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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2018

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2018

		QUARTER AND YEAR-TO-DATE ENDED	
RM'000		**31/03/2018**	31/03/2017
		Unaudited	Unaudited
Revenue	A11	108,507	89,963
Cost of sales		(83,819)	(65,834)
Gross profit		24,688	24,129
Other operating income		923	542
Selling and distribution costs		(9,011)	(6,997)
Administrative expenses		(10,689)	(10,411)
Other operating losses *		(1,275)	(2,746)
Operating profit		4,636	4,517
Finance costs		(765)	(1,132)
Share of results of a joint venture (net of tax)		276	170
Share of results of associates (net of tax)		575	363
Profit before tax	B18	4,722	3,918
Income tax expense	B5	(3,355)	(1,691)
Profit for the period		1,367	2,227
Other comprehensive income			
Currency translation differences		(202)	(60)
Total comprehensive income for the period		1,165	2,167
Profit attributable to:			
- Equity holders of the Company		1,402	1,317
- Non-controlling interests		(35)	910
		1,367	2,227
Total comprehensive income attributable to:			
- Equity holders of the Company		1,374	1,310
- Non-controlling interests		(209)	857
		1,165	2,167
Earnings per share (EPS) attributable to equity holders of the Company (sen)			
- Basic EPS	B16	0.35	0.33
- Diluted EPS	B16	0.35	0.33
* Other operating losses include the following:			
Foreign exchange gains / (losses)			
- Realised		(304)	(4,440)
- Unrealised		190	2,042
- Tax penalty	B5	838	0

The above unaudited condensed interim consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

RM'000	Note	As at 31/03/2018 Unaudited	As at 31/12/2017 Audited
ASSETS			
Property, plant and equipment		157,139	163,525
Investment properties		812	818
Intangible assets		1,485	1,644
Associates	B10	38,816	38,595
Joint venture	B9	28,839	28,563
Deferred tax assets		2,690	2,010
Other long-term receivables		4,922	4,922
Non-current Assets		234,703	240,077
Inventories		21,416	18,341
Amounts due from an associate		4	6
Amounts due from a joint venture		93	163
Trade receivables	B11	76,127	112,251
Contract assets		97,891	82,011
Other receivables, deposits and prepayments		8,304	13,683
Tax recoverable		1,838	1,740
Cash and bank balances		121,249	141,388
Current Assets		326,922	369,583
TOTAL ASSETS		561,625	609,660
EQUITY AND LIABILITIES			
Share capital		201,167	200,206
Equity - share based payment		1,635	2,452
Retained earnings		160,430	172,044
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(2,751)	(2,723)
Equity attributable to equity holders of the Company		310,481	321,979
Non-controlling interests		27,210	28,889
Total Equity		337,691	350,868
Borrowings	B12	24,600	30,750
Deferred tax liabilities		22,341	22,724
Non-current Liabilities		46,941	53,474
Trade payables		104,570	120,299
Contract liabilities		864	1,973
Other payables and accruals		21,974	27,890
Amounts due to an associate		6,759	7,051
Derivative financial instrument	A7	6	24
Taxation		2,992	2,783
Borrowings	B12	39,828	45,298
Current Liabilities		176,993	205,318
Total Liabilities		223,934	258,792
TOTAL EQUITY AND LIABILITIES		561,625	609,660

The above unaudited condensed interim consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Issued and fully paid ordinary shares		Non-distributable			Distributable			
	Number of shares	Share capital	Share based payment	Foreign currency translation	Merger deficit	Retained earnings	Total		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	400,000	200,000	654	(2,654)	(50,000)	152,769	300,769	27,672	328,441
Profit for the financial period	0	0	0	0	0	1,317	1,317	910	2,227
Other comprehensive income for the financial period	0	0	0	(7)	0	0	(7)	(53)	(60)
Total comprehensive income for the financial period	0	0	0	(7)	0	1,317	1,310	857	2,167
Share based payment	0	0	313	0	0	0	313	0	313
Dividend	0	0	0	0	0	(9,000)	(9,000)	(1,960)	(10,960)
At 31 March 2017	400,000	200,000	967	(2,661)	(50,000)	145,086	293,392	26,569	319,961
At 1 January 2018	400,195	200,206	2,452	(2,723)	(50,000)	172,044	321,979	28,889	350,868
Profit for the financial period	0	0	0	0	0	1,402	1,402	(35)	1,367
Other comprehensive income for the financial period	0	0	0	(28)	0	0	(28)	(174)	(202)
Total comprehensive income for the financial period	0	0	0	(28)	0	1,402	1,374	(209)	1,165
Share based payment	0	0	144	0	0	0	144	0	144
Ordinary shares issued pursuant to the Long-Term Incentive Plan	747	961	(961)	0	0	0	0	0	0
Dividend	0	0	0	0	0	(13,016)	(13,016)	(1,470)	(14,486)
At 31 March 2018	400,942	201,167	1,635	(2,751)	(50,000)	160,430	310,481	27,210	337,691

The above unaudited condensed interim consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

RM'000	YEAR-TO-DATE-ENDED 31/03/2018 Unaudited	31/03/2017 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,367	2,227
Adjustments for:		
Impairment for doubtful debts:		
Trade receivables		
- impairment made	35	0
- write back of impairment	(64)	0
Contract assets		
- impairment made	45	0
- write back of impairment	(9)	0
Allowance for slow moving inventories:		
- write back of allowance	(9)	(31)
Amortisation of intangible assets	181	175
Financial guarantee receivables	0	(3)
Depreciation:		
- property, plant and equipment	7,510	7,761
- investment properties	6	6
Bad debts written off:		
- other receivables	0	2
Provision for liquidated damages		
- provision made	3	0
- write back of allowance	(9)	0
Write-off:		
- property, plant and equipment	0	32
Interest income	(853)	(444)
Finance costs	765	1,132
Share based payment expense	144	313
Share of results of associates	(575)	(363)
Share of results of a joint venture	(276)	(170)
Tax expense	3,355	1,691
Unrealised foreign exchange gains	(190)	(2,042)
Fair value loss from forward foreign currency exchange contract	30	0
Operating profit before working capital changes	11,456	10,286
Changes in working capital		
Inventories	(3,066)	656
Amounts due from a joint venture	70	30
Trade receivables	34,322	74,999
Contract assets	(16,884)	35,748
Other receivables, deposits and prepayments	5,321	(231)
Trade payables	(12,610)	(34,272)
Other payables and accruals	(5,868)	(7,701)
Contract liabilities	(1,109)	(988)
Cash generated from operations	11,632	78,527
Tax paid	(4,385)	(1,833)
Tax refunded	78	350
Interest paid	(784)	(1,051)
Net cash generated from operating activities	**6,541**	**75,993**

DELEUM BERHAD (715640-T)
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

	YEAR-TO-DATE-ENDED	
RM'000	**31/03/2018**	**31/03/2017**
	Unaudited	**Unaudited**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	878	426
Addition on property, plant and equipment	(1,124)	(360)
Addition on intangible assets	(22)	0
Amounts due from an associate	2	(1)
Amounts due to an associate	0	(117)
Net cash used in investing activities	**(266)**	**(52)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Repayment	(3,000)	(600)
Loans against import		
- Drawn down	428	0
- Repayment	(2,899)	(707)
Term loan		
- Repayment	(6,149)	(6,149)
Repayment of hire purchase under finance lease	0	(5)
Dividends paid to:		
- Shareholders	(13,016)	(9,000)
- Non-controlling interest	(1,470)	(2,106)
Increase in restricted cash	54	14
Net cash used in financing activities	**(26,052)**	**(18,553)**
Net (decrease)/increase in cash and cash equivalents	**(19,777)**	**57,388**
Foreign currency translation	(308)	(908)
Cash and cash equivalents at beginning of the year	130,648	129,611
Cash and cash equivalents at end of period	**110,563**	**186,091**
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	99,228	164,458
Cash and bank balances	22,021	32,442
	121,249	196,900
Restricted cash	(10,686)	(10,809)
Cash and cash equivalents at end of period	**110,563**	**186,091**

The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	105,489	74,820
US Dollar	4,954	110,914
Others	120	357
	110,563	186,091

The above consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2018

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards No.134 – “Interim Financial Reporting”, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia, where applicable.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2017.

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 2017 except for the newly issued Malaysian Financial Reporting Standards (“MFRS”), IC Interpretations and amendments to published standards which is to be applied by all Entities Other That Private Entities that is effective for the financial periods beginning on or after 1 January 2018.

The new standards, amendments to published standards and IC Interpretation effective for financial year beginning on 1 January 2018 that are applicable and adopted by the Group as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	Transfer of Investment Property
IC Interpretations 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS 2014 – 2016 cycle	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards and Amendments to MFRS 128 Investment in Associates and Joint Ventures

The adoption of the above new accounting standards, amendment to published standards and IC Interpretation did not have any material impact to the Group for the financial year ending 31 December 2018 upon their initial application. The Group has adopted these standards retrospectively from 1 January 2018, with the practical expedients as permitted under the relevant standards.

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

A1. BASIS OF PREPARATION (Cont'd)

The above adoption will also result in a change in the accounting policies to the Group with the changes arising from these adoptions are as described below:

MFRS 9 Financial Instruments

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 on the classification and measurement of financial assets and financial liabilities and on hedge accounting. MFRS 9 also introduces the expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139 which applies to financial assets measured at amortised costs, contract assets under MFRS 15, lease receivables, loan commitments and certain financial guarantee contracts and debt instruments measured at fair value through other comprehensive income ("FVOCI"), but not to equity investments.

On the date of initial application, MFRS 9 did not affect the classification and measurement on the financial assets and financial liabilities. The impact on the application of the ECL model on receivables, deposits and contract assets of the Group is not material and thus, the incremental impact on the impairment provisions were charged out in the Consolidated Statements of Comprehensive Income in the current period.

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 focusing on the identification and satisfaction of the performance obligations.

On revenue recognition, the standard specifies that the revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use of and obtain the benefits from the goods or service via a five-step process model, moving from the transfer of risks and rewards principles.

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

A1. BASIS OF PREPARATION (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

In the assessment undertaken by the Group to evaluate the impact of adopting this new standard, the Group has identified the following areas that were affected:

- The initial application of MFRS 15 on the new guidance on revenue recognition did not have a material impact on the method and timing of the Group's revenue recognition; and

- Assets recorded in the Consolidated Statement of Financial Position as "Accrued Revenue" as at 31 December 2017 and included in "Trade and Other Receivables" and "Deferred Costs" were reclassified as "Contract Assets". "Deferred Revenue" were reclassified as "Contract Liabilities". Accordingly, the above items were reclassified in the Consolidated Statement of Cash Flows (Note B17).

The initial application of MFRS 15 did not have any material impact to the Group other than as noted in the paragraph above.

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, IC interpretation 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 2019 or where the effective date has been deferred to a date to be determined by the MASB is as follows:

MFRS 16	Leases (effective 1 January 2019)
Amendments to MFRS 9	Prepayment Features with Negative Compensation (effective 1 January 2019)
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)
IC Interpretation 23	Uncertainty over Income Tax Treatments (effective 1 January 2019)
Annual Improvements to MFRS Standards 2015 – 2017 cycle	Amendments to MFRS 3 Business Combinations, Amendments to MFRS 11 Joint Arrangements, Amendments to MFRS 112 Income Taxes, Amendments to MFRS 123 Borrowing Costs (effective 1 January 2019)
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement (effective 1 January 2019)
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date is deferred to a date to be determined by MASB)

The initial application of the aforementioned accounting standards, amendments to published standards and IC Interpretations are not expected to have any material impact to the financial statements of the Group except as mentioned below:

<u>MFRS 16 Leases</u>

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The adoption of MFRS 16 will result in a change in accounting policy. Based on the assessments undertaken to date, the Group expects no material financial impact upon the adoption of the MFRS 16.

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 other than the high tax expense and tax penalty incurred due to the additional taxes raised by the tax authority for prior years of assessment from 2010 to 2015 on the Company following the completion of a tax review as disclosed in Note B5.

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

On 12 March 2018, the Company issued and listed 297,200 ordinary shares in the Company at an issuance price of RM1.567 per share to eligible employees under the Third Tranche of the First Grant under Restricted Share Incentive Plan of the Group's Long Term Incentive Plan ("LTIP").

On 30 March 2018, the Company issued and listed 450,100 ordinary shares in the Company at an issuance price of RM1.100 per share to eligible employees under the Second Tranche of the Second Grant under Restricted Share Incentive Plan of the Group's LTIP.

Other than as disclosed above, the Group did not undertake any other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year-to-date.

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

A6. FINANCIAL RISK MANAGEMENT POLICIES

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

The information on the forward foreign currency exchange contract that remained outstanding at 31 March 2018 is set out in Note A7.

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

	As at 31/03/2018		As at 31/12/2017	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
US Dollar	86,411	75,360	109,506	97,055
Others	242	242	125	259
	86,653	75,602	109,631	97,314
Closing exchange rate				
US Dollar	3.862	3.862	4.062	4.062

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

A7. OUTSTANDING DERIVATIVES

Forward foreign currency exchange contract

Forward foreign currency exchange contract is used to manage the foreign currency exposures arising from the Group's obligation to settle its liabilities that are denominated in currencies other than the functional currency of the Group. The forward foreign currency exchange contract entered into by the Group has a maturity period of less than one year from the current reporting date. As at 31 March 2018, the notional principal amount of the outstanding forward foreign currency exchange contract was RM597,300.

Details of derivative on forward foreign currency exchange contract that remained outstanding as at 31 March 2018 is as follows:

Type of derivatives	**Contract/ Notional amount**	**Fair Value Liabilities**
	RM'000	RM'000
Forward foreign currency exchange contract ("FX Contract)		
- Less than 1 year	597	6

A8. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES AND FINANCIAL ASSETS

The Group determines the fair value of the derivative financial instrument relating to the forward foreign exchange contracts using a valuation technique which utilises input from recognised and reliable financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value of forward foreign exchange contract is determined by using the forward exchange rates as at each reporting date.

During the financial year-to-date, the fair value changes arising from the forward foreign currency exchange contract entered into by the Group amounted to a fair value loss of RM30,000 with a corresponding unrealised foreign currency exchange gain on the hedge item of RM29,998.

A9. DIVIDENDS PAID

During the current quarter under review, the Company paid the following second interim single tier dividend of 3.25 sen per share on 400,492,500 ordinary shares, in respect of the financial year ended 31 December 2017.

	RM'000
Second interim single tier dividend of 3.25 sen per share on 400,492,500 ordinary shares, paid on 28 March 2018	13,016

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

A10. SEGMENT INFORMATION

The segments of the Group are as follows:

- Power and Machinery ("P&M") – Mainly consists of:
    - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewal and retrofit;
    - Supply and commission of combined heat and power plants;
    - 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 well intervention and cased hole logging services;
    - Provision of specialty chemicals and well stimulation services;
    - Provision of drilling and completions services; and
    - Provision of subsurface engineering 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 threshold for a reporting segment in 2018.

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

A10. SEGMENT INFORMATION (Cont'd)

Segmental information for the financial period ended 31 March 2018 was as follows:

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Segment Revenue		
Power and Machinery		
External revenue	65,015	58,193
Power and Machinery	65,015	58,193
Oilfield Services		
External revenue	27,323	23,918
Oilfield Services	27,323	23,918
Integrated Corrosion Solution		
External revenue	16,070	7,754
Integrated Corrosion Solution	16,070	7,754
Other non-reportable segment		
External revenue	99	98
Other non-reportable segment	99	98
Total Group revenue	108,507	89,963

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

A10. SEGMENT INFORMATION (Cont'd)

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Segment Results		
Power and Machinery	5,117	4,227
Oilfield Services	4,271	275
Integrated Corrosion Solution	(3,605)	26
Other non-reportable segment	9	9
Segment results	5,792	4,537
Unallocated income ^	102	58
Unallocated corporate expenses #	(2,023)	(1,210)
Share of results of a joint venture *	276	170
Share of results of associates *	575	363
Tax expense (Note B5) *	(3,355)	(1,691)
Profit for the financial period	1,367	2,227

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

\# Unallocated corporate expenses represented the Group's corporate expenses including depreciation of property, plant and equipment of corporate assets and other common corporate overhead costs that are not charged to business segments. The sum of RM2,023,000 included the tax penalty of RM838,000 due to additional taxes raised by the tax authority for prior years of assessment from 2010 to 2015 as disclosed in Note B5.

* Tax expense, results of joint venture and 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)

A10. SEGMENT INFORMATION (Cont'd)

	As at 31/03/2018 RM'000	**As at 31/12/2017 RM'000**
Segment Assets		
Power and Machinery	202,443	243,797
Oilfield Services	223,866	234,289
Integrated Corrosion Solution	38,957	37,089
Segment assets	465,266	515,175
Unallocated corporate assets ^	96,359	94,485
Total assets	561,625	609,660

	As at 31/03/2018 RM'000	**As at 31/12/2017 RM'000**
Segment Liabilities		
Power and Machinery	87,978	113,543
Oilfield Services	79,061	93,641
Integrated Corrosion Solution	20,936	15,588
Segment liabilities	188,975	222,772
Unallocated corporate liabilities #	35,959	36,020
Total liabilities	223,934	258,792

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

Unallocated corporate liabilities represent 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)

A11. REVENUE

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Sale of equipment	22,013	27,577
Rendering of services	85,766	61,098
Marketing fee	629	1,190
Management fee	99	98
	108,507	89,963

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

During the current quarter ended 31 March 2018, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Acquisitions at cost:		
- Plant and equipment	1,124	360
- Intangible assets	22	0
Disposals at net book value:		
- Plant and equipment	0	231
Depreciation:		
- Plant and equipment	7,510	7,761
- Investment properties	6	6
Amortisation of intangible assets	181	175

A13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

There was no other material event after the end of the reporting date.

A14. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

A15. CONTINGENT LIABILITIES / ASSETS

As at 31 March 2018, 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 RM35.7 million (31 December 2017: RM32.9 million).

A16. COMMITMENTS

(a) Capital commitment

Capital commitments for investment, property, plant and equipment and intangible assets not provided for as at 31 March 2018 were as follows:

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Authorised but not contracted for		
- Plant and machinery	28,356	30,221
- Others	13,318	13,707
Authorised and contracted for		
- Plant and machinery	1,677	2,480
- Others	5,992	6,221
	49,343	52,629
Share of capital commitment of joint venture	61	59
	49,404	52,688

(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 31/03/2018 RM'000	As at 31/12/2017 RM'000
Within one year	921	648
Between two to five years	1,754	606
	2,675	1,254

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

A17. RELATED PARTY DISCLOSURES

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

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Manpower services to Solar Turbines International Company ("STICO") and its affiliated company	2,403	0
Rental income from an affiliate company of STICO	14	0
Purchases and technical services from STICO and its affiliated company	42,947	32,329

Significant outstanding balance arising from the above transactions as at 31 March 2018 was as follows:

	As at 31/03/2018 RM'000	**As at 31/12/2017 RM'000**
Amount due from STICO and its affiliated company	5,894	5,774
Amount due to STICO and its affiliated company	68,187	85,989

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

A17. 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..

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Sales to related parties of Dresser Italia S.R.L	56	0
Purchases of goods and services from related parties of Dresser Italia S.R.L	4,002	6,528

Significant outstanding balance arising from the above transactions as at 31 March 2018 was as follows:

	As at 31/03/2018 RM'000	**As at 31/12/2017 RM'000**
Amount due from related parties of Dresser Italia S.R.L	59	0
Amount due to related parties of Dresser Italia S.R.L	2,607	3,104

(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	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Sales to STICO	1,484	1,484
Rental income from an affiliated company of STICO	207	207

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

A17. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Turboservices Overhaul Sdn. Bhd. ("TOSB") is a joint venture between Deleum Berhad and STICO and the related party transactions during the period were as follows (cont'd):

Significant outstanding balance arising from the above transactions as at 31 March 2018 was as follows:

	As at 31/03/2018 RM'000	**As at 31/12/2017 RM'000**
Amount due from STICO	1,080	538

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

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Directors' fees	236	236
Salaries, bonuses, allowances and other staff related expenses	2,556	3,939
Defined contribution plan	266	388
	3,058	4,563

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

	Q1'18 RM'000	Q1'17 RM'000	Variance RM'000	Variance %
Group				
Revenue	108,507	89,963	18,544	20.6
Operating profit	4,636	4,517	119	2.6
Share of results of a joint venture, net of tax	276	170	106	62.4
Share of results of associates, net of tax	575	363	212	58.4
Profit before interest and tax	4,634	4,606	28	0.6
Profit before tax	4,722	3,918	804	20.5
Profit after tax	1,367	2,227	(860)	(38.6)
Profit attributable to equity holders of the Company	1,402	1,317	85	6.5

Average oil prices in 2018 are expected to be higher than in 2017 driven by strong consumer demand and Organisation of Petroleum Exporting Countries ("OPEC") and non-OPEC continued cuts in production. However, beneath this welcome development, downside risks to oil prices remain with respect to the potential weakening of the OPEC and non-OPEC production pact and faster than anticipated US shale production.

In the current quarter, the oil and gas business registered signs of growth in related products and services. In this regard, the Group posted a revenue growth of RM18.5 million or 20.6% as compared with the corresponding quarter on the back of higher revenue contribution across all operating segments of the Group.

The Group's profit attributable to equity holders of the Company increased marginally by 6.5% or RM85,000 as the stronger results from Power and Machinery and Oilfield Services segments were offset by the lower results reported by Integrated Corrosion Solution segment due to higher costs incurred to close out the Pan Malaysia Painting and Blasting Contract and to support the fulfilment of the Maintenance, Construction and Modification services ("MCM") contract. In addition, the current quarter's results were dragged down by a higher tax charge and other operating losses following the completion of the tax review by the tax authorities for the years of assessment from 2010 to 2015. The impact of this review is further mentioned in Note B5.

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

Share of results of associates were higher by RM0.2 million mainly due to better performance from Malaysia Mud and Chemicals Sdn. Bhd. ("2MC").

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

B1. PERFORMANCE REVIEW (Cont'd)

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

	Q1'18 RM'000	Q1'17 RM'000	Variance RM'000	Variance %
Power and Machinery				
Revenue	65,015	58,193	6,822	11.7
Operating profit	5,117	4,227	890	21.1
Profit before interest and tax	4,528	3,915	613	15.7
Profit before tax	5,117	4,227	890	21.1

The Power and Machinery segment revenue lifted by 11.7% or RM6.8 million against the corresponding quarter mainly attributable to increase in the work order level for exchange engine, third-party and other ancillary services of RM17.2 million offset by lower revenue contribution from parts, repairs and maintenance, valve and flows regulators of RM5.1 million and retrofit projects of RM4.7 million. Correspondingly, the segment result improved by RM0.9 million.

	Q1'18 RM'000	Q1'17 RM'000	Variance RM'000	Variance %
Oilfield Services				
Revenue	27,323	23,918	3,405	14.2
Operating profit	5,018	1,358	3,660	269.5
Profit before interest and tax	4,856	1,278	3,578	280.0
Profit before tax	4,271	275	3,996	1,453.1

The Oilfield Services segment revenue was higher by 14.2% or RM3.4 million as compared with the corresponding quarter due to higher utilisation of slickline assets of RM6.4 million offset by lower work order for well intervention and enhancement services by RM1.5 million and lower revenue contribution from oilfield chemicals of RM1.4 million.

The higher revenue from slickline activities, equipment rental and crew call outs contributed significantly to the higher reported result on the back of higher profit margins and lower costs to serve, and financing cost.

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

B1. PERFORMANCE REVIEW (Cont'd)

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

	Q1'18 RM'000	Q1'17 RM'000	Variance RM'000	Variance %
Integrated Corrosion Solution				
Revenue	16,070	7,754	8,316	107.2
Operating profit	(3,587)	75	(3,662)	(4,882.7)
Profit before interest and tax	(3,587)	75	(3,662)	(4,882.7)
Profit before tax	(3,605)	26	(3,631)	(13,965.4)

The Integrated Corrosion Solution segment revenue grew by 107.2% or RM8.3 million compared with the corresponding quarter driven by the additional revenue earned from the MCM contract.

However, profit before tax declined by RM3.6 million affected by higher costs incurred to close out the Pan Malaysia Painting and Blasting Contract and to support the fulfilment of the MCM contract. Revenue earned from the MCM contract was lower due a later than anticipated start of works.

(B) Consolidated Statements of Financial Position

Group total assets as at 31 March 2018 stood at RM561.6 million against RM609.7 million at the end of the previous financial year, representing a contraction of RM48.1 million. This was mainly due to reduction in trade receivables by RM36.1 million, lower carrying value of fixed assets from the effects of depreciation and amortisation of RM7.5 million. In tandem, total liabilities declined by RM34.9 million mainly due to lower trade payables by RM16.7 million, repayment made on borrowings of RM11.6 million and a decrease in equity by RM13.2 million mainly due to dividend paid of RM14.5 million mitigated by earnings generated during the current period.

(C) Consolidated Statements of Cash Flow

The Group's cash and bank balances reported a decrease of RM20.2 million to RM121.2 million from RM141.4 million in the previous financial year mainly due to financing outflows on net repayment on borrowings of RM11.6 million and dividends paid to shareholders and non-controlling interests totalling to RM14.5 million. Meanwhile, outflows from investing were mainly for the acquisition of assets used in operations which amounted to RM1.1 million. The decrease was however offset by the positive cash flows generated from operation amounting to RM6.5 million.

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

	Q1'18 RM'000	Q4'17 RM'000	Variance RM'000	Variance %
Group				
Revenue	108,507	169,849	(61,342)	(36.1)
Operating profit	4,636	21,281	(16,645)	(78.2)
Share of results of a joint venture, net of tax	276	141	135	95.7
Share of results of associates, net of tax	575	(474)	1,049	221.3
Profit before interest and tax	4,634	20,242	(15,608)	(77.1)
Profit before tax	4,722	20,079	(15,357)	(76.5)
Profit after tax	1,367	15,818	(14,451)	(91.4)
Profit attributable to equity holders of the Company	1,402	13,458	(12,056)	(89.6)

Based on past trends, Group performance was strongest in the fourth quarter and weakest in the first quarter, and performance of the first quarter 2018 was no different. Quarter-on-quarter, the Group's performance declined affected by the lower revenue across all reporting segments within the Group mitigated by the higher margin earned from Oilfield Services segment. The overall profit attributable to equity holders of the Company fell by RM12.1 million from RM13.5 million recorded in the immediate preceding quarter to RM1.4 million in the current quarter.

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

The share of results of associates increased by RM1.0 million contributed by the higher share of results in 2MC attributable to higher throughput and absence of an impairment charge on its operating assets which had weighed down on the share of results in 2MC in the immediate preceding quarter.

	Q1'18 RM'000	Q4'17 RM'000	Variance RM'000	Variance %
Power and Machinery				
Revenue	65,015	118,802	(53,787)	(45.3)
Operating profit	5,117	15,283	(10,166)	(66.5)
Profit before interest and tax	4,528	14,738	(10,210)	(69.3)
Profit before tax	5,117	15,283	(10,166)	(66.5)

Power and Machinery segment result was lower by RM10.2 million as compared with the immediate preceding quarter affected by the lower revenue reported. The adverse variance was mainly attributable to the lower revenue contribution from exchange engine, retrofit projects, ancillary and third party services by RM36.2 million as well as slow down on revenue reported from parts, valve and flow regulators, repair and maintenance services amounting to RM16.7 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 CURRENT QUARTER PERFORMANCE AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PERFORMANCE (Cont'd)

	Q1'18 RM'000	Q4'17 RM'000	Variance RM'000	Variance %
Oilfield Services				
Revenue	27,323	30,856	(3,533)	(11.4)
Operating profit	5,018	4,777	241	5.0
Profit before interest and tax	4,856	4,674	182	3.9
Profit before tax	4,271	3,929	342	8.7

Oilfield Services segment results were higher by RM0.3 million notwithstanding lower revenue recorded due to higher margin contributions from slickline activities and reduction in finance costs as a result of the scheduled repayment on its term loan.

	Q1'18 RM'000	Q4'17 RM'000	Variance RM'000	Variance %
Integrated Corrosion Solution				
Revenue	16,070	20,019	(3,949)	(19.7)
Operating profit	(3,587)	1,435	(5,022)	(350.0)
Profit before interest and tax	(3,587)	1,435	(5,022)	(350.0)
Profit before tax	(3,605)	1,414	(5,019)	(355.0)

Integrated Corrosion Solution segment result was down by RM5.0 million on the account of lower work orders completion for corrosion protection and maintenance services from the Pan Malaysia Blasting contract. The segment result was further exaggerated by the higher costs incurred to close out the Pan Malaysia Painting and Blasting Contract and to support the fulfilment of the MCM contract.

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

B3. PROSPECTS

According to the World Bank in its April Commodity Markets Outlook oil prices are expected to average USD$65 a barrel, up from the USD$53 per barrel average of 2017. The expected improvement is driven by the continued production restraints by OPEC and non-OPEC producers and strong demand. Nevertheless, downside risks remain due to ongoing geopolitical developments, a return to excess supplies from non-conventional producers and a potential weakening in the OPEC/non-OPEC production cuts.

Accordingly, the Group remained cautious on the year's prospects and will continue to enhance integration efforts across our core businesses by leveraging on the financial strengths and resources. The Group will also continue to enhance operational efficiencies, managing cash flows and international operations.

The Power and Machinery segment continues to operate in a challenging environment notwithstanding better oil prices. The capital and cost reduction measures taken by the major oil companies following the collapse in oil prices in 2014 will roll into 2018, impacting sales of turbines, scheduled maintenance, retrofits and other related activities. Against this background, management will continue to focus efforts to support the existing installed turbine base and working with customers to provide cost effective solutions. Concurrently, the segment will continue its efforts to enhance operational efficiencies and strict costs discipline to optimise margins.

The Oilfield Services segment focuses primarily on upstream activities in the sub surface sector in particular the provision of slickline services and equipment. This activity is expected to contribute positively to the segment 's revenue in 2018. However, this business is underpinned by the Pan Malaysian Slickline Contracts which expire in third quarter 2018 and first quarter 2019. In light of this, initiatives are underway to extend or re-secure the contracts with existing and new customers. Being a leader in the provision of slickline services backed up by a solid service and delivery record, good health and safety practices, skilled technicians and availability of slickline equipment for rapid deployment the Board is cautiously optimistic of the outcomes from these initiatives.

Despite recording a significant growth in revenue as compared to corresponding quarter, Integrated Corrosion Solution segment reported a segment loss. Revenue from the MCM contract in the first quarter was low due to a later than anticipated start of works but is expected to pick up in the coming months. In addition, the segment successfully secured a one-year extension of the painting and alternative blasting contract from Petronas Carigali Sdn. Bhd. which ended in November 2017 thus ensuring a continued flow of revenue from this activity.

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

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Current tax – current period	2,556	1,662
Under provision in prior years*	1,862	0
Deferred tax – origination and reversal of temporary differences	(1,063)	29
Total income tax expense	**3,355**	**1,691**

* The under provision in prior years relate to additional taxes for the years of assessment 2010 to 2015 arising from the differences on the interpretation on the deductibility of certain expenses incurred by the Company with the tax authority. In addition, a tax penalty amounting to RM838,000 was raised by the tax authority under Section 113(2) of the Income Tax Act 1967. This amount was included in the line Other operating expenses in the Consolidated Statement of Comprehensive Income.

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 2018 was higher than the headline tax rate as shown below.

	Quarter and year-to-date ended	
	31/03/2018 %	**31/03/2017 %**
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	24	24
Tax effects of:		
- Expenses not deductible for tax purposes	10	14
- Income not subject to tax	(3)	0
- Share of results of associates and joint venture	(4)	(3)
- Deferred tax assets not recognised	5	8
- Under provision in prior years*	39	0
Effective tax rate	71	43

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

There was no corporate proposal announced which was not completed as of 14 May 2018 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B9. JOINT VENTURE

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Group's share of net assets of joint venture	28,839	28,563

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, both parties approval on relevant activities is required as stated in the Subscription Agreement. 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 31/03/2018 RM'000	Quarter and year-to-date ended 31/03/2017 RM'000
Profit before tax	434	289
Income tax expense	(91)	(78)
Profit for the period	343	211
Interest in joint venture (80.55%)		
Share of results	276	170

B10. ASSOCIATES

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Group's share of net assets of associates	38,816	38,595

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 2017. The associates have share capitals 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 profit from this associate and its contribution attributable to the shareholders of the Company in the financial period ended 31 March 2018 amounted to RM2,000 (31 March 2017: RM3,000) and RM1,200 (31 March 2017: RM1,800) respectively.

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

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	
	31/03/2018 RM'000	**31/03/2017 RM'000**	**31/03/2018 RM'000**	**31/03/2017 RM'000**	**31/03/2018 RM'000**	**31/03/2017 RM'000**
Profit before tax	2,383	1,286	8	16	2,391	1,302
Income tax expense	(592)	(160)	0	0	(592)	(160)
Profit for the period	1,791	1,126	8	16	1,799	1,142
Interest in associates (32%; 20%)						
Share of results	573	360	2	3	575	363

B11. TRADE RECEIVABLES

	As at 31/03/2018 RM	As at 31/12/2017 RM
Neither past due nor impaired	133,147	165,212
1 to 30 days past due not impaired	6,710	14,478
31 to 60 days past due not impaired	4,156	9,007
61 to 90 days past due not impaired	24,902	2,511
91 to 120 days past due not impaired	626	482
More than 121 days past due not impaired	3,176	1,220
	172,717	192,910
Not past due but impaired	676	623
Past due and impaired:		
61 to 90 days past due and impaired	0	64
91 to 120 days past due not impaired	1	0
More than 121 days past due and impaired	1,828	1,986
	175,222	195,583
Less: Impairment of receivables	(2,505)	(2,673)
	172,717	192,910
Less: Accrued revenue	(96,590)	(80,659)
	76,127	112,251

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are debtors with good payment history. A number of these debtors are from the oil and gas industry. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM39.6 million (31 December 2017: RM27.7 million) that are past due at the reporting date but not impaired. The receivable balances are unsecured in nature. These balances relate mainly to customers who have good payment history.

Receivables that are not past due but impaired

Trade receivables that are not past due but impaired are specific debtors that are identified in which collection are in doubt.

B12. GROUP BORROWINGS

The Group borrowings as at 31 March 2018 were as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
31/03/2018			
Borrowings - secured	24,600	24,600	49,200
- unsecured	15,228	0	15,228
	39,828	24,600	64,428
31/12/2017			
Borrowings - secured	24,599	30,750	55,349
- unsecured	20,699	0	20,699
	45,298	30,750	76,048

The borrowings were all denominated in Ringgit Malaysia.

	Note	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Revolving credits	(i)	14,800	17,800
Term loan	(ii)	49,200	55,349
Loans against import	(iii)	428	2,899
		64,428	76,048
Less: Amount repayable within 12 months			
Revolving credit		(14,800)	(17,800)
Term loan		(24,600)	(24,599)
Loans against import		(428)	(2,899)
		(39,828)	(45,298)
Amount repayable after 12 months		24,600	30,750

The decrease in borrowings is due to net repayment of term loan of RM6.1 million, revolving credits of RM3.0 million and loans against import of RM2.5 million.

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

B12. GROUP BORROWINGS (Cont'd)

(i) Revolving credits are rolled over on a monthly basis at an average interest rate of 5.09% (average interest of 1.00% per annum above the bank's cost of funds).

(ii) Term loan carries an average interest rate of 4.15% (0.90% per annum above the KLIBOR). The tenure of the loan is 5 years.

(iii) Loans against import carry an interest of 4.34% (1.15% per annum above the bank's cost of funds). The tenure of the import line is 90 days.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instrument as at 31 March 2018 other than the outstanding derivatives on forward foreign currency exchange contract as disclosed in Note A7.

B14. MATERIAL LITIGATION

There was no material litigation as at 14 May 2018 (being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this report).

B15. DIVIDEND

The Board of Directors have, in respect of financial year ended 31 December 2017, declared a second interim single tier dividend of 3.25 sen per share on 400,492,500 ordinary shares, totaling RM13,016,000. The dividend was paid on 28 March 2018.

No dividend was declared during the quarter under review for the financial year ending 31 December 2018.

B16. 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	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Basic earnings per share		
Profit attributable to equity holders of the Company (RM'000)	1,402	1,317
Weighted average number of shares in issue ('000)	400,271	400,000
Basic earnings per share (sen)	0.35	0.33

B16. 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	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Diluted earnings per share		
Profit attributable to equity holders of the Company (RM'000)	1,402	1,317
Weighted average number of shares in issue ('000) (Basic)	400,271	400,000
Effect of potential vesting of Long Term Incentive Plan	3,403	3,887
Weighted average number of ordinary shares ('000)	403,674	403,887
Diluted earnings per share (sen)	0.35	0.33

B17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation as disclosed below:

Consolidated Statement of Financial Position

	Year-to-date-ended	
	As restated As at 31/12/2017 RM'000	**As previously stated As at 31/12/2017 RM'000**
Current Assets		
Trade receivables	112,251	192,910
Deferred costs	0	1,352
Contract assets	82,011	0
Current Liabilities		
Deferred revenue	0	1,973
Contract liabilities	1,973	0

Consolidated Statement of Cash Flows

	Quarter and year-to-date ended	
	As restated 31/3/2017 RM'000	**As previously stated 31/3/2017 RM'000**
Cash Flows from Operating Activities		
Changes in working capital:		
Trade receivables	74,999	106,449
Deferred costs	0	4,298
Contract assets	35,748	0
Deferred revenue	0	(988)
Contract liabilities	(988)	0

B18. PROFIT BEFORE TAX

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

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Inventories consumed and recognised as cost of sales	15,264	19,313
Purchase of products, parts and consumable	1,708	2,356
Costs of services purchased	40,867	28,801
Interest income	(853)	(444)
Other income including investment income	(70)	(98)
Interest expenses	765	1,132
Depreciation and amortisation	7,697	7,942
Write back of impairment for doubtful debts		
- Trade receivables	(64)	0
- Contract assets	(9)	0
Bad debts written off	0	2
- Other receivables		
Impairment of doubtful debts		
- Trade receivables	35	0
- Contract assets	45	0
Reversal of allowance for slow moving inventories	(9)	(31)

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

B18. PROFIT BEFORE TAX (Cont'd)

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

	Quarter and year-to-date ended	
	31/03/2018 RM'000	**31/03/2017 RM'000**
Property, plant and equipment written off	0	32
Foreign exchange losses / (gains)		
- Realised	304	4,440
- Unrealised	(190)	(2,042)
Provision for liquidated damages	3	0
Reversal of allowance for provision of liquidated damages	(9)	0
Fair value loss on foreign currency exchange forward contract	30	0
Tax penalty	838	0

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

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

B19. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2017 was unqualified.

B20. AUTHORISATION OF ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated on 21 May 2018.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
21 May 2018