

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

RM'000	QUARTER AND YEAR-TO-DATE ENDED	
	31/03/2022	31/03/2021*
	Unaudited	Unaudited (Restated)
Continuing operations		
Revenue	A11 102,775	94,703
Cost of sales	(75,371)	(67,568)
Gross profit	27,404	27,135
Other operating income	2,395	838
Selling and distribution costs	(7,355)	(7,020)
Administrative expenses	(14,053)	(11,632)
Other operating gains/(losses) ⁽¹⁾	2,429	(1,185)
Operating profit	10,820	8,136
Finance costs	(221)	(599)
Share of results of a joint venture (net of tax)	B9 322	358
Share of results of associates (net of tax)	B10 903	1,430
Profit before tax	B18 11,824	9,325
Income tax expense	B5 (2,772)	(1,987)
Profit from continuing operations (net of tax)	9,052	7,338
Discontinued operation		
Profit/(loss) from discontinued operation (net of tax)	B14 283	(276)
Profit for the period	9,335	7,062
Other comprehensive income		
Currency translation differences	0	122
Total comprehensive income for the period	9,335	7,184
Profit attributable to:		
- Equity holders of the Company	8,108	5,594
- Non-controlling interests	1,227	1,468
	9,335	7,062
Total comprehensive income attributable to:		
- Equity holders of the Company	8,108	5,669
- Non-controlling interests	1,227	1,515
	9,335	7,184
Basic/Diluted earnings per share (EPS) attributable to equity holders of the Company (sen)		
- Continuing operations	1.95	1.46
- Discontinued operation	0.07	(0.07)
	B17 2.02	1.39
⁽¹⁾ Other operating losses include the following:		
Foreign exchange gains/(losses):		
- Realised	916	(265)
- Unrealised	(357)	132
Fair value loss on forward foreign currency exchange contracts	(16)	(647)
Impairment made:		
- trade receivables	0	(1)

* 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 March 2021, 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).

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 2021 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 31 MARCH 2022

RM'000	Note	As at 31/03/2022 Unaudited	As at 31/12/2021 Audited
ASSETS			
Property, plant and equipment*		124,868	134,526
Investment properties		718	724
Intangible assets		265	283
Associates	B10	25,276	24,373
Joint venture	B9	33,256	32,934
Deferred tax assets		1,379	1,223
Other receivables		1,865	1,881
Non-current Assets		187,627	195,944
Inventories		18,233	32,012
Amounts due from an associate		0	1,920
Amounts due from a joint venture		179	177
Trade receivables	B11	45,980	76,407
Contract assets		63,111	88,167
Other receivables, deposits and prepayments		19,719	20,358
Derivative financial instrument	A7	17	84
Tax recoverable		1,914	1,199
Cash and bank balances		199,594	192,712
Current Assets		348,747	413,036
TOTAL ASSETS		536,374	608,980
EQUITY AND LIABILITIES			
Share capital		201,802	201,802
Retained earnings		211,826	208,537
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(2,088)	(2,088)
Equity attributable to equity holders of the Company		361,540	358,251
Non-controlling interests		20,275	20,518
Total Equity		381,815	378,769
Borrowings	B12	2,605	4,447
Deferred income		299	312
Deferred tax liabilities		15,827	14,853
Non-current Liabilities		18,731	19,612
Trade payables		76,160	143,161
Contract liabilities		6,220	5,375
Other payables and accruals		30,281	33,055
Taxation		2,682	3,139
Borrowings	B12	20,485	25,869
Current Liabilities		135,828	210,599
Total Liabilities		154,559	230,211
TOTAL EQUITY AND LIABILITIES		536,374	608,980

* 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 2021 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 YEAR PERIOD 31 MARCH 2022

	← 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 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	5,594	5,594	1,468	7,062
Other comprehensive income for the financial period	0	0	75	0	0	75	47	122
Total comprehensive income for the financial period	0	0	75	0	5,594	5,669	1,515	7,184
Dividend	0	0	0	0	0	0	(2,940)	(2,940)
At 31 March 2021	<u>401,553</u>	<u>201,802</u>	<u>(2,083)</u>	<u>(50,000)</u>	<u>205,094</u>	<u>354,813</u>	<u>19,799</u>	<u>374,612</u>
At 1 January 2022	401,553	201,802	(2,088)	(50,000)	208,537	358,251	20,518	378,769
Profit for the financial period	0	0	0	0	8,108	8,108	1,227	9,335
Other comprehensive income for the financial period	0	0	0	0	0	0	0	0
Total comprehensive income for the financial period	0	0	0	0	8,108	8,108	1,227	9,335
Dividend	0	0	0	0	(4,819)	(4,819)	(1,470)	(6,289)
At 31 March 2022	<u>401,553</u>	<u>201,802</u>	<u>(2,088)</u>	<u>(50,000)</u>	<u>211,826</u>	<u>361,540</u>	<u>20,275</u>	<u>381,815</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022

RM'000	YEAR-TO-DATE ENDED	
	31/03/2022	31/03/2021
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year from:		
- Continuing operations	9,052	7,338
- Discontinued operation	283	(276)
	9,335	7,062
<u>Adjustments for:</u>		
Impairment for doubtful debts:		
Trade receivables		
- impairment made	0	1
- write back of impairment	(2,066)	(100)
Contract assets		
- write back of impairment	0	(36)
Allowance for slow moving inventories:		
- allowance made	299	0
- write back of allowance	(46)	(82)
Amortisation of intangible assets	18	10
Accretion of income on other long-term receivable	(28)	(36)
Depreciation:		
- property, plant and equipment*	8,530	8,577
- investment properties	6	6
Amortisation of government grants	(13)	0
Provision for liquidated damages		
- provision made	1	0
- write back of provision	(9)	(41)
Gain on disposals of plant and equipment	(1,978)	0
Loss on lease modification and disposal	9	0
Interest income	(653)	(742)
Finance costs	221	604
Share of results of associates	(903)	(1,430)
Share of results of a joint venture	(322)	(358)
Tax expense	2,840	1,987
Unrealised net foreign exchange losses/(gains)	357	(132)
Net fair value gain on investment securities	0	5
Net fair value loss on forward foreign currency exchange contracts	16	647
Operating profit before working capital changes	15,614	15,942
<u>Changes in working capital</u>		
Inventories	13,526	6,231
Trade receivables	32,695	20,401
Contract assets	25,380	23,587
Other receivables, deposits and prepayments	617	1,511
Trade payables	(67,696)	(43,972)
Other payables and accruals	(2,784)	224
Contract liabilities	844	579
Decrease in restricted cash	0	10,337
Cash generated from operations	18,196	34,840
Tax paid	(3,196)	(2,215)
Tax refunded	2	0
Interest paid	(210)	(615)
Net cash generated from operating activities	14,792	32,010

* Inclusive of right-of-use assets.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022

RM'000	YEAR TO-DATE-ENDED	
	31/03/2022	31/03/2021
	Unaudited	Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	575	659
Addition of plant and equipment*	(207)	(4,569)
Long-term deposits paid	0	(4)
Proceeds from disposals on plant and equipment	3,128	0
Dividend received from an associate	1,920	3,200
Amounts due from an associate	0	(10)
Amounts due from a joint venture	(2)	47
Net cash generated from/(used in) investing activities	5,414	(677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Revolving credit		
- Repayment	(1,140)	0
Term loans		
- Repayment	(5,580)	(6,720)
Lease liabilities on right-of-use assets		
- Repayment	(327)	(391)
Dividends paid to:		
- Shareholders	(4,819)	0
- Non-controlling interest	(1,470)	(3,515)
Decrease/(increase) in restricted cash	30	(466)
Net cash used in financing activities	(13,306)	(11,092)
Net increase in cash and cash equivalents	6,900	20,241
Foreign currency translation	11	224
Cash and cash equivalents at beginning of the year	183,379	179,171
Cash and cash equivalents at end of period	190,290	199,636
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	185,216	183,870
Cash and bank balances	14,378	46,340
	199,594	230,210
Restricted cash	(9,304)	(30,574)
Cash and cash equivalents at end of period	190,290	199,636
The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	189,638	192,138
US Dollar	577	7,389
Others	75	109
	190,290	199,636

* Included in the addition on plant and equipment is the capitalisation on the advance payment made in prior years of Nil (31 March 2021: RM801,000) 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2022

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 2021 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 2021.

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 2021.

During the financial period, the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

Effective for financial year beginning on or after 1 April 2021:

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

Effective for 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

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 2022 upon their initial application.

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UNAUDITED INTERIM FINANCIAL REPORT
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A1. BASIS OF PREPARATION (Cont'd)

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

Effective for 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
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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 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 31 March 2022 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 31/03/2022		As at 31/12/2021	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
US Dollar	29,103	41,814	90,725	109,766
Others	7,253	4,949	3,036	2,638
	36,356	46,763	93,761	112,404
	36,356	46,763	93,761	112,404
Closing exchange rate				
US Dollar	4.204	4.204	4.176	4.176
	4.204	4.204	4.176	4.176

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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 31 March 2022, the net notional principal amount of the outstanding buy and sell forward foreign currency exchange contracts were RM2,563,000 (31 December 2021: RM8,325,000).

	As at 31/03/2022		As at 31/12/2021	
	Net	Net	Net	Net
	Notional	Fair Value	Notional	Fair Value
	amount	Assets	amount	Assets
	RM'000	RM'000	RM'000	RM'000
Type of derivatives				
Forward foreign currency exchange contracts				
("FX Contract")				
- Less than 1 year	2,563	17	8,325	84

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, the fair value changes arising from the forward foreign currency exchange contract entered into by the Group and remained outstanding as at 31 March 2022 amounted to a fair value gain of RM17,000 (31 December 2021: RM84,000).

A9. DIVIDENDS PAID

During the first quarter under review, the Company paid the following second interim single tier dividend of 1.20 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2021.

	RM'000
Second interim single tier dividend of 1.20 sen per share on 401,553,500 ordinary shares, paid on 30 March 2022	4,819

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UNAUDITED INTERIM FINANCIAL REPORT
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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 2022.

Segmental information for the financial period ended 31 March 2022 was as follows:

	Quarters and year-to-date ended	
	31/03/2022	31/03/2021
	RM'000	RM'000 (Restated)
<u>Segment Revenue</u>		
External revenue		
Power and Machinery	61,716	58,495
Oilfield Services	28,003	27,912
Integrated Corrosion Solution	12,933	8,187
Other non-reportable segment	123	109
Total Group revenue	102,775	94,703

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

A10. SEGMENT INFORMATION (Cont'd)

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000 (Restated)
<u>Segment Results</u>		
Power and Machinery	6,633	7,521
Oilfield Services	3,769	646
Integrated Corrosion Solution	1,171	161
Other non-reportable segment	11	10
Segment results	11,584	8,338
Unallocated income ^	58	35
Unallocated corporate expenses #	(1,043)	(836)
Share of results of a joint venture *	322	358
Share of results of associates *	903	1,430
Tax expense (Note B5) *	(2,772)	(1,987)
Profit from continuing operations	9,052	7,338
Profit/(loss) from discontinued operation, net of tax	283	(276)
Profit for the financial period	9,335	7,062

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

A10. SEGMENT INFORMATION (Cont'd)

	As at 31/03/2022	As at 31/12/2021
	RM'000	RM'000
<u>Segment Assets</u>		
Power and Machinery	227,470	294,647
Oilfield Services	184,191	182,677
Integrated Corrosion Solution	40,538	46,456
Segment assets	452,199	523,780
Unallocated corporate assets ^	84,175	85,200
Total assets	536,374	608,980

	As at 31/03/2022	As at 31/12/2021
	RM'000	RM'000
<u>Segment Liabilities</u>		
Power and Machinery	70,362	132,700
Oilfield Services	31,739	39,086
Integrated Corrosion Solution	28,739	36,961
Segment liabilities	130,840	208,747
Unallocated corporate liabilities #	23,719	21,464
Total liabilities	154,559	230,211

^ 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.

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UNAUDITED INTERIM FINANCIAL REPORT
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A11. REVENUE

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000 (Restated)
Revenue from contracts with customers:		
- Goods and services	102,652	94,594
- Management fee	123	109
	102,775	94,703

Revenue from contracts with customers:

Type of goods and services

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000 (Restated)
Sale of gas turbine packages and after sales support and services	50,725	44,152
Commission based income services	1,692	1,477
Principal based income services	78	127
Sale of valves and flow regulators and after sales support and services	9,299	12,866
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, drilling and production services	25,900	27,568
Provision of specialty chemical and well stimulation	2,025	217
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	7,737	4,980
Provision of maintenance, construction and modification services	5,196	3,207
	102,652	94,594

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UNAUDITED INTERIM FINANCIAL REPORT
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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 31 March 2022, the acquisitions and disposals of plant and equipment and intangible assets by the Group were as follows:

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Acquisitions at cost:-		
- Plant and equipment*	207	5,370

* Included in the acquisition of plant and equipment is the capitalisation on the advance payment made in prior years of Nil (31 March 2021: RM801,000) as plant and equipment upon fulfilment of the recognition criteria during the period.

^ 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.

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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

On 25 January 2022, the Group completed the winding up of a wholly-owned dormant subsidiary, Wisteria Sdn. Bhd. by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016.

A16. CONTINGENT LIABILITIES / ASSETS

As at 31 March 2022, 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 RM49.0 million (31 December 2021: RM51.5 million).

A17. COMMITMENTS

Capital commitment

Capital commitments for investment, property, plant and equipment and intangible assets not provided for as at 31 March 2022 were as follows:

	As at 31/03/2022	As at 31/12/2021
	RM'000	RM'000
Authorised but not contracted for		
- Plant and machinery	8,872	9,770
- Others	5,499	5,557
Authorised and contracted for		
- Plant and machinery	883	733
- Others	37	44
	15,291	16,104
Share of capital commitment of joint venture	490	491
	15,781	16,595

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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.:

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Manpower services to Solar Turbines International Company ("STICO") and its affiliated companies	418	188
Rental income from an affiliate company of STICO	14	14
Purchases and technical services from STICO and its affiliated companies	24,826	29,078

Significant outstanding balances arising from the above transactions as at 31 March 2022 were as follows:

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Amount due from STICO and its affiliated companies	974	2,179
Amount due to STICO and its affiliated companies	41,262	108,890

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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.:

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Sales to related parties of Dresser Italia S.R.L	376	84
Purchases of goods and services from related parties of Dresser Italia S.R.L	4,828	4,644

Significant outstanding balances arising from the above transactions as at 31 March 2022 were as follows:

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Amount due from related parties of Dresser Italia S.R.L	528	243
Amount due to related parties of Dresser Italia S.R.L	4,044	4,192

- (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:

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Sales to STICO	1,000	1,000
Rental income from affiliate company of STICO	141	141

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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 31 March 2022 was as follows:

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Amount due from STICO and its affiliated company	47	380

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

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Directors' fees	271	295
Salaries, bonuses, allowances and other staff related expenses	2,437	2,498
Defined contribution plan	263	272
	2,971	3,065

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

B1. PERFORMANCE REVIEW

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

	Q1'22 RM'000	Q1'21 RM'000 (Restated)	Variance RM'000	Variance %
<u>Group</u>				
Revenue	102,775	94,703	8,072	8.5
Operating profit	10,820	8,136	2,684	33.0
Share of results of a joint venture, net of tax	322	358	(36)	(10.1)
Share of results of associates, net of tax	903	1,430	(527)	(36.9)
Profit before interest and tax	11,392	9,181	2,211	24.1
Profit before tax	11,824	9,325	2,499	26.8
Profit from continuing operations	9,052	7,338	1,714	23.4
Profit/(loss) from discontinued operation	283	(276)	559	202.5
 Profit attributable to equity holders of the Company	 8,108	 5,594	 2,514	 44.9

The Group's revenue increased by RM8.1 million or 8.5% to RM102.8 million against the corresponding quarter of RM94.7 million following higher revenue reported across all reportable segments.

The Group's results attributable to equity holders of the Company increased by RM2.5 million or 44.9% to RM8.1 million against the corresponding quarter of RM5.6 million. The increase is due to stronger performances recorded from both the Oilfield Services and Integrated Corrosion Solution segments but offset by slightly reduced performance from the Power and Machinery segment.

Share of results of a joint venture was contributed by overhaul and repairs of gas turbines business. The lower share of results was due to increase in operating expenses incurred during the current quarter.

Share of results from associates were lower by RM0.5 million against the corresponding quarter mainly attributable to the lower operating results recorded by Malaysian Mud and Chemicals Sdn. Bhd. ("2MC") on account of the slowdown in activities from both its liquid mud and dry bulk businesses.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Q1'22 RM'000	Q1'21 RM'000 (Restated)	Variance RM'000	Variance %
<u>Power and Machinery</u>				
Revenue	61,716	58,495	3,221	5.5
Operating profit	6,644	7,514	(870)	(11.6)
Profit before interest and tax	6,112	8,053	(1,941)	(24.1)
Profit before tax	6,633	7,521	(888)	(11.8)

The Power and Machinery segment posted an increase in revenue of 5.5% or RM3.2 million to RM61.7 million compared to the corresponding quarter of RM58.5 million supported by the increase in its exchange engine deliveries, higher supply of local field service representatives, increase in services performed for machinery management system and higher sales for turbine parts. This was however offset by the weaker sales for control and safety valves and flow regulators services, lower contribution from retrofit projects as well as third party sales.

The segment results reported a decrease of RM0.9 million despite higher revenue recorded mainly attributable to higher operating costs. The decrease was however mitigated by a forex gain of RM0.5 million reported in current quarter against a net loss of RM0.1 million in the corresponding quarter. In addition, the segment also recorded a lower fair value loss on forward foreign exchange contracts of RM0.02 million as compared to RM0.6 million loss in the corresponding quarter.

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B1. PERFORMANCE REVIEW (Cont'd)

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

	Q1'22 RM'000	Q1'21 RM'000	Variance RM'000	Variance %
<u>Oilfield Services</u>				
Revenue	28,003	27,912	91	0.3
Operating profit	3,917	1,088	2,829	260.0
Profit before interest and tax	3,856	990	2,866	289.5
Profit before tax	3,769	646	3,123	483.4

The Oilfield Services segment revenue increased by 0.3% or RM0.1 million to RM28.0 million as compared to the corresponding quarter of RM27.9 million. This was primarily due to higher activities from its gas lift valve services, slickline services in West Malaysia region and chemical sales. This was however offset by the reduced activities from its slickline services in East Malaysia region as well as the well intervention and enhancement services.

The segment results have improved by RM3.1 million mainly due to a reversal of impairment made for a trade receivable of RM2.1 million in the current quarter.

	Q1'22 RM'000	Q1'21 RM'000	Variance RM'000	Variance %
<u>Intergrated Corrosion Solution</u>				
Revenue	12,933	8,187	4,746	58.0
Operating profit	1,172	307	865	281.8
Profit before interest and tax	1,158	238	920	386.6
Profit before tax	1,171	161	1,010	627.3

The Integrated Corrosion Solution segment recorded an increase in revenue of 58.0% or RM4.7 million to RM12.9 million compared against the corresponding quarter revenue of RM8.2 million. The increase is mainly attributable to better job deliveries as well as higher maintenance activity levels for both its Sponge-Jet Blasting ("SPJ") business in Indonesia as well as the Maintenance, Construction and Modification services ("MCM") project.

The segment results reported a stronger profit of RM1.2 million against the corresponding quarter in line with higher revenue and as a result of various cost savings initiatives undertaken to reduce its operating costs.

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B1. PERFORMANCE REVIEW (Cont'd)

(B) Consolidated Statement of Financial Position

The Group's total assets as at 31 March 2022 stood at RM536.4 million against RM609.0 million at the end of the previous financial year, representing a decrease of RM72.6 million or 11.9%. This was mainly due to the lower trade and other receivables and contract assets balances by RM56.1 million, decrease in inventories balance by RM13.8 million coupled with lower carrying value of fixed operating assets by RM9.7 million which were attributable to the depreciation and amortisation charges. The decrease in total assets is also attributable to lower amount due from an associate of RM1.9 million upon receipt of dividend declared in the previous year. The reduction is however mitigated by the higher cash and bank balance of RM6.9 million, increase in the carrying value of investment in an associate and a joint venture of RM1.2 million.

In tandem, the Group's total liabilities declined by RM75.7 million attributable to the lower trade and other payables of RM69.8 million coupled with the lower borrowings of RM7.2 million due to scheduled repayment of term loans of RM5.6 million, settlement of revolving credit of RM1.1 million and lease liabilities of RM0.5 million respectively. This was mitigated by higher deferred tax liabilities of RM1.0 million as well as increase in contract liabilities of RM0.8 million.

(C) Consolidated Statement of Cash Flows

The Group's cash and bank balances was higher at RM199.6 million compared with RM192.7 million as at 31 December 2021.

The Group generated positive cash inflow of RM14.8 million and RM5.4 million from its operating activities and investing activities respectively for the financial period ended 31 March 2022.

In investing activities, the Group has paid a total of RM0.2 million for its capital expenditure, but this decrease was cushioned by the proceeds from disposal on plant and equipment of RM3.1 million and dividend received from an associate of RM1.9 million.

However, during the quarter, the bank borrowings reduced from RM30.3 million to RM23.1 million and dividend payments of RM6.3 million were made to shareholders and non-controlling interests and these have partially offset the increase in cash flow.

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

	Q1'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Group</u>				
Revenue	102,775	191,895	(89,120)	(46.4)
Operating profit	10,820	16,361	(5,541)	(33.9)
Share of results of a joint venture, net of tax	322	301	21	7.0
Share of results of associates, net of tax	903	1,088	(185)	(17.0)
Profit before interest and tax	11,392	17,019	(5,627)	(33.1)
Profit before tax	11,824	17,464	(5,640)	(32.3)
Profit from continuing operations	9,052	15,001	(5,949)	(39.7)
Profit from discontinued operation	283	321	(38)	(11.8)
Profit attributable to equity holders of the Company	8,108	10,554	(2,446)	(23.2)

The Group's profit attributable to equity holders of the Company declined by RM2.4 million or 23.2% quarter on quarter, due to lower contribution reported by the Power and Machinery and Integrated Corrosion Solution segments which were adversely affected by weaker activity levels. Oilfield Services segment however, have performed relatively better compared to the previous quarter underpinned by a material reversal of an allowance for doubtful debts in the current quarter and the absence of an impairment charge on its chemical operating assets.

Share of results of a joint venture was marginally higher due to lower overhead expenses incurred on head office costs in the current quarter.

Lower share of results of associate, 2MC, is mainly due to lower throughput achieved from its liquid mud business in the current quarter under review. Its dry bulk business however have shown a strong performance as compared to the previous quarter under review.

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

	Q1'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Power and Machinery</u>				
Revenue	61,716	137,768	(76,052)	(55.2)
Operating profit	6,644	17,696	(11,052)	(62.5)
Profit before interest and tax	6,112	17,114	(11,002)	(64.3)
Profit before tax	6,633	17,684	(11,051)	(62.5)

The Power and Machinery segment results decreased by RM11.1 million to RM6.6 million against the immediate preceding quarter profit of RM17.7 million. This is consistent with the decline in revenue reported and lower contribution from retrofit projects, exchange engine, valves and flow regulators and machinery management system and training.

	Q1'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Oilfield Services</u>				
Revenue	28,003	28,949	(946)	(3.3)
Operating profit/(loss)	3,917	(7,464)	11,381	152.5
Profit/(loss) before interest and tax	3,856	(7,555)	11,411	151.0
Profit/(loss) before tax	3,769	(7,727)	11,496	148.8

The Oilfield Services segment had turnaround its results to report a profit of RM3.8 million as opposed to a loss of RM7.7 million recorded in the immediate preceding quarter despite lower revenue recorded. The better results shown by this segment is mainly due to a reversal of an allowance for doubtful debts and the absence of an impairment on its operating assets.

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

	Q1'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Integrated Corrosion Solution</u>				
Revenue	12,933	24,999	(12,066)	(48.3)
Operating profit	1,172	7,188	(6,016)	(83.7)
Profit before interest and tax	1,158	7,171	(6,013)	(83.9)
Profit before tax	1,171	7,179	(6,008)	(83.7)

The Integrated Corrosion Solution segment results fell to RM1.2 million against RM7.2 million recorded in the immediate preceding quarter, representing a decrease of RM6.0 million. The decline in results is mainly attributable to lesser contract orders and decline in project jobs fulfilment, as a result of reduced maintenance activity levels for both MCM and local SPJ projects.

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B3. PROSPECTS

With the country transitioning into the endemic phase, the easing of restrictions and the opening of borders, activities are projected to gather momentum. This together with the high commodity prices is expected to further spur the business activities in the Oil and Gas sector, as the Oil and Gas operators start to expand their spending capacity.

Against this backdrop, the Group expects to see stability in its performance and will continue to focus on growth by exploring new markets, investing in new product lines and geographical expansion, pursuing opportunities in both the upstream and downstream sectors. The Group will also keep track of cost management in an increasingly inflationary environment.

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

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
<u>Income tax expenses on continuing operations:</u>		
Current tax – current year	1,954	2,246
Over provision in prior years	0	(205)
Deferred tax		
– origination and reversal of temporary differences	750	(87)
– deferred tax asset not recognised	68	33
Total income tax expense	2,772	1,987

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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 2022 was lower than the headline tax rate as shown below.

	Quarters and year-to-date ended	
	31/03/2022	31/03/2021
	%	%
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	4	4
- Income not subject to tax	(1)	(1)
- Share of results of associates and joint venture	(3)	(5)
- Deferred tax asset not recognised	1	0
- Recognition of previously unrecognised temporary differences	(2)	(1)
Effective tax rate for continuing operations	23	21

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

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

B7. QUOTED SECURITIES

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

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B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposal announced which was not completed as of 20 May 2022 (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 31/03/2022 RM'000	As at 31/12/2021 RM'000
Group's share of net assets of joint venture	33,256	32,934

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

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Profit before tax	536	568
Income tax expense	(136)	(124)
Profit for the period	400	444
Interest in joint venture (80.55%) Share of results	322	358

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B10. ASSOCIATES

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Group's share of net assets of associates	25,276	24,373

In the opinion of the Directors, 2MC is a material associate of 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 2021. 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.

Summarised statement of comprehensive income

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Profit before tax	4,688	6,673
Income tax expense	(1,865)	(2,205)
Profit for the year	2,823	4,468
Interest in associates (32%) Share of results	903	1,430

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B11. TRADE RECEIVABLES

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Neither past due nor impaired	32,956	61,716
1 to 30 days past due not impaired	4,587	11,286
31 to 60 days past due not impaired	371	1,032
61 to 90 days past due not impaired	2,574	542
91 to 120 days past due not impaired	3,739	43
More than 121 days past due not impaired	1,753	1,788
	<hr/> 45,980	<hr/> 76,407
Not past due but impaired	0	93
Past due and impaired:		
1 to 30 days past due and impaired	689	175
31 to 60 days past due and impaired	0	1,043
91 to 120 days past due and impaired	655	0
More than 121 days past due and impaired	1,514	5,136
	<hr/> 48,838	<hr/> 82,854
Less: Impairment of receivables	<hr/> (2,858)	<hr/> (6,447)
	<hr/> <hr/> 45,980	<hr/> <hr/> 76,407

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 RM13.0 million (31 December 2021: RM14.7 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.

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B12. GROUP BORROWINGS

The Group borrowings as at 31 March 2022 were as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>31/03/2022</u>			
Borrowings - secured	13,716	2,400	16,116
- unsecured	6,769	205	6,974
	20,485	2,605	23,090
	20,485	2,605	23,090
<u>31/12/2021</u>			
Borrowings - secured	17,501	4,201	21,702
- unsecured	8,368	246	8,614
	25,869	4,447	30,316
	25,869	4,447	30,316

The borrowings are all denominated in Ringgit Malaysia.

	Note	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Revolving credits	(i)	6,000	7,140
Lease liabilities on right-of-use assets	(ii)	990	1,496
Term loans	(iii)	16,100	21,680
		23,090	30,316
Less: Amount repayable within 12 months			
Revolving credits		(6,000)	(7,140)
Lease liabilities on right-of-use assets		(785)	(1,249)
Term loans		(13,700)	(17,480)
		(20,485)	(25,869)
		2,605	4,447

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B12. GROUP BORROWINGS (Cont'd)

The decrease in borrowings was due to net repayment on term loan of RM5.6 million, revolving credits of RM1.1 million and 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 3.50% (average interest of 1.00% per annum above the bank's cost of funds).
- (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 2.98% to 3.14% per annum (1.1% and 1.25% per annum above the KLIBOR). The tenure of the term loans is 3 years.

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off-balance sheet financial instrument as at 31 March 2022 other than the outstanding derivatives on forward foreign currency exchange contracts as disclosed in Note A7.

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B14. DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides 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 March 2021, the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The disposal of related assets was completed on 15 January 2022 for a consideration of RM 550,000.

Profit/(loss) attributable to the discontinued operation was as follows:

	Quarters and year-to-date ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
		(Restated)
Revenue	0	1,365
Other income/(expenses)	351	(1,641)
Profit/(loss) after tax	<u>283</u>	<u>(276)</u>

The profit/(loss) from discontinued operation is attributable entirely to the owners of the Company.

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

	Quarters and year-to-date ended
	31/03/2022
	RM'000
Net cash generated from operating activities	<u>283</u>
Effect on cash flows	<u>283</u>

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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.

The Suit proceeded for Trial on 27 - 28 September 2021, and 28 October 2021 and on 20 January 2022, the following Decision was delivered by the Court:

1. The Plaintiff’s claim is dismissed;
2. The Defendant’s counterclaim is dismissed, save for the declaration sought by the Defendant, namely for a declaration that the termination of the CHE Project by the Defendant was lawful and valid, which declaration was granted; and
3. The Plaintiff and the Defendant shall bear its own costs.

The Plaintiff has filed their appeal at the Court of Appeal on 17 February 2022 and the Memorandum of Appeal together with the Record of Appeal on 20 April 2022.

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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”)

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.

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 21 July 2021, the suit is now fixed for Trial on 22, 23 and 29 September 2022.

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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)

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.

On 9 November 2020, the Plaintiff further obtained a Forthwith Delivery Up Order and a Mareva (freezing) Injunction on an ex-parte basis, against the Defendants.

On 9 December 2020, Defendant No.9, has succeeded in setting aside the Plaintiff's ex-parte Forthwith Delivery Up Order and Mareva (freezing) Injunction and was awarded damages in the total sum of RM47,168.42 on 25 May 2021 which has been paid by the Plaintiff in July 2021. Pursuant thereto, the Plaintiff appealed against this High Court decision but subsequently, withdrew its appeals on 22 November 2021.

Pursuant to a hearing on 13 January 2022 the Kuala Lumpur High Court has dismissed the application by the Plaintiff for inter-partes Forthwith Delivery Up Order and inter-partes Mareva (Freezing) Order against Defendant No.9 and Defendant No. 10 with costs of RM15,000.00 for each application.

On the applications by Defendant No. 1 to Defendant No. 8 and Defendant No. 10 to set aside the Plaintiff's ex-parte Forthwith Delivery Up Order and ex-parte Mareva (Freezing) Order against them, as well as for the Plaintiff's inter-partes Forthwith Delivery Up Order and inter-partes Mareva (Freezing) Order against all the Defendants, the Kuala Lumpur High Court has made the following findings on 27 January 2022:

- i) that the Plaintiff's applications for *inter-partes* Forthwith Delivery Up Order and *inter-partes* Mareva (Freezing) Order against Defendant No.1 to Defendant No. 5, Defendant No. 7 and Defendant No. 8 are allowed with costs in the cause;
- ii) that the Plaintiff's application for *inter-partes* Forthwith Delivery Up Order and *inter-partes* Mareva (Freezing) Order against Defendant No. 6 is dismissed with costs of RM5,000.00 for each application, subject to allocatur fee;
- iii) that the applications by Defendant No. 1 to Defendant No. 8 to set aside the Plaintiff's *ex-parte* Forthwith Delivery Up Order and *ex-parte* Mareva (Freezing) Order against them are dismissed with costs of RM10,000.00 for each application, subject to allocatur fee; and
- iv) that the application by Defendant No 10 to set aside the Plaintiff's *ex-parte* Forthwith Delivery Up Order and *ex-parte* Mareva (Freezing) Order against them is dismissed with costs of RM5,000 for each application, subject to allocatur fee.

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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”)

On 10 May 2022, the Plaintiff has filed a Notice of Application to amend the Anton Piller Order dated 27 January 2022 to allow VirDOS Lima Consultancy (M) Sdn Bhd who has been appointed as the new independent forensic expert of the Plaintiff in place of PwC Consulting Associates (M) Sdn Bhd, whose services had been terminated on 30 March 2022, to photograph, make copies, image, extract, download and/or copy into an external storage medium the Defendants’ devices. The hearing date for this Application has been fixed on 25 May 2022.

On 9 March 2021, 6 of the Defendants applied to recuse the presiding Judge from hearing the matter (“Recusal Applications”) which was dismissed by the High Court 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 was 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 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 also 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”). On 30 April 2021, the Court of Appeal, allowed the Stay Motion (“the Stay Decision”). In light of the Stay Decision, 4 of the Defendants are agreed to withdraw their application to strike out the Plaintiff’s claim which was filed on 20 November 2020. On 3 May 2021, the High Court decided to adjourn all the proceedings pending the disposal of the Recusal Appeals which were subsequently withdrawn on 1 December 2021 by all 5 Defendants with costs of RM5,000.00 for each appeal, subject to allocatur fees which has been settled by all the 5 Defendants.

Pursuant to the Recusal Applications filed by the 6 Defendants on 9 March 2021, the Plaintiff has on 1 April 2022, vide its solicitors, Messrs. Ranjit Singh & Yeoh, filed an application for leave to apply for a committal order against Defendant No. 1 to Defendant No. 4, Syarifuddin bin Abdul Wahab, a director of Defendant No. 8 and Zul Hafizi bin Zainal Karib, a director of Defendant No. 10, for having committed contempt of Court. The case management for the application for leave to apply for a committal order has been scheduled for 25 May 2022.

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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 a case management on 21 May 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. On 30 June 2021, the Plaintiff informed the High Court that they have provided their justification for the extraction of the Disputed Data and on 28 July 2021 the High Court allowed the Disputed Data to be released to the Plaintiff.

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.

On 27 January 2022, Defendant No. 8 has withdrawn its application to strike out the Suit before the Kuala Lumpur High Court which was filed on 20 November 2020 with cost of RM2,000.00 being awarded to the Plaintiff, subject to allocatur fee.

During the Case Management on 23 February 2022, the following ancillary applications have been withdrawn by the respective parties and are thus struck out without cost:

- i) Defendant No. 1 to Defendant No. 4 have withdrawn their Security for Costs application which was filed on 27 January 2021;
- ii) Defendant No. 1 to Defendant No. 4 have withdrawn their application to disqualify PwC Consulting Associates (M) Sdn. Bhd. which was filed on 8 March 2021; and
- iii) Defendant No. 7 has withdrawn its application to strike out the Plaintiff’s claim which was filed on 26 November 2020.

On 12 May 2022, Messrs. CK Ling Izzaida & Ima has filed a Notice of Application to withdraw itself as solicitors for Defendant No. 8 and the hearing for this has been fixed on 25 May 2022.

At the case management on 13 May 2022, the Court has instructed that in relation to the Applications to strike out the Plaintiff’s Statement of Claim which were filed by Defendant No. 6, the submissions shall be filed by 23 June 2022 and the hearing date is fixed on 30 June 2022.

The next case management will be held on 25 May 2022 to discuss the following ancillary applications:

- i) Applications for Summary Judgement on their Counterclaim which were filed by Defendant No. 9 and Defendant No.10; and
- ii) Application to strike out the Plaintiff’s Statement of Claim which was filed by Defendant No.10.

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B16. DIVIDEND

The board of Directors have, in respect of financial year ended 31 December 2021, declared a second interim single tier dividend of 1.20 sen per share on 401,553,500 ordinary shares, totalling RM4,818,642. The dividend was paid on 30 March 2022.

No dividend was declared during the quarter under review for the financial year ending 31 December 2022.

B17. EARNINGS PER SHARE (“EPS”)

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

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Basic / Diluted earnings per share		
Profit/(loss) attributable to equity holders of the Company (RM'000)		
- Continuing operations	7,825	5,870
- Discontinued operation	283	(276)
	8,108	5,594
Weighted average number of shares in issue ('000)	401,554	401,554
Basic / Diluted earnings per share (sen)		
- Continuing operations	1.95	1.46
- Discontinued operation	0.07	(0.07)
Basic / Diluted earnings per share	2.02	1.39

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B18. PROFIT BEFORE TAX

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

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Inventories consumed and recognised as cost of sales	19,065	16,946
Purchase of products, parts and consumable	2,593	1,648
Costs of services purchased	32,706	32,829
Interest income	(653)	(742)
Other income including investment income	(87)	(66)
Accretion of income on other receivable	(28)	(36)
Interest expenses	221	604
Depreciation and amortisation	8,554	8,593
Write-back of impairment		
- Trade receivables	(2,066)	(100)
- Contract assets	0	(36)
Impairment of doubtful debts		
- Trade receivables	0	1
Allowance for slow moving inventories	299	0
Reversal of allowance for slow moving inventories	(46)	(82)
Net fair value gain on investment securities	0	5

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B18. PROFIT BEFORE TAX (Cont'd)

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

	Quarters and year-to-date ended	
	31/03/2022 RM'000	31/03/2021 RM'000
Amortisation of government grants	(13)	0
Gain on disposals of plant and equipment	(1,978)	0
Loss on lease modification and disposal	9	0
Foreign exchange (gains)/losses		
- Realised	(916)	265
- Unrealised	357	(132)
Provision for liquidated damages	1	0
Write back of provision of liquidated damages	(9)	(41)
Fair value loss on forward foreign currency exchange contracts	16	647

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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B19. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2021 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 27 May 2022.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
27 May 2022