

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021

<u>Table of Contents</u>	Page
Unaudited Condensed Interim Consolidated Statement of Comprehensive Income	1
Unaudited Condensed Interim Consolidated Statement of Financial Position	2
Unaudited Condensed Interim Consolidated Statement of Changes in Equity	3
Unaudited Condensed Interim Consolidated Statement of Cash Flows	4 - 5
Part A: Explanatory Notes Pursuant to MFRS 134	6 - 18
Part B: Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing requirements of Bursa Malaysia Securities Berhad	19 - 46

DELEUM BERHAD
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(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021

RM'000		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	YEAR TO DATE ENDED	YEAR TO DATE ENDED
		30/09/2021	30/09/2020*	30/09/2021	30/09/2020*
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Revenue	A11	137,547	144,077	366,472	432,239
Cost of sales		(120,997)	(101,439)	(298,100)	(355,812)
Gross profit		16,550	42,638	68,372	76,427
Other operating income		915	754	2,629	2,547
Selling and distribution costs		(7,382)	(7,262)	(22,087)	(22,086)
Administrative expenses		(9,854)	(11,281)	(36,007)	(35,432)
Other operating losses ⁽¹⁾		(513)	(3,190)	(2,254)	(8,759)
Operating (loss)/profit		(284)	21,659	10,653	12,697
Finance costs		(455)	(630)	(1,554)	(2,352)
Share of results of a joint venture (net of tax)	B9	350	377	1,044	941
Share of results of associates (net of tax)	B10	1,628	825	4,545	3,612
Profit before tax	B18	1,239	22,231	14,688	14,898
Income tax expense	B5	(185)	(10,988)	(4,007)	(9,544)
Profit from continuing operations (net of tax)		1,054	11,243	10,681	5,354
Discontinued operation					
Loss from discontinued operation (net of tax)	B14	(1,052)	(591)	(2,236)	(2,080)
Profit for the period		2	10,652	8,445	3,274
Other comprehensive income					
Currency translation differences		22	(125)	145	65
Total comprehensive income for the period		24	10,527	8,590	3,339
(Loss)/profit attributable to:					
- Equity holders of the Company		(639)	8,916	6,514	(69)
- Non-controlling interests		641	1,736	1,931	3,343
		2	10,652	8,445	3,274
Total comprehensive (loss)/income attributable to:					
- Equity holders of the Company		(626)	8,862	6,603	(104)
- Non-controlling interests		650	1,665	1,987	3,443
		24	10,527	8,590	3,339
Basic/Diluted (loss)/earnings per share (EPS) attributable to equity holders of the Company (sen)					
- Continuing operations		0.10	2.37	2.18	0.50
- Discontinued operation		(0.26)	(0.15)	(0.56)	(0.52)
	B17	<u>(0.16)</u>	<u>2.22</u>	<u>1.62</u>	<u>(0.02)</u>
⁽¹⁾ Other operating losses include the following:					
Foreign exchange (losses)/gains:					
- Realised		(319)	(985)	863	(2,032)
- Unrealised		600	1,116	165	226
Fair value (loss)/gain on forward foreign currency exchange contracts		(251)	382	(826)	510
Impairment made:					
- trade receivables		(135)	(216)	(136)	(1,089)
- contract assets		3	22	(233)	(99)
- other receivables		0	276	0	(1,471)
- plant and equipment (under other operating expenses losses only)		0	(3,267)	0	(3,267)

* The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides for repair, servicing, maintenance and overhaul of motors, generators, transformers and other related services had ceased its active business activities following the Group's decision to exit from this business unit segment. As this business unit segment was not a discontinued operation as at 31 December 2020, the comparative numbers of the consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations (Note B14). Also, write-offs and impairment charges previously included under other operating losses have been reclassified to cost of sales for comparative figures to conform with current period presentation.

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

RM'000	Note	As at 30/09/2021 Unaudited	As at 31/12/2020 Audited
ASSETS			
Property, plant and equipment*		144,033	154,307
Investment properties		730	747
Intangible assets		303	315
Associates	B10	25,206	24,501
Joint venture	B9	32,632	31,588
Deferred tax assets		2,331	1,772
Other receivables		2,933	8,875
Non-current Assets		208,168	222,105
Inventories		22,774	30,442
Amounts due from an associate		1	3,200
Amounts due from a joint venture		119	121
Trade receivables	B11	73,555	66,717
Contract assets		68,977	75,811
Other receivables, deposits and prepayments		8,385	16,176
Tax recoverable		757	1,338
Investment securities		80,397	13,015
Cash and bank balances		121,758	219,616
Current Assets		376,723	426,436
TOTAL ASSETS		584,891	648,541
EQUITY AND LIABILITIES			
Share capital		201,802	201,802
Retained earnings		197,983	199,500
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(2,069)	(2,158)
Equity attributable to equity holders of the Company		347,716	349,144
Non-controlling interests		18,801	21,224
Total Equity		366,517	370,368
Borrowings	B12	6,405	22,732
Deferred income		643	543
Deferred tax liabilities		16,458	18,256
Non-current Liabilities		23,506	41,531
Trade payables		105,099	132,608
Contract liabilities		15,156	18,694
Other payables and accruals		22,326	21,934
Derivative financial instrument	A7	0	45
Taxation		9,040	7,645
Borrowings	B12	43,247	55,716
Current Liabilities		194,868	236,642
Total Liabilities		218,374	278,173
TOTAL EQUITY AND LIABILITIES		584,891	648,541

* Inclusive of right-of-use assets

The above unaudited condensed interim consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity	
	Issued and fully paid ordinary shares		-----Non-distributable-----		Distributable			
	Number of shares '000	Share capital RM'000	Foreign currency translation RM'000	Merger deficit RM'000	Retained earnings RM'000			Total RM'000
At 1 January 2020	401,553	201,802	(2,735)	(50,000)	200,971	350,038	28,484	378,522
(Loss)/profit for the financial period	0	0	0	0	(69)	(69)	3,343	3,274
Other comprehensive (loss)/income for the financial period	0	0	(35)	0	0	(35)	100	65
Total comprehensive (loss)/income for the financial period	0	0	(35)	0	(69)	(104)	3,443	3,339
Dividend	0	0	0	0	(12,047)	(12,047)	(6,860)	(18,907)
Effect on dissolution of an associate	0	0	723	0	3,147	3,870	(3,870)	0
At 30 September 2020	<u>401,553</u>	<u>201,802</u>	<u>(2,047)</u>	<u>(50,000)</u>	<u>192,002</u>	<u>341,757</u>	<u>21,197</u>	<u>362,954</u>
At 1 January 2021	401,553	201,802	(2,158)	(50,000)	199,500	349,144	21,224	370,368
Profit for the financial period	0	0	0	0	6,514	6,514	1,931	8,445
Other comprehensive income for the financial period	0	0	89	0	0	89	56	145
Total comprehensive income for the financial period	0	0	89	0	6,514	6,603	1,987	8,590
Dividend	0	0	0	0	(8,031)	(8,031)	(4,410)	(12,441)
At 30 September 2021	<u>401,553</u>	<u>201,802</u>	<u>(2,069)</u>	<u>(50,000)</u>	<u>197,983</u>	<u>347,716</u>	<u>18,801</u>	<u>366,517</u>

The above unaudited condensed interim consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

RM'000	YEAR TO-DATE-ENDED	
	30/09/2021	30/09/2020
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period from:		
- Continuing operations	10,681	5,354
- Discontinued operation	(2,236)	(2,080)
	8,445	3,274
<u>Adjustments for:</u>		
Impairment for doubtful debts:		
Trade receivables		
- impairment made	136	1,089
- write back of impairment	(258)	(154)
Contract assets		
- impairment made	233	99
- write back of impairment	(42)	(1)
Other receivable		
- impairment made	0	1,471
Allowance for slow moving inventories:		
- allowance made	6,223	140
- write back of allowance	(121)	(16)
Amortisation of intangible assets	50	215
Accretion of income on other long-term receivable	(102)	0
Depreciation:		
- property, plant and equipment*	27,080	28,875
- investment properties	17	17
Impairment on plant and equipment	0	25,844
Bad debts written off:		
- other receivable	77	562
Provision for liquidated damages		
- provision made	0	9
- write back of provision	(44)	(34)
Gain on disposals of plant and equipment	(16)	(20)
Gain on lease modification and disposal	(53)	(1)
Gain on rental concession	0	(47)
Write-off:		
- property, plant and equipment	93	13
- inventories	635	1,773
Interest income	(2,256)	(2,290)
Finance costs [^]	1,573	2,370
Share of results of associates	(4,545)	(3,612)
Share of results of a joint venture	(1,044)	(941)
Tax expense	4,007	9,544
Unrealised net foreign exchange gains	(165)	(226)
Net fair value gain on investment securities	(19)	0
Net fair value loss/(gain) on forward foreign currency exchange contracts	826	(510)
Operating profit before working capital changes	40,730	67,443
<u>Changes in working capital</u>		
Inventories	931	16,209
Trade receivables	(7,547)	67,691
Contract assets	6,989	34,425
Other receivables, deposits and prepayments	8,889	506
Trade payables	(27,844)	(76,113)
Other payables and accruals	1,076	(8,731)
Contract liabilities	(3,538)	17,027
Decrease in restricted cash	29,711	0
Cash generated from operations	49,397	118,457
Tax paid	(5,312)	(6,820)
Tax refunded	924	0
Interest paid	(1,599)	(2,398)
Net cash generated from operating activities	43,410	109,239

* Inclusive of right-of-use assets.

[^] Inclusive of finance costs from discontinued operation of RM19,000.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

RM'000	YEAR TO-DATE-ENDED	
	30/09/2021	30/09/2020
	Unaudited	Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,534	2,285
Addition of plant and equipment*	(10,773)	(24,580)
Long-term deposits paid	(757)	(1,790)
Proceeds from disposals on plant and equipment	200	20
Addition of intangible assets	(38)	0
Purchase of investment securities	(66,600)	0
Dividend received from an associate	7,040	3,200
Amounts due from an associate	(1)	0
Amounts due from a joint venture	2	64
Proceeds on net assets surplus distribution arising from the dissolution of an associate	0	148
Net cash used in investing activities	(69,393)	(20,653)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Repayment	(7,280)	(2,000)
Loans against import		
- Drawn down	0	8,375
- Repayment	0	(17,245)
Term loans		
- Drawn down	0	15,291
- Repayment	(21,010)	(18,660)
Lease liabilities on right-of-use assets		
- Repayment	(1,212)	(1,166)
Dividends paid to:		
- Shareholders	(8,031)	(12,047)
- Non-controlling interest	(4,985)	(6,860)
Decrease in restricted cash	1,002	4,190
Net cash used in financing activities	(41,516)	(30,122)
Net (decrease)/increase in cash and cash equivalents	(67,499)	58,464
Foreign currency translation	354	65
Cash and cash equivalents at beginning of the year	179,171	147,518
Cash and cash equivalents at end of period	112,026	206,047
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	103,469	187,879
Cash and bank balances	18,289	26,418
	121,758	214,297
Restricted cash	(9,732)	(8,250)
Cash and cash equivalents at end of period	112,026	206,047
The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	101,919	199,177
US Dollar	10,001	6,761
Others	106	109
	112,026	206,047

* Included in the addition on plant and equipment is the capitalisation on the advance payment made in prior years of RM5,551,000 as plant and equipment upon fulfillment of the recognition criteria during the current year.

The above consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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 2020 and the attached explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

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 2020 except for the amendments to published standards which is to be applied by all Entities Other Than Private Entities that is effective for the financial periods beginning on or after 1 January 2021.

The amendments to published standards effective for financial period beginning on or after 1 June 2020 that is applicable and adopted by the group is as follows:-

Amendments to MFRS 16 Leases - Covid-19 - Related Rent Concessions

The amendments to published standards effective for financial year beginning on 1 January 2021 that are applicable and adopted by the Group are as follows:

Amendments to MFRS 9, MFRS
139, MFRS 7 and MFRS 16 Interest Rate Benchmark Reform - Phase 2

The adoption of the above amendments to published standards is not expected to have any material impact to the Group financial results for the financial year ending 31 December 2021 upon their initial application.

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A1. BASIS OF PREPARATION (Cont'd)

The Group has not early adopted the following amendments to published standards that have been issued by the Malaysian Accounting Standards Board ("MASB") as follows:

Financial year beginning on or after 1 April 2021

- Amendments to MFRS 16 Lease - Covid-19 - Related Rent Concessions beyond 30 June 2021

Financial year beginning on or after 1 January 2022

- Amendments to MFRS 3 Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, plant and equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2020 Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, Amendments MFRS 9 Financial Instruments, Amendments to the illustrative examples accompanying MFRS 16 Leases

Financial year beginning on or after 1 January 2023

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date is deferred to a date to be determined by MASB)

The initial application of the above-mentioned amendments to published standards are not expected to have any material impact to the financial statements of the Group.

A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

A5. EQUITY AND DEBT SECURITIES

The Group did not undertake any other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year-to-date.

A6. FINANCIAL RISK MANAGEMENT POLICIES

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

The information on the forward foreign currency exchange contracts that remained outstanding at 30 September 2021 is set out in Note A7.

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

	As at 30/09/2021		As at 31/12/2020	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
US Dollar	86,561	64,739	71,269	82,825
Others	4,640	3,426	4,644	2,547
	<u>91,201</u>	<u>68,165</u>	<u>75,913</u>	<u>85,372</u>
Closing exchange rate				
US Dollar	<u>4.188</u>	<u>4.188</u>	<u>4.029</u>	<u>4.029</u>

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A7. OUTSTANDING DERIVATIVES

Forward foreign currency exchange contracts

Forward foreign currency exchange contracts are used to manage foreign currency exposures arising from the Group's obligation to settle its liabilities that are denominated in currencies other than the functional currency of the Group. The forward foreign currency exchange contract entered into by the Group has a maturity period of less than one year from the current reporting date. As at 30 September 2021, there is no outstanding buy and sell forward foreign currency exchange contracts (31 December 2020: RM926,000).

A8. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES AND FINANCIAL ASSETS

The fair value of forward foreign currency exchange contracts is determined by using the forward exchange rates as at each reporting date.

During the financial year-to-date, there is no fair value changes arising from the forward foreign currency exchange contract entered into by the Group and remained outstanding as at 31 September 2021 (31 December 2020: fair value loss of RM45,000).

A9. DIVIDENDS PAID

During the second quarter under review, the Company paid the following first interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2020.

	RM
First interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares, paid on 27 April 2021	<u>4,015,535</u>

During the current quarter under review, the Company paid the following first interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2021.

	RM
First interim single tier dividend of 1.00 sen per share on 401,553,500 ordinary shares, paid on 30 September 2021	<u>4,015,535</u>

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A10. SEGMENT INFORMATION

The segments of the Group are as follows:

- Power and Machinery (“P&M”) – Mainly consists of:
 - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewal and retrofit;
 - Supply and commission of combined heat and power plants; and
 - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment.

- Oilfield Services (“OS”) – Mainly consists of:
 - Provision of slickline equipment and services;
 - Provision of integrated wellhead maintenance services;
 - Provision of well intervention and cased hole logging services;
 - Provision of specialty chemicals and well stimulation services;
 - Provision of drilling and completion services;
 - Provision of gas lift valve and insert strings equipment, accessories and services; and
 - Provision of subsurface engineering services.

- Integrated Corrosion Solution (“ICS”) – Mainly consists of:
 - Provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification maintenance activities, services for tanks, vessels, structures and piping.

- Other non-reportable segment comprises management fees charged to a joint venture which does not meet the quantitative threshold for a reporting segment in 2021.

Segmental information for the financial period ended 30 September 2021 was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
<u>Segment Revenue</u>				
External revenue				
Power and Machinery	97,526	82,237	253,246	264,775
Oilfield Services	21,256	30,888	75,239	82,326
Integrated Corrosion Solution	18,623	30,845	37,605	84,771
Other non-reportable segment	142	107	382	367
Total Group revenue	137,547	144,077	366,472	432,239

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A10. SEGMENT INFORMATION (Cont'd)

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
<u>Segment Results</u>				
Power and Machinery	7,416	14,759	24,611	34,056
Oilfield Services	(7,380)	2,928	(7,708)	(17,348)
Integrated Corrosion Solution	(436)	3,291	(3,916)	(2,293)
Other non-reportable segment	33	27	55	51
Segment results	(367)	21,005	13,042	14,466
Unallocated income [^]	45	71	117	191
Unallocated corporate expenses [#]	(417)	(47)	(4,060)	(4,312)
Share of results of a joint venture [*]	350	377	1,044	941
Share of results of associates [*]	1,628	825	4,545	3,612
Tax expense (Note B5) [*]	(185)	(10,988)	(4,007)	(9,544)
Profit from continuing operations	1,054	11,243	10,681	5,354
Profit from discontinued operation, net of tax	(1,052)	(591)	(2,236)	(2,080)
Profit for the financial period	2	10,652	8,445	3,274

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

[#] Unallocated corporate expenses represented the Group's corporate expenses including depreciation of property, plant and equipment of corporate assets and other common corporate overhead costs that are not charged to business segments.

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

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200501033500 (715640-T)
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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A10. SEGMENT INFORMATION (Cont'd)

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
<u>Segment Assets</u>		
Power and Machinery	250,145	247,123
Oilfield Services	197,868	234,624
Integrated Corrosion Solution	39,700	73,322
Segment assets	487,713	555,069
Unallocated corporate assets ^	97,178	93,472
Total assets	584,891	648,541

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	99,488	114,166
Oilfield Services	45,606	75,684
Integrated Corrosion Solution	34,072	60,705
Segment liabilities	179,166	250,555
Unallocated corporate liabilities #	39,208	27,618
Total liabilities	218,374	278,173

^ 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 are not allocated by business segments.

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A11. REVENUE

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Revenue from contracts with customers:				
- Goods and services	137,405	143,970	366,090	431,872
- Management fee	119	88	359	348
Revenue from other source:				
- Dividend income	23	19	23	19
	137,547	144,077	366,472	432,239

Revenue from contracts with customers:

Type of goods and services

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Sale of gas turbine packages and after sales support and services	83,768	59,600	212,709	210,728
Commission based income services	726	829	3,795	829
Principal based income services	111	102	251	308
Sale of valves and flow regulators and after sales support and services	13,032	21,808	36,742	53,218
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, drilling and production services	20,229	27,993	73,020	78,041
Provision of specialty chemical and well stimulation	916	2,793	1,968	3,977
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	5,049	10,777	17,782	21,452
Provision of maintenance, construction and modification services	13,574	20,068	19,823	63,319
	137,405	143,970	366,090	431,872

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

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

During the current quarter ended 30 September 2021, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Acquisitions at cost:-				
- Plant and equipment*	4,362	12,123	17,130	33,608
- Intangible assets	0	0	38	0
Depreciation:-				
- Property, plant and equipment^	8,890	9,486	27,080	28,875
- Investment properties	5	6	17	17
Amortisation of intangible assets	19	51	50	215

* Included in the acquisition of plant and equipment is the capitalisation on the advance payment made in prior years of RM5,551,000 as plant and equipment upon fulfilment of the recognition criteria during the period and addition on right-of-use assets of RM806,000.

^ Inclusive of right-of-use assets.

A13. MATERIAL EVENTS DURING THE REPORTING DATE

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

A15. CHANGES IN THE COMPOSITION OF THE GROUP

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

A16. CONTINGENT LIABILITIES / ASSETS

As at 30 September 2021, 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 RM48.6 million (31 December 2020: RM44.3 million).

A17. COMMITMENTS

Capital commitment

Capital commitments for investment, property, plant and equipment and intangible assets not provided for as at 30 September 2021 were as follows:

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Authorised but not contracted for		
- Plant and machinery	0	21,852
- Others	0	4,127
Authorised and contracted for		
- Plant and machinery	1,284	3,511
- Others	312	162
	1,596	29,652
Share of capital commitment of joint venture	844	849
	2,440	30,501

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A18. RELATED PARTY DISCLOSURES

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Manpower services to Solar Turbines International Company ("STICO") and its affiliated companies	672	44	1,409	1,524
Rental income from an affiliate company of STICO	14	14	41	41
Purchases and technical services from STICO and its affiliated companies	73,463	34,242	169,590	162,480

Significant outstanding balances arising from the above transactions as at 30 September 2021 were as follows:

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Amount due from STICO and its affiliated companies	3,223	1,111
Amount due to STICO and its affiliated companies	62,487	79,943

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A18. RELATED PARTY TRANSACTIONS (Cont'd)

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Sales to related parties of Dresser Italia S.R.L	490	119	695	346
Purchases of goods and services from related parties of Dresser Italia S.R.L	6,293	9,415	14,227	24,810

Significant outstanding balances arising from the above transactions as at 30 September 2021 were as follows:

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Amount due from related parties of Dresser Italia S.R.L	542	669
Amount due to related parties of Dresser Italia S.R.L	3,302	4,856

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Sales to STICO	1,000	1,125	3,000	3,375
Rental income from affiliate company of STICO	141	207	422	621

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

A18. RELATED PARTY TRANSACTIONS (Cont'd)

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

Significant outstanding balance arising from the above transactions as at 30 September 2021 was as follows:

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Amount due from STICO and its affiliated company	0	47

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Directors' fees	295	326	885	777
Salaries, bonuses, allowances and other staff related expenses	2,399	2,091	8,155	8,662
Defined contribution plan	241	216	869	967
	2,935	2,633	9,909	10,406

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

(A) Performance of the current quarter against the corresponding quarter

	Q3'21 RM'000	Q3'20 RM'000	Variance RM'000	Variance %
<u>Group</u>				
Revenue	137,547	144,077	(6,530)	(4.5)
Operating (loss)/profit	(284)	21,659	(21,943)	(101.3)
Share of results of a joint venture, net of tax	350	377	(27)	(7.2)
Share of results of associates, net of tax	1,628	825	803	97.3
Profit before interest and tax	933	22,151	(21,218)	(95.8)
Profit before tax	1,239	22,231	(20,992)	(94.4)
Profit from continuing operations	1,054	11,243	(10,189)	(90.6)
Loss from discontinued operation	(1,052)	(591)	(461)	(78.0)
 (Loss)/profit attributable to equity holders of the Company	 (639)	 8,916	 (9,555)	 (107.2)

The Group's turnover for the current quarter fell by RM6.5 million or 4.5% to RM137.5 million against the corresponding quarter of RM144.0 million due to the decline in oilfield services activities reported from the Oilfield Services segment and slowdown in maintenance activity levels recorded from the Integrated Corrosion Solution segment. The Group's lower revenue was however mitigated by the stronger sales generated from the Power and Machinery segment.

Similarly, the Group's results attributable to equity holders of the Company reported a loss of RM0.6 million as opposed to the corresponding quarter profit of RM8.9 million. The Group's adverse result was attributable to the weaker operating performance recorded across all reportable segments on account of depressed margins affected by the unfavourable change in sales mix and provision made on Group's slow-moving inventories amounting to RM6.2 million during the current quarter. The results were further aggravated by the slowdown in the sales activity levels from the Group's Oilfield Services and Integrated Corrosion Solution segments.

Share of results of a joint venture was contributed by the overhaul and repairs of gas turbines. The lower share of results was due to the lower revenue generated from engine disassembly services and space rental.

Share of results from associates were higher by RM0.8 million against the corresponding quarter driven by the stronger results recorded by Malaysian Mud and Chemicals Sdn. Bhd. ("2MC") on account of higher throughput achieved from both its liquid mud and dry bulk businesses.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B1. PERFORMANCE REVIEW (Cont'd)

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

	Q3'21 RM'000	Q3'20 RM'000	Variance RM'000	Variance %
<u>Power and Machinery</u>				
Revenue	97,526	82,237	15,289	18.6
Operating profit	7,430	14,768	(7,338)	(49.7)
Profit before interest and tax	6,846	14,251	(7,405)	(52.0)
Profit before tax	7,416	14,759	(7,343)	(49.8)

The Power and Machinery segment posted an increase in revenue by 18.6% or RM15.3 million to RM97.5 million compared to the corresponding quarter of RM82.2 million supported by the increase in exchange engine deliveries, stronger contribution from retrofit projects and higher sales for turbine parts. This was however offset by the weaker sales for control and safety valves and flow regulators services, lower supply of local field service representatives and decrease in services performed for machinery management system during the current quarter.

The segment results reported a decrease of RM7.3 million despite higher revenue recorded due to the unfavourable change in sales mix with downward pressure on margins. This was however mitigated by the favourable movement in foreign exchange differences with a net gain of RM0.5 million compared to a net loss of RM0.1 million recorded in the corresponding quarter.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B1. PERFORMANCE REVIEW (Cont'd)

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

	Q3'21	Q3'20	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Oilfield Services</u>				
Revenue	21,256	30,888	(9,632)	(31.2)
Operating (loss)/profit	(7,055)	3,355	(10,410)	(310.3)
(Loss)/profit before interest and tax	(7,155)	3,279	(10,434)	(318.2)
(Loss)/profit before tax	<u>(7,380)</u>	<u>2,928</u>	<u>(10,308)</u>	<u>(352.0)</u>

The Oilfield Services segment revenue contracted by 31.2% or RM9.6 million to RM21.3 million against the corresponding quarter of RM30.9 million. This was primarily due to lower activities from its slickline services in the West Malaysia region, well intervention and enhancement services as well as the chemical sales and gas lift valve services.

The segment results fell to a loss of RM7.4 million against the previous corresponding quarter profit of RM2.9 million. The segmental loss reported was affected by the depressed margins due to lower slickline asset utilisation recorded coupled with the provision made for slow-moving inventories of RM4.5 million.

	Q3'21	Q3'20	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Intergrated Corrosion Solution</u>				
Revenue	18,623	30,845	(12,222)	(39.6)
Operating (loss)/profit	(321)	3,483	(3,804)	(109.2)
(Loss)/profit before interest and tax	(370)	3,436	(3,806)	(110.8)
(Loss)/profit before tax	<u>(436)</u>	<u>3,291</u>	<u>(3,727)</u>	<u>(113.2)</u>

The Integrated Corrosion Solution segment revenue decreased by 39.6% or RM12.2 million to RM18.6 million against the corresponding quarter revenue of RM30.8 million. The decrease was mainly attributable to the lower contract orders and job deliveries affected by the slowdown in maintenance activity levels for both of its Maintenance, Construction and Modification services ("MCM") and Sponge-Jet Blasting ("SPJ") businesses.

The segment results fell to a loss of RM0.4 million against the previous corresponding quarter profit of RM3.3 million in tandem with the low project activity levels recorded for both of its MCM and Sponge-Jet Blasting businesses. It was further impacted by the provision made for slow moving inventories and obsolete stocks written-off of RM1.0 million and RM0.3 million respectively.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B1. PERFORMANCE REVIEW (Cont'd)

(B) Performance of the current year-to-date against the corresponding year-to-date

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q3'21 RM'000	Q3'20 RM'000		
<u>Group</u>				
Revenue	366,472	432,239	(65,767)	(15.2)
Operating profit	10,653	12,697	(2,044)	(16.1)
Share of results of a joint venture, net of tax	1,044	941	103	10.9
Share of results of associates, net of tax	4,545	3,612	933	25.8
Profit before interest and tax	13,986	14,960	(974)	(6.5)
Profit before tax	14,688	14,898	(210)	(1.4)
Profit from continuing operations	10,681	5,354	5,327	99.5
Loss from discontinued operation	(2,236)	(2,080)	(156)	(7.5)
Profit/(loss) attributable to equity holders of the Company	<u>6,514</u>	<u>(69)</u>	<u>6,583</u>	<u>9,540.6</u>

The Group's nine months cumulative revenue decreased by 15.2% or RM65.7 million to RM366.5 million against the corresponding period of RM432.2 million following lower revenue reported across all reportable segments.

The Group's results attributable to equity holders of the Company swung back to a profit of RM6.5 million against a loss of RM0.1 million recorded in the corresponding period notwithstanding a lower revenue registered by the Group. The improvement in results was supported by the better operating performance recorded from the Oilfield Services segment on account of improvement in operating margins as a result of various costs savings initiatives undertaken. The turnaround of results is also due to the absence of impairment charges made on its slickline operating assets of RM10.6 million and Integrated Corrosion Solution's operating assets of RM15.2 million respectively during the corresponding period. However, the Group's higher result was partially offset by the weaker performance recorded in both Power and Machinery and Integrated Corrosion Services segments coupled with the higher provisions and write-offs made on slow-moving and/or obsolete stocks held totalling RM6.9 million against the previous corresponding period of RM1.8 million.

Share of results of a joint venture was contributed by the overhaul and repairs of gas turbines. The higher share of results was due to lower direct operating expenditure incurred despite decline in revenue from both engine disassembly services and space rental.

Share of results of associates was higher by RM0.1 million mainly attributable to the higher throughput achieved from 2MC's liquid mud and dry bulk businesses.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B1. PERFORMANCE REVIEW (Cont'd)

(B) Performance of the current year-to-date against the corresponding year-to-date (Cont'd)

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q3'21 RM'000	Q3'20 RM'000		
<u>Power and Machinery</u>				
Revenue	253,246	264,775	(11,529)	(4.4)
Operating profit	24,642	34,086	(9,444)	(27.7)
Profit before interest and tax	22,980	32,277	(9,297)	(28.8)
Profit before tax	24,611	34,056	(9,445)	(27.7)

The Power and Machinery segment revenue decreased by 4.4% or RM11.5 million to RM253.2 million against the corresponding period of RM264.8 million. The segment results fell by RM9.4 million or 27.7% affected by the adverse change in sales mix with downward pressure on margins in addition to the softer revenue reported by the segment. However, this was cushioned partially by the favourable movement in foreign exchange difference on MYR against USD with a net gain of RM1.7 million against a net loss of RM1.9 million recorded in the previous corresponding period.

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q3'21 RM'000	Q3'20 RM'000		
<u>Oilfield Services</u>				
Revenue	75,239	82,326	(7,087)	(8.6)
Operating loss	(6,567)	(15,882)	9,315	58.7
Loss before interest and tax	(6,877)	(16,126)	9,249	57.4
Loss before tax	(7,708)	(17,348)	9,640	55.6

The Oilfield Services segment revenue decreased by 8.6% or RM7.1 million to RM75.2 million compared to the corresponding period of RM82.3 million. The segment reported a loss of RM7.7 million in tandem with the lower revenue reported and was further amplified by the higher provisions and write-offs made on its slow-moving and/or obsolete stocks held of RM4.5 million against the previous corresponding period of RM1.8 million. The adverse result was however mitigated by the stronger operating margins recorded on account of various costs savings initiatives undertaken. In addition, included in the previous corresponding period loss was a one-off impairment charge made on its slickline operating assets of RM10.6 million which did not recur during the current period.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B1. PERFORMANCE REVIEW (Cont'd)

(B) Performance of the current year-to-date against the corresponding year-to-date (Cont'd)

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q3'21 RM'000	Q3'20 RM'000		
<u>Integrated Corrosion Solution</u>				
Revenue	37,605	84,771	(47,166)	(55.6)
Operating loss	(3,538)	(1,442)	(2,096)	(145.4)
Loss before interest and tax	(3,720)	(1,489)	(2,231)	(149.8)
Loss before tax	<u>(3,916)</u>	<u>(2,293)</u>	<u>(1,623)</u>	<u>(70.8)</u>

The Integrated Corrosion Solution segment revenue declined to RM37.6 million, representing a decrease of RM47.2 million or 55.6% compared with the corresponding period of RM84.8 million following a decrease in the maintenance service activity levels performed for both of its MCM and local SPJ operations. Notwithstanding that the previous corresponding period result was affected by a one-off impairment charge made on its operating assets of RM15.2 million which did not recur during the current period, the segment reported a higher loss of RM1.6 million mainly attributable to the adverse change in sales mix with downward pressure on its project margins, provisions and write-offs made on its slow-moving and/or obsolete stocks held of RM1.7 million and higher legal and professional costs incurred.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B1. PERFORMANCE REVIEW (Cont'd)

(C) Consolidated Statement of Financial Position

The Group's total assets as at 30 September 2021 stood at RM584.9 million against RM648.5 million at the end of the previous financial year, representing a decrease of RM63.6 million or 9.8%. This was mainly due to the lower carrying value of fixed operating assets and decrease in other long-term receivables by RM16.2 million which were attributable to the depreciation and amortisation charges and decrease in advance payments made on capital expenditure requirements respectively. The decrease in total assets is also attributable to decline in trade and other receivables and contract assets balances totalling to RM7.8 million in line with the lower activity levels, lower inventories holdings by RM7.7 million affected by provisions and write-offs made, lower amount due from an associate of RM3.2 million upon receipt of dividend declared in the previous year and decrease in cash and bank balance of RM97.9 million. The reduction is however mitigated by the increase in the carrying value of investments in an associate and a joint venture of RM1.7 million and increase in investment securities of RM67.4 million.

In tandem, the Group's total liabilities declined by RM59.8 million attributable to the lower borrowings of RM28.8 million due to scheduled repayment of term loans of RM21.0 million, settlement of revolving credit of RM7.3 million and lease liabilities of RM0.5 million respectively coupled with the decrease in trade and other payables by RM27.1 million and lower contract liabilities of RM3.5 million.

(D) Consolidated Statement of Cash Flows

The Group's cash and bank balances was lower at RM121.8 million compared with RM219.6 million as at 31 December 2020. The change was due to the increase in placement of investment securities made of RM66.6 million, net repayment on borrowings of RM28.3 million, dividends paid to shareholders and non-controlling interest totalling RM13.0 million and capital expenditure paid of RM11.5 million. The decrease was however mitigated by inflow from net cash generated from operating activities (excluding movement in restricted cash) of RM13.7 million, dividend received from an associate of RM7.0 million and interest income received of RM1.5 million.

As announced by the Company on 19 August 2021 to Bursa Malaysia Securities Berhad, MACC had on 18 August 2021 issued a notice of compound to DPSB in accordance with Section 92(1) of the Act. This is as a direct result of the involvement of DPSB's former executive employees along with its suppliers, contractors and employees of a client ("Defendants") in relation to an alleged illegal scheme. There will be no prosecution against DPSB. The affected bank deposits that have been frozen previously were released subsequently as at the reporting date.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

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

<u>Group</u>	Q3'21 RM'000	Q2'21 RM'000	Variance RM'000	Variance %
Revenue	137,547	134,221	3,326	2.5
Operating (loss)/profit	(284)	2,800	(3,084)	(110.1)
Share of results of a joint venture, net of tax	350	336	14	4.2
Share of results of associates, net of tax	1,628	1,487	141	9.5
Profit before interest and tax	933	4,128	(3,195)	(77.4)
Profit before tax	1,239	4,122	(2,883)	(69.9)
Profit from continuing operations	1,054	2,287	(1,233)	(53.9)
Loss from discontinued operation	(1,052)	(906)	(146)	(16.1)
 (Loss)/profit attributable to equity holders of the Company	 (639)	 1,559	 (2,198)	 (141.0)

Quarter on quarter, the Group's results fell to a loss of RM0.6 million against the immediate preceding quarter profit of RM1.6 million, representing a decrease of RM2.2 million or 141.0%. The Group's adverse results was affected by the weaker segment performance recorded from both the Power and Machinery and Oilfield Services segments and provisions made on slow-moving (excluding write-offs) inventories of RM6.2 million in which none was noted in the immediate preceding quarter. The weaker results were however cushioned by better results from Integrated Corrosion Solution segment during the current quarter.

Share of results of a joint venture was higher due to the decrease in operating expenses incurred by the joint venture entity in the current quarter.

Share of results of associates was higher attributable to the stronger operating results from 2MC on account of lower operating expenses incurred.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B2. MATERIAL CHANGE IN THE CURRENT QUARTER PERFORMANCE AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PERFORMANCE (Cont'd)

	Q3'21 RM'000	Q2'21 RM'000	Variance RM'000	Variance %
<u>Power and Machinery</u>				
Revenue	97,526	97,224	302	0.3
Operating profit	7,430	9,681	(2,251)	(23.3)
Profit before interest and tax	6,846	9,142	(2,296)	(25.1)
Profit before tax	7,416	9,672	(2,256)	(23.3)

The Power and Machinery segment results decreased by RM2.3 million to RM7.4 million against the immediate preceding quarter profit of RM9.7 million. The lower segment result is due to the softer operating margins earned affected by the unfavourable change in sales mix and provision made on certain slow-moving safety and control valves and flow regulators stocks held of RM0.6 million during the current quarter.

	Q3'21 RM'000	Q2'21 RM'000	Variance RM'000	Variance %
<u>Oilfield Services</u>				
Revenue	21,256	26,071	(4,815)	(18.5)
Operating loss	(7,055)	(600)	(6,455)	(1,075.8)
Loss before interest and tax	(7,155)	(712)	(6,443)	(904.9)
Loss before tax	(7,380)	(974)	(6,406)	(657.7)

Oilfield Services segment results recorded a higher loss of RM7.4 million against the immediate preceding quarter loss of RM0.1 million is in tandem with its weak operating activities recorded from its slickline operations, well intervention and enhancement services and chemical sales coupled with the provision made on slow-moving inventories of RM4.5 million during current quarter.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B2. MATERIAL CHANGE IN THE CURRENT QUARTER PERFORMANCE AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PERFORMANCE (Cont'd)

	Q3'21	Q2'21	Variance	Variance
	RM'000	RM'000	RM'000	%
<u>Integrated Corrosion Solution</u>				
Revenue	18,623	10,795	7,828	72.5
Operating loss	(321)	(3,524)	3,203	90.9
Loss before interest and tax	(370)	(3,588)	3,218	89.7
Loss before tax	(436)	(3,641)	3,205	88.0

Integrated Corrosion Solution segment results reported a lower loss of RM0.4 million against the immediate preceding quarter loss of RM3.6 million. Despite affected by the provision made on certain slow-moving stocks held of RM1.1 million, the segment results had improved in tandem with the pick-up in maintenance activity levels reported from its MCM project coupled with the absence of high legal and professional fees incurred in the immediate preceding quarter.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B3. PROSPECTS

Business activities are expected to pick up in the fourth quarter as all business sectors are allowed to operate, travel restrictions and quarantine requirements ease, on top of the forecasted sustainability of the high crude oil price level in the industry.

The Group is working towards fulfilling orders that were delayed due to the movement control order as well as securing new orders and jobs with the anticipated increase in activities. Having said that, part of our offshore operations may be seasonally affected in the fourth quarter due to the monsoon season. We expect some spill over of these activities into the following financial year.

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
<u>Income tax expenses on continuing operations:</u>				
Current tax – current year	2,685	7,972	6,410	11,291
(Over)/Under provision in prior years	(46)	34	(46)	34
Deferred tax				
– origination and reversal of temporary differences	(2,550)	(2,061)	(2,703)	(6,955)
– deferred tax asset not recognised	96	5,043	346	5,174
Total income tax expense	185	10,988	4,007	9,544

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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 30 September 2021 was higher than the headline tax rate as shown below.

	Cumulative Quarters ended	
	30/09/2021	30/09/2020
	%	%
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	24	24
<u>Tax effects of:</u>		
- Expenses not deductible for tax purposes	14	15
- Income not subject to tax	(2)	(2)
- Share of results of associates and joint venture	(9)	(8)
- Deferred tax asset not recognised	2	38
- Under provision in prior years	(2)	0
- Recognition of previously unrecognised temporary differences	0	(3)
Effective tax rate for continuing operations	27	64

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

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

B7. QUOTED SECURITIES

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

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There was no corporate proposal announced which was not completed as of 22 November 2021 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B9. JOINT VENTURE

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Group's share of net assets of joint venture	32,632	31,588

TOSB was a wholly owned subsidiary of the Group. It was incorporated in Malaysia and its main activities include the provision of gas turbine overhaul and maintenance services. In March 2015, the Group entered into a Subscription Agreement with STICO, which resulted in the Group having an equity interest of 80.55%. However, both parties' approval on relevant activities is required as stated in the Subscription Agreement. Based on MFRS and in the opinion of the Directors, TOSB is regarded as a material joint venture and its results and net assets are accounted for under the equity method of accounting.

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

Summarised statement of comprehensive income

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Profit before tax	546	526	1,651	1,418
Income tax expense	(111)	(58)	(355)	(250)
Profit for the period	435	468	1,296	1,168
Interest in joint venture (80.55%) Share of results	350	377	1,044	941

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B10. ASSOCIATES

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Group's share of net assets of associates	25,206	24,501

In the opinion of the Directors, as at 30 September 2021, 2MC is a material associate while Combodia Utilities Pte. Ltd. ("CUPL") has been liquidated and ceased to be an associate of the Group during the financial year ended 31 December 2020. 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 2020. The associates have share capitals consisting solely of ordinary shares, which are held directly by the Group.

2MC is a private company and there is no quoted market price available for the shares.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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		CUPL		Total	
	Individual Quarter ended		Individual Quarter ended		Individual Quarter ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	5,926	3,219	0	0	5,926	3,219
Income tax expense	(838)	(640)	0	0	(838)	(640)
Profit for the period	5,088	2,579	0	0	5,088	2,579
Interest in associates (32%; 20%) Share of results	1,628	825	0	0	1,628	825

	2MC		CUPL		Total	
	Cumulative Quarters ended		Cumulative Quarters ended		Cumulative Quarters ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	18,752	14,696	0	317	18,752	15,013
Income tax expense	(4,548)	(3,605)	0	0	(4,548)	(3,605)
Profit for the period	14,204	11,091	0	317	14,204	11,408
Interest in associates (32%; 20%) Share of results	4,545	3,549	0	63	4,545	3,612

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B11. TRADE RECEIVABLES

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Neither past due nor impaired	58,753	61,374
1 to 30 days past due not impaired	8,341	2,469
31 to 60 days past due not impaired	2,362	612
61 to 90 days past due not impaired	1,753	476
91 to 120 days past due not impaired	1,700	225
More than 121 days past due not impaired	646	1,561
	<hr/> 73,555	<hr/> 66,717
More than 121 days past due and impaired	1,676	1,807
	<hr/> 75,231	<hr/> 68,524
Less: Impairment of receivables	(1,676)	(1,807)
	<hr/> <hr/> 73,555	<hr/> <hr/> 66,717

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM14.8 million (31 December 2020: RM5.3 million) that are past due at the reporting date but not impaired. The receivable balances are unsecured in nature. These balances relate mainly to customers who have good payment history.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B12. GROUP BORROWINGS

The Group borrowings as at 30 September 2021 were as follows:

		Short Term RM'000	Long Term RM'000	Total RM'000
<u>30/09/2021</u>				
Borrowings	- secured	21,281	6,006	27,287
	- unsecured	21,966	399	22,365
		43,247	6,405	49,652
		43,247	6,405	49,652
<u>31/12/2020</u>				
Borrowings	- secured	26,610	21,701	48,311
	- unsecured	29,106	1,031	30,137
		55,716	22,732	78,448
		55,716	22,732	78,448

The borrowings are all denominated in Ringgit Malaysia.

	Note	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Revolving credits	(i)	20,520	27,800
Lease liabilities on right-of-use assets	(ii)	1,872	2,378
Term loans	(iii)	27,260	48,270
		49,652	78,448
Less: Amount repayable within 12 months			
Revolving credits		(20,520)	(27,800)
Lease liabilities on right-of-use assets		(1,467)	(1,326)
Term loans		(21,260)	(26,590)
		(43,247)	(55,716)
		6,405	22,732

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B12. GROUP BORROWINGS (Cont'd)

The decrease in borrowings was due to net repayment on term loan of RM21.0 million, revolving credits of RM7.3 million and net repayment of lease liabilities for right-of-use assets of RM0.5 million.

- (i) Revolving credits are rolled over on a monthly basis at an average interest rate of 3.37% (average interest of 1.00% per annum above the bank's cost of funds and 0.85% per annum above the KLIBOR).
- (ii) Lease liabilities on right-of-use assets carry interest rates ranging from 2.46% to 5.21% per annum.
- (iii) Term loans carry interest rates ranging from 2.96% to 3.11% per annum (0.90%, 1.1% and 1.25% per annum above the KLIBOR). The tenure of the term loans is ranging from 3 to 5 years.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off-balance sheet financial instrument as at 30 September 2021 other than the outstanding derivatives on forward foreign currency exchange contracts as disclosed in Note A7.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B14. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides for repair, servicing, maintenance and overhaul of motors, generators, transformers and other related services had ceased its active business activities following the Group's decision to exit from this business unit segment. As this business unit segment was not a discontinued operation as at 31 December 2020, the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	1,501	832	3,653	2,632
Expenses	(2,553)	(1,423)	(5,889)	(4,712)
Loss before/after tax	<u>(1,052)</u>	<u>(591)</u>	<u>(2,236)</u>	<u>(2,080)</u>

The loss from discontinued operation for period ended 30 September 2021 of RM2,236,000 (2020: RM2,080,000) is attributable entirely to the owners of the Company.

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

	Cumulative Quarters ended
	30/09/2021
	RM'000
Net cash used in operating activities	(2,856)
Net cash used in financing activities	(283)
Effect on cash flows	<u>(3,139)</u>

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B15. MATERIAL LITIGATION

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”)

The Plaintiff has commenced the above legal proceedings against the Defendant wherein it is alleged *inter alia*, that the Defendant had unlawfully terminated the agreement entered into between parties for the supply and delivery of Cargo Handling Equipment (CHE) by the Plaintiff to the Defendant, and wherein there had been severe and protracted delay in delivery of the CHE by the Plaintiff.

By a Writ of Summons and Statement of Claim dated 21 August 2020, the Plaintiff commenced the above legal proceedings against the Defendant concerning the alleged unlawful termination of the Cargo Handling Equipment Project contract dated 11 October 2018 by the Defendant, claiming for *inter alia* Judgment for the amount of RM1,400,500.00, being the total sum from invoices allegedly outstanding, and damages in the amount of RM874,500.00 arising from the Defendant’s alleged refusal to accept delivery of the CHE.

The Orders and/or relief sought by the Plaintiff, are as follows:

- (a) a Declaration that the termination of the Cargo Handling Equipment Project contract dated 11 October 2018 by the Defendant, was unlawful;
- (b) Judgment for the sum of RM1,400,500.00, being the total sum from invoices allegedly outstanding;
- (c) Damages in the amount of RM874,500.00 due to the Defendant’s alleged refusal to accept delivery of the CHE;
- (d) General damages;
- (e) Late payment charges of 1.5% per month, from the date of the Writ of Summons until full settlement of all outstanding invoices;
- (f) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (g) Costs; and
- (h) Any other relief deemed fit by the High Court.

Pursuant to the Case Management on 8 March 2021, the Court has directed that the Suit shall be fixed for Trial on 27, 28 and 29 September 2021. and that parties are required to file and exchange Witness Statements on 21 May 2021.

The Witness Statements was filed on 30 July 2021, the delay of which was allowed by the Court due to the Movement Control Order enforced in Selangor from 6 to 17 May 2021 and the Full Movement Control Order thereafter. A further Case Management on 13 September 2021 was held for parties to update the Court on the arrangement for conduct of the full trial proceedings via Remote Communication Technology.

The Suit proceeded for Trial as scheduled on 27 and 28 September 2021, whereas the Trial date on 29 September 2021 was vacated and postponed to 28 October 2021. Both the Plaintiff and Defendant completed its respective cases on the said Trial dates.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B15. MATERIAL LITIGATION (Cont'd)

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”) (Cont'd)

Parties were subsequently directed *inter alia* to file and serve their Written Submissions by 2 December 2021 and parties' Submissions in Reply are to be filed and served by 23 December 2021.

The Suit is fixed for Decision on 20 January 2022.

2. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-768-11/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”)

The Plaintiff had commenced the above legal proceedings against the Defendant, wherein it is alleged *inter alia*, that the Defendant had failed to make payment for certain works carried out by the Plaintiff, for which the Defendant had engaged the Plaintiff.

The Writ of Summons and Statement of Claim, both dated 23 November 2020, was served on the Defendant on 26 November 2020. The Defendant has filed its Memorandum of Appearance dated 9 December 2020 and Defence dated 7 January 2021. The Plaintiff thereafter filed its Reply to Defence dated 21 January 2021.

The Plaintiff's solicitors have, on 25 January 2021, served on the Defendant's solicitors an Amended Writ and Statement of Claim, both dated 22 January 2021, to –

- i) amend the original claim sum from RM 1,568,048.66 to an amended claim sum of RM2,184,584.45; and
- ii) withdraw their claim for a declaration and injunction as the amended claim sum has rendered the declaration and injunction as no longer applicable.

The amendments have been sought on the basis that Invoice No. SS/CWR/BAP A Standby dated 3 November 2020 for the amount of RM 616,535.79 became due and payable on 3 December 2020 (i.e. after the filing of their suit on 23 November 2020). Therefore, the Plaintiff has included the invoice amount in the total sum claimed.

The said amendment is to regularise the Plaintiff's claim and the same would not jeopardise the rights of the Defendant.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B15. MATERIAL LITIGATION (Cont'd)

2. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-768-11/2020) brought by Synergy Spectacular Sdn Bhd (“Plaintiff”) against Deleum Primera Sdn Bhd (“Defendant”) (Cont'd)

Pursuant to the Amended Writ & Statement of Claim, both dated 22 January 2021, the Plaintiff has sought for the following relief:

- (a) Judgment for the sum of RM 2,184,584.45 being the total sum from invoices allegedly outstanding;
- (b) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (c) Costs; and
- (d) Any other relief deemed fit by the High Court.

Pursuant to the Case Management on 15 March 2021, the Court has directed that the Suit shall be fixed for Trial on 9, 10 and 11 May 2022 pending filing of the pre-trial documents and the Case Management has been fixed on 9 March 2022 for directions to be given in relation to the filing of the Witness Statements.

At the Case Management on 21 July 2021, the Deputy Registrar informed parties that the Trial dates previously fixed on 9, 10 and 11 May 2022 are required to be rescheduled in order to give priority to the disposal of pre-2020 cases. As such, the following directions were issued by the Court:

1. The suit is now fixed for Trial on 22, 23 and 29 September 2022;
2. The pre-trial documents are required to be filed by 22 August 2022;
3. The matter is fixed for further Case Management on 22 August 2022; and
4. The previous Trial dates on 9, 10 and 11 May 2022, and the Case Management on 9 March 2022, are vacated.

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Primera Sdn Bhd (“Plaintiff”) against Deleum Primera’s employees, suppliers, contractors and employees of a client (“Defendants”)

The Plaintiff has commenced the above legal proceedings against the Defendants by way of a Writ of Summons dated 5 November 2020 for, amongst others, breaches of fiduciary duty, knowing receipt and dishonest assistance in relation to an alleged fraudulent scheme involving its employees, suppliers, contractors and employees of a client. The sum claimed by the Plaintiff in its Statement of Claim dated 5 November 2020 is RM19,876,389.87.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B15. MATERIAL LITIGATION (Cont'd)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Primera Sdn Bhd (“Plaintiff”) against Deleum Primera’s employees, suppliers, contractors and employees of a client (“Defendants”) (Cont'd)

On 9 November 2020, the Plaintiff further obtained a Mareva (freezing) Injunction and a Delivery Up Order, on an *ex-parte* basis, against the Defendants. However, on 9 December 2020, Defendant No.9, Semi Hermatics Sdn. Bhd. obtained an Order from the High Court to discharge the *ex-parte* Mareva (freezing) Injunction and Delivery Up Order and was awarded damages in the total sum of RM47,168.42 on 25 May 2021 which has been paid by the Plaintiff to the said Defendant in July 2021.

Pursuant thereto, the Plaintiff appealed against the High Court’s decision given to the Defendant No. 9 namely CIVIL APPEAL NO.: W-02(IM)(NCC)-62-01/2021 and CIVIL APPEAL NO.: W-02(IM)(NCC)-62-01/2021 between Deleum Primera Sdn Bhd as the Appellant and Semi Hermatics Sdn Bhd as the Respondent but subsequently, withdrew both its appeals during the case management on 17 November 2021.

Further, 6 of the Defendants applied to recuse the presiding Judge from hearing the matter (“Recusal Applications”). On 9 March 2021, the High Court dismissed the Recusal Applications with costs of RM15,000.00 payable by each set of the relevant Defendants’ Counsel to the Plaintiff. The relevant Defendants’ verbal application for a stay of execution was also dismissed by the High Court.

After the dismissal of the Recusal Applications, 5 of the Defendants lodged an appeal to the Court of Appeal (“the Recusal Appeals”) where the hearing is now scheduled on 1 December 2021.

Pending the disposal of the Recusal Appeals, 4 of the Defendants in the Recusal Applications applied to the High Court to stay all the proceedings pending the disposal of the Recusal Appeals (“the Stay Application”) which was dismissed by the High Court on 20 April 2021 with costs of RM8,000.00 payable to the Plaintiff.

On the same date, the said 4 Defendants filed a motion at the Court of Appeal to stay all the proceedings before the High Court pending the disposal of the Recusal Appeals (“the Stay Motion”) which was allowed by the Court of Appeal on 30 April 2021, (“the Court of Appeal’s Stay Decision”).

In light of the Stay Decision by the Court of Appeal, the High Court on 3 May 2021, decided to adjourn all the proceedings pending the disposal of the Recusal Appeals and the next case management on 21 May 2021 was scheduled to update the Court on the hearing date for the Recusal Appeals, and obtain further directions, if any.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B15. MATERIAL LITIGATION (Cont’d)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Primera Sdn Bhd (“Plaintiff”) against Deleum Primera’s employees, suppliers, contractors and employees of a client (“Defendants”) (Cont’d)

During the case management on 21 May 2021, parties informed that the hearing for the Recusal Appeals has been fixed for 18 August 2021. 4 of the Defendants disputed the extraction of some data from their devices (“Disputed Data”), and they are to produce the Disputed Data by way of affidavit so that the relevant parties may address on the issue of relevancy of the Disputed Data. 4 of the Defendants also decided to withdraw their applications to strike out the suit with the costs of RM2,000.00 payable to the Plaintiff and the High Court scheduled the next case management on 30 June 2021 to give further directions for the Suit and other interlocutory applications stated above.

During the case management on 30 June 2021, the Plaintiff informed the High Court that they have provided their justification for the extraction of the Disputed Data and the Defendants were ordered to respond by the next case management on 28 July 2021 when the High Court allowed the Disputed Data to be released to the Plaintiff. Pending the disposal of the Recusal Appeals, the High Court scheduled the next case management on 6 December 2021 for parties to provide update on the decision of the Recusal Appeals on 1 December 2021.

On 8 October 2021, the services of the legal firm, Messrs Lim Chee Wee Partnership, was terminated and the firm of Messrs Ranjit Singh & Yeoh, has been appointed henceforth. The Notice of Change of Solicitors has been filed accordingly by Messrs. Ranjit Singh & Yeoh on 10 November 2021.

Meanwhile, the *ad-interim* (holding over) Delivery Up Order and Mareva (freezing) Injunction against the relevant Defendants remain valid and enforceable until the disposal of the striking out applications.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B16. DIVIDEND

There was no dividend declared during the quarter under review for the financial year ending 31 December 2021.

B17. EARNINGS PER SHARE (“EPS”)

The calculation of basic and diluted earnings per share for the reporting period was as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Basic / Diluted earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	413	9,507	8,750	2,011
- Discontinued operation	(1,052)	(591)	(2,236)	(2,080)
	(639)	8,916	6,514	(69)
Weighted average number of shares in issue ('000)	401,554	401,554	401,554	401,554
Basic / Diluted earnings/(loss) per share (sen)				
- Continuing operations	0.10	2.37	2.18	0.50
- Discontinued operation	(0.26)	(0.15)	(0.56)	(0.52)
Basic / Diluted earnings/(loss) per share (sen)	(0.16)	2.22	1.62	(0.02)

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B18. PROFIT/(LOSS) BEFORE TAX^

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Inventories consumed and recognised as cost of sales	20,725	25,254	53,592	86,282
Purchase of products, parts and consumable	4,966	1,156	10,271	5,665
Costs of services purchased	74,457	50,060	176,067	157,944
Interest income	(761)	(710)	(2,256)	(2,290)
Other income including investment income	(51)	(42)	(216)	(200)
Accretion of income on other long-term receivable	(33)	0	(102)	0
Interest expenses	462	639	1,573	2,370
Depreciation and amortisation	8,914	9,543	27,147	29,107
Provision/(write-back) of impairment				
- Trade receivables	108	(124)	(258)	(154)
- Contract assets	(6)	(1)	(42)	(1)
Bad debts written off				
- Other receivable	0	0	77	562
Impairment/(write-back) of doubtful debts				
- Trade receivables	135	216	136	1,089
- Contract assets	(3)	(22)	233	99
- Other receivables	0	(276)	0	1,471
Allowance for slow moving inventories	6,223	140	6,223	140
Reversal of allowance for slow moving inventories	(2)	(1)	(121)	(16)
Net fair value gain on investment securities	9	0	(19)	0

^ Inclusive of items arising from discontinued operation.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

B18. PROFIT/(LOSS) BEFORE TAX (Cont'd)

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

	Individual Quarter ended		Cumulative Quarters ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Inventories written-off	319	(7)	635	1,773
Gain on disposals of plant and equipment	(16)	0	(16)	(20)
Gain on lease modification and disposal	(53)	0	(53)	(1)
Gain on rental concession	0	(2)	0	(47)
Impairment on plant and equipment	0	15,244	0	25,844
Plant and equipment written off	93	13	93	13
Foreign exchange losses/(gains)				
- Realised	319	985	(863)	2,032
- Unrealised	(600)	(1,116)	(165)	(226)
Provision for liquidated damages	0	0	0	9
Write back of provision of liquidated damages	0	(2)	(44)	(34)
Fair value loss/(gain) on forward foreign currency exchange contracts	251	(382)	826	(510)

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

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200501033500 (715640-T)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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 2020 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 29 November 2021.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
29 November 2021