2MC") by RM1.2 million on the back of lower drilling activities. CUPL suffered a loss of RM6,000 against a profit of RM2.2 million in the corresponding quarter with the expiration of the build, operate and transfer agreement with Electricite Du Cambodge on 8 May 2015.

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

	Q1'16 RM'000	Q4'15 RM'000	Variance RM'000	Variance %
Revenue				
Power and Machinery	114,638	151,906	(37,268)	(24.5)
Oilfield Services	31,682	36,985	(5,303)	(14.3)
Integrated Corrosion Solution	5,467	13,817	(8,350)	(60.4)
Other non-reportable segment	86	116	(30)	(25.9)
	151,873	202,824	(50,951)	(25.1)

	Q1'16 RM'000	Q4'15 RM'000	Variance RM'000	Variance %
Power and Machinery	10,001	19,210	(9,209)	(47.9)
Oilfield Services	2,319	718	1,601	223.0
Integrated Corrosion Solution	(647)	1,319	(1,966)	(149.1)
Other non-reportable segment	4	5	(1)	(20.0)
Segment results	11,677	21,252	(9,575)	(45.1)
Share of results of a joint venture, net of tax	128	(13)	141	(1,084.6)
Share of results of associates, net of tax	233	(340)	573	(168.5)
Profit before tax	11,488	18,930	(7,442)	(39.3)

Quarter on quarter, the Group experienced a sharp contraction in revenue across all segments impacted by the reduced spending by oil majors. Consequently, the Group posted a lower profit before tax by RM7.4 million compared to the preceding quarter.

Power and Machinery segment recorded a profit of RM10.0 million for the current quarter compared with RM19.2 million in the preceding quarter. The adverse variance was attributable to lower revenue from parts and repairs and retrofit projects.

Oilfield Services segment recorded an improved result of RM2.3 million in the current quarter compared with RM0.7 million in the preceding quarter on the back of foreign exchange gains of RM0.6 million, lower staff related expenses and lower finance costs.

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 (Cont'd)

Integrated Corrosion Solution segment recorded a loss of RM0.6 million in the current quarter compared with a profit of RM1.3 million in the preceding quarter. The negative turnaround was due to less than expected level of work orders and weaker margins resulting in higher costs to serve.

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

Share of results of associates increased by RM0.6 million attributable to the loss that CUPL suffered during the preceding quarter of RM1.1 million due to additional witholding tax provision offset by a decrease of RM0.5 million in 2MC's results.

B3. PROSPECTS

Compared with the preceding quarter, Group revenue decreased by RM51.0 million or 25%. Crude oil prices in 2016 is expected to trade in the USD 40-50 per barrel price range reflecting a market with excess inventories. The difficult trading conditions experienced by the Group in the first quarter are expected to remain for the rest of this financial year and our key customers continue to recalibrate operations to preserve cash and rein in operations and investments. Against this backdrop, the Group's performance in this financial year is expected to be softer compared with the previous financial year. Accordingly, management will continue with the cost saving measures implemented in the previous financial year, defer non critical capital spending, close monitoring of working capital and cash flows to meet scheduled commitments.

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 year and therefore no comparison is available.

B5. INCOME TAX EXPENSE

Current income tax is calculated at the statutory rate of 24% of the assessable profit for the year. The statutory tax rate was reduced to 24% from previous year's statutory tax rate of 25% effective year of assessment 2016. The computation of the deferred tax as at 31 March 2015 had reflected this change.

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Current tax – current year	2,422	5,211
Deferred tax – origination and reversal of temporary differences	1,323	(2,538)
Total income tax expense	**3,745**	**2,673**

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

B5. INCOME TAX EXPENSE (Cont'd)

Including the joint venture's and associates' results which were presented net of tax, the effective tax rate of the Group for the financial period ended 31 March 2016 was higher than the headline tax rate as shown below.

	Quarter and year-to-date ended	
	31/03/2016 %	**31/03/2015 %**
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	24	25
Tax effects of:		
- Expenses not deductible for tax purposes	5	3
- Share of results of associates and joint venture	0	(7)
- Deferred tax asset not recognised	4	0
- Change in statutory tax rate	0	1
Effective tax rate	33	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-to-date.

B7. QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

(i) Reference is made to the announcement dated 2 March 2015 in relation to the first grant of 2,396,500 ordinary shares of RM0.50 each in the Company ("Deleum Shares") under the Long Term Incentive Plan ("LTIP") ("1st Grant") comprising 1,254,300 Deleum Shares under Restricted Share Incentive Plan ("RS Award") and 1,142,200 Deleum Shares under Performance Share Incentive Plan ("PS Award") to the selected Eligible Employees of the Group.

The Company announced that the first vesting cycle of the RS Award in relation to the 1st Grant would not be vested due to the pre-determined performance targets not being met.

Notwithstanding the above, the second vesting of the RS Award in relation to the 1st Grant would be dependent on the performance of the Group for the financial year ending 31 December 2016.

(ii) Pursuant to Paragraph 9.19(51) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors announced on 22 March 2016 that the second grant of 4,641,900 ordinary shares of RM0.50 each in the Company ("Deleum Shares") under the LTIP ("2nd Grant") to the selected Eligible Employees of the Group to whom an award of Deleum Shares is made pursuant to the LTIP ("Selected Employee(s)"), the details of which are set out in the table below:

No.	Description	LTIP
1.	Date of 2nd Grant	22 March 2016
2.	Exercise price	Not applicable as the Deleum Shares will be awarded upon vesting to the Selected Employees without any cash consideration, upon achieving the applicable performance measurements.
3.	Number of Deleum Shares granted	1,598,700 Deleum Shares under Restricted Share Incentive Plan ("RS Award") 3,043,200 Deleum Shares under Performance Share Incentive Plan ("PS Award").
4.	Closing market price of Deleum Shares on the Date of 2nd Grant.	RM1.21

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 (Cont'd)

(ii) Pursuant to Paragraph 9.19(51) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors announced on 22 March 2016 that the second grant of 4,641,900 ordinary shares of RM0.50 each in the Company ("Deleum Shares") under the LTIP ("2nd Grant") to the selected Eligible Employees of the Group to whom an award of Deleum Shares is made pursuant to the LTIP ("Selected Employee(s)"), the details of which are set out in the table below (cont'd):

No.	Description	LTIP
5.	Vesting Period	RS Award – One-third annually from the date of 2nd Grant over 3 years, with the first vesting commencing on 22 March 2017 or such other date to be determined by the Plan Committee. PS Award – Over 3 years from the date of 2nd Grant, with vesting on 22 March 2019 or such other date to be determined by the Plan Committee.

B9. JOINT VENTURE

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Group's share of net assets of joint venture	27,150	27,022

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

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

B9. JOINT VENTURE (Cont'd)

Summarised statement of comprehensive income

	Quarter and year-to-date ended 31/03/2016 RM'000	31/03/2015 RM'000
Profit before tax	256	0
Income tax expense	(97)	0
Profit for the period	159	0
Interest in joint venture (80.55%)		
Share of results	128	0

B10. ASSOCIATES

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Group's share of net assets of associates	44,338	44,750

In the opinion of the Directors, 2MC and CUPL are material associates to the Group. The Group's effective equity interest in the associates, the nature of the relationship and place of business / country of incorporation are set out in the audited financial statements for the financial year ended 31 December 2015. 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 the shares.

The power generating facility operated by CUPL under a build, operate and transfer agreement with Electricite Du Cambodge expired on 8 May 2015. Upon its expiration, the Company will continue to equity account for the results of CUPL until it ceases to be an associate. The share of loss/profit from this associate and its contribution to the loss/profit attributable to the shareholders of the Company in the financial year ended 31 March 2016 amounted to RM6,000 (31 March 2015: profit of RM2,171,000) and RM3,600 (31 March 2015: profit of RM1,302,600) respectively.

B10. ASSOCIATES (Cont'd)

Summarised statement of comprehensive income

	2MC Quarter and year-to-date ended		CUPL Quarter and year-to-date ended		Total Quarter and year-to-date ended	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Profit before tax	982	5,661	58	11,757	1,040	17,418
Income tax expense	(236)	(1,298)	(87)	(900)	(323)	(2,198)
Profit / (loss) for the period	746	4,363	(29)	10,857	717	15,220
Interest in associates (32%; 20%) Share of results	239	1,396	(6)	2,171	233	3,567

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

B11. GROUP BORROWINGS

The Group borrowings as at 31 March 2016 were as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
31/03/2016			
Borrowings - secured	27,480	73,806	101,286
- unsecured	29,300	0	29,300
	56,780	73,806	130,586
31/12/2015			
Borrowings - secured	26,626	79,960	106,586
- unsecured	30,800	0	30,800
	57,426	79,960	137,386

The borrowings were all denominated in Ringgit Malaysia.

	Note	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Revolving credits	(i)	30,800	32,800
Loans against import	(ii)	1,359	0
Finance lease liabilities	(iii)	28	37
Term loan	(iv)	98,399	104,549
		130,586	137,386
Less: Amount repayable within 12 months			
Revolving credits		(30,800)	(32,800)
Loans against import		(1,359)	0
Finance lease liabilities		(21)	(26)
Term loan		(24,600)	(24,600)
		(56,780)	(57,426)
Amount repayable after 12 months		73,806	79,960

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

B11. GROUP BORROWINGS (Cont'd)

(i) Revolving credits are rolled over on a monthly basis at an average interest rate of 4.10% (average interest of 1.20% per annum above the bank's cost of funds).

(ii) Loans against import carry an interest of 4.47% (1.15% per annum above the bank's cost of funds). The tenure of the import line is 90 days.

(iii) Finance lease liabilities carry interest rate of 2.55% - 2.56% per annum.

(iv) Term loan carries an average interest rate of 4.19% (0.85% per annum above the bank's cost of funds). The tenure of the loan is 5 years.

B12. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 31 March 2016.

B13. 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 Judgment was entered into on 24 November 2014 against NSERC for the outstanding sum of RM3.8 million, NSERC has since defaulted in the payment of the Judgment sum in its entirety.

Pursuant to a statutory demand issued to NSERC under section 218(2)(a) of the Companies Act 1965 and as a result of NSERC's continued default, a Winding Up Petition pursuant to section 218(1)(e) and/or 218(1)(i) of the Companies Act 1965 was presented at the High Court of Malaya at Shah Alam. When the Winding-up Petition came up for hearing on 12 February 2016, the Court allowed NSERC's request for an adjournment of the proceedings when a sum of RM1.5 million, being part-payment of the Judgment sum was made, by NSERC vide a Banker's Cheque dated 12 February 2016, to the Company.

Thereafter, on the adjourned Hearing date on 25 April 2016, NSERC again sought another adjournment of the proceedings, pending settlement. NSERC also presented the Company with a Banker's Cheque dated 18 April 2016 for a sum of RM1.5 million, being a further part-payment of the balance of the Judgment sum. The Court allowed NSERC's application for adjournment and directed that the balance Judgment Sum amounting to RM800,000, together with the agreed interest and costs, be paid by NSERC to the Company on or before the next Case Management date on 24 June 2016.

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

B13. MATERIAL LITIGATION (Cont'd)

The filing of the Winding Up Petition is not expected to have any material adverse impact on the Group's financial position and performance for the financial year ending 31 December 2016.

Other than as disclosed above, there was no material litigation as at 12 May 2016 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B14. DIVIDEND

The Board of Directors, on 23 February 2016 declared a second interim single tier dividend of 3.5 sen per share on 400,000,000 ordinary shares in respect of the financial year ended 31 December 2015, totaling RM14,000,000. The dividend was paid on 25 March 2016.

No dividend was declared during the quarter under review for the financial year ending 31 December 2016.

B15. EARNINGS PER SHARE ("EPS")

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

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Basic earnings per share		
Profit attributable to equity holders of the Company (RM'000)	5,953	8,228
Number of ordinary shares at the beginning of the year ('000)	400,000	400,000
Basic earnings per share (sen)		
- From continuing operations	1.49	1.80
- From discontinued operation	0.00	0.26
Basic earnings per share	1.49	2.06

B15. EARNINGS PER SHARE ("EPS") (Cont'd)

The calculations of basic and diluted earnings per share for the reporting periods are computed as follows (Cont'd):

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Diluted earnings per share		
Profit attributable to equity holders of the Company (RM'000)	5,953	8,228
Weighted average number of ordinary shares as per basic earnings per share ('000)	400,000	400,000
Effect of potential vesting of LTIP	2,488	799
Weighted average number of ordinary shares ('000)	402,488	400,799
Diluted earnings per share (sen)		
- From continuing operations	1.48	1.79
- From discontinued operation	0.00	0.26
Diluted earnings per share	1.48	2.05

B16. PROFIT BEFORE TAX

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

	Quarter and year-to-date ended	
	31/03/2016 RM'000	**31/03/2015 RM'000**
Interest income	(339)	(354)
Other income including investment income	(230)	(339)
Interest expenses	1,440	2,015
Depreciation and amortisation	8,559	7,293
Write back of impairment for doubtful debts		
- Trade receivables	0	(45)
- Other receivables	(1,500)	0
Bad debts written off		
- Trade receivables	0	105
- Other receivables	42	0
Impairment for doubtful debts		
- Trade receivables	0	347
Foreign exchange gains		
- Realised	(1,776)	(178)
- Unrealised	(760)	(1,403)
Reversal of allowance for slow moving inventories	(21)	(5)
Provision for liquidated damages	2	0
Loss / (gain) on disposals of property, plant and equipment	2	(13)
Gain on sale of discontinued operation	0	(1,127)

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.

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

B17. 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 Quarter ended 31/03/2016**	**Cumulative Quarters ended 31/12/2015**
Total retained profits of the Company and its subsidiaries:		
Realised	117,811	115,243
Unrealised	(13,711)	(7,551)
	104,100	107,692
Total share of retained profits from associated companies:		
Realised	45,432	45,200
Unrealised	(3,916)	(3,917)
	41,516	41,283
Total share of retained profits of joint venture:		
Realised	1,194	987
Unrealised	(291)	(212)
	903	775
Less: Consolidation adjustments	(9,311)	(4,495)
Total Group's retained profits	137,208	145,255

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)

B18. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2015 was unqualified.

B19. 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 19 May 2016.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
19 May 2016