

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

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

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**DELEUM BERHAD**  
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**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2022**

RM'000	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	QUARTER ENDED	QUARTER ENDED	YEAR TO DATE ENDED	YEAR TO DATE ENDED	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	
	Unaudited	Unaudited	Unaudited	Audited	
<b>Continuing operations</b>					
Revenue	A11	315,542	191,895	698,049	558,367
Cost of sales		(265,435)	(152,879)	(554,332)	(450,979)
Gross profit		50,107	39,016	143,717	107,388
Other operating income		1,258	831	5,704	3,460
Selling and distribution costs		(13,170)	(7,228)	(37,402)	(29,315)
Administrative expenses		(11,169)	(12,507)	(51,475)	(48,514)
Other operating (losses)/gains <sup>(1)</sup>		(5,079)	(3,751)	1,531	(6,005)
Operating profit		21,947	16,361	62,075	27,014
Finance costs		(114)	(286)	(638)	(1,840)
Share of results of a joint venture (net of tax)	B9	262	301	1,147	1,345
Share of results of an associate (net of tax)	B10	1,219	1,088	5,308	5,633
Profit before tax	B18	23,314	17,464	67,892	32,152
Income tax expense	B5	(6,618)	(2,463)	(16,933)	(6,470)
<b>Profit from continuing operations (net of tax)</b>		<b>16,696</b>	<b>15,001</b>	<b>50,959</b>	<b>25,682</b>
<b>Discontinued operation</b>					
Profit/(loss) from discontinued operation (net of tax)	B14	0	321	283	(1,915)
<b>Profit for the year</b>		<b>16,696</b>	<b>15,322</b>	<b>51,242</b>	<b>23,767</b>
Currency translation differences		(7)	(32)	(34)	113
Reclassification adjustment relating to a subsidiary liquidated during the period		0	0	395	0
<b>Total comprehensive income for the year</b>		<b>16,689</b>	<b>15,290</b>	<b>51,603</b>	<b>23,880</b>
<b>Profit attributable to:</b>					
- Equity holders of the Company		13,768	10,554	42,142	17,068
- Non-controlling interests		2,928	4,768	9,100	6,699
		<b>16,696</b>	<b>15,322</b>	<b>51,242</b>	<b>23,767</b>
<b>Total comprehensive income attributable to:</b>					
- Equity holders of the Company		13,761	10,535	42,544	17,138
- Non-controlling interests		2,928	4,755	9,059	6,742
		<b>16,689</b>	<b>15,290</b>	<b>51,603</b>	<b>23,880</b>
<b>Basic/Diluted earnings per share (EPS) attributable to equity holders of the Company (sen)</b>					
- Continuing operations		3.43	2.55	10.42	4.73
- Discontinued operation		0	0.08	0.07	(0.48)
	B17	<b>3.43</b>	<b>2.63</b>	<b>10.49</b>	<b>4.25</b>
<sup>(1)</sup> Other operating (losses)/gains include the following:					
Foreign exchange (losses)/gains :					
- Realised		178	1,360	3,038	2,223
- Unrealised		825	(288)	(416)	(123)
Fair value (loss)/gain on forward foreign currency exchange contracts		(4,335)	107	(1,611)	(719)
Impairment made:					
- trade receivables		0	(4,780)	(24)	(4,915)
- contract assets		0	0	0	(196)
- other receivables		(359)	(212)	(359)	(212)
Inventories written-off		(511)	(418)	(526)	(1,053)

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.

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**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

RM'000	Note	As at 31/12/2022 Unaudited	As at 31/12/2021 Audited
<b>ASSETS</b>			
Property, plant and equipment*		110,291	134,526
Investment properties		700	724
Intangible assets		212	283
Associate	B10	23,921	24,373
Joint venture	B9	34,081	32,934
Deferred tax assets		2,186	1,223
Other receivables		2,296	1,881
Cash and bank balances		3,696	0
<b>Non-current Assets</b>		<b>177,383</b>	<b>195,944</b>
Inventories		40,014	32,012
Amounts due from an associate		1,921	1,920
Amounts due from a joint venture		223	177
Trade receivables	B11	120,299	76,407
Contract assets		178,605	88,167
Other receivables, deposits and prepayments		19,376	20,358
Derivative financial instrument	A7	0	84
Tax recoverable		1,674	1,199
Cash and bank balances		174,321	192,712
<b>Current Assets</b>		<b>536,433</b>	<b>413,036</b>
<b>TOTAL ASSETS</b>		<b>713,816</b>	<b>608,980</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		201,802	201,802
Retained earnings		238,637	208,537
Merger deficit		(50,000)	(50,000)
Foreign currency translation		(1,686)	(2,088)
Equity attributable to equity holders of the Company		388,753	358,251
Non-controlling interests		25,793	20,518
<b>Total Equity</b>		<b>414,546</b>	<b>378,769</b>
Borrowings	B12	1,175	4,447
Deferred income		259	312
Deferred tax liabilities		14,596	14,853
<b>Non-current Liabilities</b>		<b>16,030</b>	<b>19,612</b>
Trade payables		221,129	143,161
Contract liabilities		5,553	5,375
Other payables and accruals		38,385	33,055
Derivative financial instrument	A7	1,513	0
Taxation		9,048	3,139
Borrowings	B12	7,612	25,869
<b>Current Liabilities</b>		<b>283,240</b>	<b>210,599</b>
<b>Total Liabilities</b>		<b>299,270</b>	<b>230,211</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>713,816</b>	<b>608,980</b>

\* 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 ENDED 31 DECEMBER 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 year	0	0	0	0	17,068	17,068	6,699	23,767
Other comprehensive income for the financial year	0	0	70	0	0	70	43	113
Total comprehensive income for the financial year	0	0	70	0	17,068	17,138	6,742	23,880
Dividend	0	0	0	0	(8,031)	(8,031)	(7,448)	(15,479)
At 31 December 2021	<u>401,553</u>	<u>201,802</u>	<u>(2,088)</u>	<u>(50,000)</u>	<u>208,537</u>	<u>358,251</u>	<u>20,518</u>	<u>378,769</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 year	0	0	0	0	42,142	42,142	9,100	51,242
Other comprehensive income for the financial year	0	0	7	0	0	7	(41)	(34)
Reclassification adjustment relating to a subsidiary liquidated during the financial year	0	0	395	0	0	395	0	395
Total comprehensive income for the financial year	0	0	402	0	42,142	42,544	9,059	51,603
Acquisition of non-controlling interests	0	0	0	0	808	808	(1,519)	(711)
Incorporation of a subsidiary with non-controlling interest	0	0	0	0	0	0	16	16
Dividend	0	0	0	0	(12,850)	(12,850)	(2,281)	(15,131)
At 31 December 2022	<u>401,553</u>	<u>201,802</u>	<u>(1,686)</u>	<u>(50,000)</u>	<u>238,637</u>	<u>388,753</u>	<u>25,793</u>	<u>414,546</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 YEAR ENDED 31 DECEMBER 2022**

RM'000	YEAR-TO-DATE ENDED	
	31/12/2022 Unaudited	31/12/2021 Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the year from:		
- Continuing operations	50,959	25,682
- Discontinued operation	283	(1,915)
	51,242	23,767
<u>Adjustments for:</u>		
Impairment for doubtful debts:		
Trade receivables		
- impairment made	24	4,916
- write back of impairment	(4,069)	(263)
- write off of impairment	(1,523)	0
Contract assets		
- impairment made	0	196
- write back of impairment	(98)	(42)
Other receivable		
- impairment made	359	212
Allowance for slow moving inventories:		
- allowance made	2,202	9,249
- write back of allowance	(258)	(136)
Amortisation of intangible assets	71	70
Accretion of income on other long-term receivable	(112)	(37)
Depreciation:		
- property, plant and equipment*	33,437	36,143
- investment properties	24	23
Impairment on plant and equipment	0	3,171
Amortisation of government grants	(53)	(135)
Provision for liquidated damages		
- provision made	451	264
- write back of provision	(108)	(44)
Gain on disposals of plant and equipment	(2,004)	(210)
Loss/(gain) on lease modification and disposal	8	(53)
Write-off:		
- property, plant and equipment	5	192
- inventories	526	1,053
- other receivables	0	77
Interest income	(2,677)	(2,985)
Finance costs	638	1,865
Share of results of an associate	(5,308)	(5,633)
Share of results of a joint venture	(1,147)	(1,345)
Tax expense	17,001	6,470
Unrealised net foreign exchange loss	416	123
Net fair value loss on forward foreign currency exchange contracts	1,611	719
Loss on liquidation of a subsidiary	353	0
Operating profit before working capital changes	91,011	77,627
<u>Changes in working capital</u>		
Inventories	(10,472)	(11,736)
Trade receivables	(38,986)	(15,692)
Contract assets	(90,203)	(12,733)
Other receivables, deposits and prepayments	277	(3,242)
Trade payables	78,662	11,052
Other payables and accruals	4,926	11,418
Contract liabilities	177	(13,318)
Decrease in restricted cash	0	29,711
Cash generated from operations	35,392	73,087
Tax paid	(12,791)	(14,625)
Tax refunded	4	935
Interest paid	(626)	(1,895)
<b>Net cash generated from operating activities</b>	<b>21,979</b>	<b>57,502</b>

\* Inclusive of right-of-use assets.

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**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

RM'000	YEAR TO-DATE-ENDED	
	31/12/2022	31/12/2021
	Unaudited	Audited
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,586	3,026
Purchase of plant and equipment*	(8,596)	(12,721)
Long-term deposits paid	0	(757)
Proceeds from disposals of plant and equipment	3,153	399
Purchase of intangible assets	0	(38)
Purchase of investment securities	0	13,000
Dividend received from an associate	5,760	7,040
Amounts due from an associate	0	0
Amounts due from a joint venture	(48)	(55)
Acquisition of non-controlling interests	(711)	0
Incorporation of a subsidiary with non-controlling interest	16	0
<b>Net cash generated from investing activities</b>	<b>2,160</b>	<b>9,894</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Revolving credit		
- Repayment	(4,560)	(20,660)
Term loans		
- Repayment	(17,480)	(26,590)
Lease liabilities on right-of-use assets		
- Repayment	(1,257)	(1,614)
Dividends paid to:		
- Shareholders	(12,850)	(8,031)
- Non-controlling interests	(2,281)	(8,023)
(Increase)/decrease in restricted cash	(143)	1,399
<b>Net cash used in financing activities</b>	<b>(38,571)</b>	<b>(63,519)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,432)</b>	<b>3,877</b>
Foreign currency translation	(407)	330
Cash and cash equivalents at beginning of the year	183,379	179,171
<b>Cash and cash equivalents at end of year</b>	<b>168,540</b>	<b>183,378</b>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits	165,924	179,119
Cash and bank balances	12,093	13,593
	178,017	192,712
Restricted cash	(9,477)	(9,334)
<b>Cash and cash equivalents at end of year</b>	<b>168,540</b>	<b>183,378</b>
The currency profile of cash and cash equivalents is as follows:		
Ringgit Malaysia	151,648	182,763
US Dollar	16,857	509
Others	35	106
	<u>168,540</u>	<u>183,378</u>

\* Included in the purchase of plant and equipment is the capitalisation on the advance payment made in prior years of Nil (31 December 2021: RM6,410,000) 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 YEAR ENDED 31 DECEMBER 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 year, the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) as follows:

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 did not have any material impact to the Group financial results for the financial year ended 31 December 2022 upon their initial application.

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**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 112      Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial year beginning on or after 1 January 2024:

- Amendments to MFRS 16      Lease Liability in a Sale and Leaseback Leases
- Amendments to MFRS 101      Non-current liabilities with covenants  
Presentation of Financial Statements

The effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board ("MASB") as follows:

- 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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**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 31 December 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:

	<b>As at 31/12/2022</b>		<b>As at 31/12/2021</b>	
	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
US Dollar	204,801	188,243	90,725	109,766
Others	8,247	8,448	3,036	2,638
	<u>213,048</u>	<u>196,691</u>	<u>93,761</u>	<u>112,404</u>
<b>Closing exchange rate</b>				
US Dollar	<u>4.413</u>	<u>4.413</u>	<u>4.176</u>	<u>4.176</u>

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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 contracts entered into by the Group has a maturity period of less than one year from the current reporting date. As at 31 December 2022, the net notional principal amount of the outstanding buy and sell forward foreign currency exchange contracts were RM55,314,000 (31 December 2021: RM8,325,000).

	<b>As at 31/12/2022</b>		<b>As at 31/12/2021</b>	
	<b>Net</b>	<b>Net</b>	<b>Net</b>	<b>Net</b>
	<b>Notional</b>	<b>Fair Value</b>	<b>Notional</b>	<b>Fair Value</b>
	<b>amount</b>	<b>Liabilities</b>	<b>amount</b>	<b>Assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Type of derivatives</b>				
Forward foreign currency exchange contracts				
("FX Contract")				
- Less than 1 year	55,314	(1,513)	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 foreign currency 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 December 2022 amounted to a fair value loss of RM1,513,000 (31 December 2021: RM84,000).

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

**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.

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

During the third quarter under review, the Company paid the following first interim single tier dividend of 2.00 sen per share on 401,553,500 ordinary shares in respect of the financial year ended 31 December 2022.

	<b>RM'000</b>
First interim single tier dividend of 2.00 sen per share on 401,553,500 ordinary shares, paid on 30 September 2022	8,031
	<u><u>8,031</u></u>

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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 year ended 31 December 2022 was as follows:

	<b>Individual Quarter ended</b>		<b>Cumulative Quarters ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Segment Revenue</u>				
External revenue				
Power and Machinery	263,061	137,768	504,394	391,014
Oilfield Services	27,938	28,949	119,302	104,188
Integrated Corrosion Solution	24,269	24,999	73,701	62,604
Other non-reportable segment	274	179	652	561
<b>Total Group revenue</b>	<b>315,542</b>	<b>191,895</b>	<b>698,049</b>	<b>558,367</b>

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**A10. SEGMENT INFORMATION (Cont'd)**

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Segment Results</u>				
Power and Machinery	22,110	17,684	48,137	42,295
Oilfield Services	(5,580)	(7,727)	347	(15,435)
Integrated Corrosion Solution	6,846	7,179	17,534	3,263
Other non-reportable segment	25	17	70	72
Segment results	23,401	17,153	66,088	30,195
Unallocated income ^	98	40	362	157
Unallocated corporate expenses #	(1,666)	(1,118)	(5,013)	(5,178)
Share of results of a joint venture *	262	301	1,147	1,345
Share of results of an associate *	1,219	1,088	5,308	5,633
Tax expense (Note B5) *	(6,618)	(2,463)	(16,933)	(6,470)
Profit from continuing operations	16,696	15,001	50,959	25,682
Profit/(loss) from discontinued operation, net of tax	0	321	283	(1,915)
Profit for the financial year	16,696	15,322	51,242	23,767

^ 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 associate are not allocated to the business segments as they are measured at the entity level.

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**A10. SEGMENT INFORMATION (Cont'd)**

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
<u>Segment Assets</u>		
Power and Machinery	405,991	294,647
Oilfield Services	169,207	182,677
Integrated Corrosion Solution	50,501	46,456
Segment assets	625,699	523,780
Unallocated corporate assets ^	88,117	85,200
<b>Total assets</b>	<b>713,816</b>	<b>608,980</b>

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
<u>Segment Liabilities</u>		
Power and Machinery	224,668	132,700
Oilfield Services	20,393	39,086
Integrated Corrosion Solution	25,425	36,961
Segment liabilities	270,486	208,747
Unallocated corporate liabilities #	28,784	21,464
<b>Total liabilities</b>	<b>299,270</b>	<b>230,211</b>

^ Unallocated corporate assets represent the Group's corporate assets including property, plant and equipment, investment properties, intangible assets, investment in joint venture and associate, 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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**A11. REVENUE**

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- Goods and services	315,268	191,716	697,397	557,806
- Management fee	274	179	641	538
Revenue from other source:				
- Dividend income	0	0	11	23
	315,542	191,895	698,049	558,367

Revenue from contracts with customers:

Type of goods and services

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Sale of gas turbine packages and after sales support and services	233,877	121,451	404,759	334,160
Commission based income services	540	984	2,108	4,779
Principal based income services	3,602	64	17,993	315
Sale of valves and flow regulators and after sales support and services	25,053	15,333	79,718	52,075
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, drilling and production services	27,008	27,918	113,380	100,938
Provision of specialty chemical and well stimulation services	919	967	5,738	2,935
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	12,581	13,288	39,563	31,070
Provision of maintenance, construction and modification services	11,688	11,711	34,138	31,534
	315,268	191,716	697,397	557,806

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

During the current quarter ended 31 December 2022, the acquisitions of plant and equipment and intangible assets by the Group were as follows:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Acquisitions at cost:				
- Plant and equipment*	1,593	2,854	10,555	19,984
- Intangible assets	0	0	0	38

\* Included in the acquisition of plant and equipment is the capitalisation on the advance payment made in prior years of Nil (31 December 2021: RM6,410,000) as plant and equipment upon fulfilment of the recognition criteria during the period and RM1,959,013 (31 December 2021: RM853,000) addition on 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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**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**

Wisteria Sdn. Bhd., a dormant indirect wholly owned subsidiary, has been dissolved following the Final Meeting on 25 January 2022 by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.

On 9 June 2022, through its indirect wholly owned subsidiary, Delcom Holdings Sdn. Bhd., Deleum Berhad acquired 264,000 ordinary shares in Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS"), representing 26.67% of the total paid up share capital, for a total cash consideration of RM710,533. With the acquisition, Deleum Berhad now indirectly holds 86.67% of the paid up share capital in DTS.

On 21 June 2022, a new indirect subsidiary, Deleum Oilfield Solutions (Thailand) Co. Ltd, a limited company under the laws of Thailand, was incorporated. Deleum Services Sdn Bhd ("DSSB"), a wholly owned subsidiary of the Company, holds 98,000 ordinary shares, representing 49% of the total paid up share capital, as well as majority voting rights.

On 24 June 2022, Delcom Utilities (Cambodia) Limited ("DUCL"), a dormant indirect foreign subsidiary has been dissolved upon completion of the voluntary liquidation pursuant to Section 208 of the BVI Business Companies Act, 2014.

**A16. CONTINGENT LIABILITIES/ASSETS**

As at 31 December 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 RM13.1 million (31 December 2021: RM51.5 million).

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**A17. COMMITMENTS**

Capital commitment

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

	<b>As at 31/12/2022</b>	<b>As at 31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised but not contracted for		
- Plant and machinery	15,311	9,770
- Others	4,853	5,557
Authorised and contracted for		
- Plant and machinery	2,293	733
- Others	411	44
	22,868	16,104
Share of capital commitment of joint venture	1,250	491
	24,118	16,595

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**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	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Manpower services to Solar Turbines International Company ("STICO") and its affiliated companies	564	578	2,507	1,987
Rental income from an affiliate company of STICO	13	13	54	54
Purchases and technical services from STICO and its affiliated companies	227,861	112,955	344,141	282,545

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

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Amount due from STICO and its affiliated companies	8,706	2,179
Amount due to STICO and its affiliated companies	178,358	108,890

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**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	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Sales to related parties of Dresser Italia S.R.L	402	111	1,918	806
Purchases of goods and services from related parties of Dresser Italia S.R.L	12,230	5,820	42,066	20,047

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

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Amount due from related parties of Dresser Italia S.R.L	111	243
Amount due to related parties of Dresser Italia S.R.L	7,071	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:

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Sales to STICO	1,000	1,000	4,000	4,000
Rental income from affiliate company of STICO	141	141	563	563

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**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 December 2022 was as follows:

	<b>As at 31/12/2022</b> <b>RM'000</b>	<b>As at 31/12/2021</b> <b>RM'000</b>
Amount due from STICO and its affiliated company	380	380

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

	<b>Individual Quarter ended</b>		<b>Cumulative Quarters ended</b>	
	<b>31/12/2022</b> <b>RM'000</b>	<b>31/12/2021</b> <b>RM'000</b>	<b>31/12/2022</b> <b>RM'000</b>	<b>31/12/2021</b> <b>RM'000</b>
Directors' fees	172	173	690	690
Salaries, bonuses, allowances and other staff related expenses	2,986	3,109	10,920	11,118
Defined contribution plan	255	302	1,145	1,171
	<b>3,413</b>	<b>3,584</b>	<b>12,755</b>	<b>12,979</b>

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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

	Q4'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Group</u>				
Revenue	315,542	191,895	123,647	64.4
Operating profit	21,947	16,361	5,586	34.1
Share of results of a joint venture, net of tax	262	301	(39)	(13.0)
Share of results of an associate, net of tax	1,219	1,088	131	12.0
Profit before interest and tax	22,704	17,019	5,685	33.4
Profit before tax	23,314	17,464	5,850	33.5
Profit from continuing operations	16,696	15,001	1,695	11.3
Profit from discontinued operation	0	321	(321)	100.0
 Profit attributable to equity holders of the Company	 <u>13,768</u>	 <u>10,554</u>	 <u>3,214</u>	 <u>30.5</u>

The Group's revenue has increased by RM123.6 million or 64.4% to RM315.5 million against the previous corresponding quarter of RM191.9 million due to higher sales activities in the Power and Machinery segment. However, the overall increase was offset by lower sales generated from the Oilfield Services and Integrated Corrosion Solution segments.

The Group's profit attributable to equity holders of the Company increased by RM3.2 million to RM13.8 million against the previous corresponding quarter. The increase was predominantly due to the better results recorded from the Power and Machinery segment and the reversal of impairment made on trade receivable under the Oilfield Services segment. The increase however was offset by the fair value loss on forward foreign currency exchange contracts in the Power and Machinery segment, provision for slow moving stocks and inventories written off in the Integrated Corrosion Solution 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 the increase in operating expenses incurred in the current quarter.

An increase in the share of results from an associate was reported in the current quarter, mainly attributable to the higher throughput achieved 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)

	Q4'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Power and Machinery</u>				
Revenue	263,061	137,768	125,293	90.9
Operating profit	22,129	17,696	4,433	25.1
Profit before interest and tax	21,504	17,114	4,390	25.7
Profit before tax	<u>22,110</u>	<u>17,684</u>	<u>4,426</u>	<u>25.0</u>

The Power and Machinery segment revenue increased by 90.9% or RM125.3 million to RM263.1 million against the previous corresponding quarter revenue of RM137.8 million. The increase was mainly attributable to higher number of exchange engines delivered and its corresponding values, an increase in sales of turbine parts and repairs, control and safety valves and flow regulator services and call out activities.

The segment results reported an increase of RM4.4 million or 25.0% mainly due to higher operating margins achieved during the current quarter of RM10.0m but was offset by the fair value loss on forward foreign currency exchange contracts of RM4.4 million coupled with higher other operating expenses incurred.

	Q4'22 RM'000	Q4'21 RM'000	Variance RM'000	Variance %
<u>Oilfield Services</u>				
Revenue	27,938	28,949	(1,011)	(3.5)
Operating loss	(5,526)	(7,464)	(1,938)	(26.0)
Loss before interest and tax	(5,574)	(7,555)	(1,981)	(26.2)
Loss before tax	<u>(5,580)</u>	<u>(7,727)</u>	<u>(2,147)</u>	<u>(27.8)</u>

The Oilfield Services segment revenue recorded a decrease of RM1.0 million or 3.5% to RM27.9 million as compared to the previous corresponding quarter of RM28.9 million. This was primarily due to lower activities from its slickline services in West Malaysia region and from its gas lift valve contract.

The segment reported a loss of RM5.6 million against corresponding quarter loss of RM7.7 million. Excluding the impairment made of RM4.1 million on trade receivable and RM3.2 million in its plant and equipment in the corresponding quarter, the segment results have weakened against previous year's quarter primarily due to lower activities and operating margin recorded.

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**B1. PERFORMANCE REVIEW (Cont'd)**

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

	<b>Q4'22</b>	<b>Q4'21</b>	<b>Variance</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<u>Intergrated Corrosion Solution</u>				
Revenue	24,269	24,999	(730)	(2.9)
Operating profit	6,847	7,188	(341)	4.7
Profit before interest and tax	6,836	7,171	(335)	4.7
Profit before tax	<u>6,846</u>	<u>7,179</u>	<u>(333)</u>	<u>4.6</u>

The Integrated Corrosion Solution segment recorded a decrease in revenue by 2.9% or RM0.7 million to RM24.3 million as compared to the previous corresponding quarter revenue of RM24.9 million. The decrease was mainly attributable to lower maintenance activities for the Sponge-Jet Blasting (“SPJ”) business in Indonesia.

The segment reported a lower profit of RM6.8 million against the previous corresponding quarter due to lower contribution from the Maintenance, Construction and Modification (“MCM”) projects with higher provision made for its slow-moving stocks and inventories written off. In addition, higher operating expenses by RM1.6 million have also reduced the overall results achieved but it was mitigated with higher profit contribution from SPJ.



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**B1. PERFORMANCE REVIEW (Cont'd)**

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'22 RM'000	Q4'21 RM'000		
<u>Group</u>				
Revenue	698,049	558,367	139,682	25.0
Operating profit	62,075	27,014	35,061	129.8
Share of results of a joint venture, net of tax	1,147	1,345	(198)	(14.7)
Share of results of an associate, net of tax	5,308	5,633	(325)	(5.8)
Profit before interest and tax	65,853	31,007	34,846	112.4
Profit before tax	67,892	32,152	35,740	111.2
Profit from continuing operations	50,959	25,682	25,277	98.4
Profit/(loss) from discontinued operation	283	(1,915)	2,198	114.8
Profit attributable to equity holders of the Company	42,142	17,068	25,074	146.9

The Group's revenue increased by RM139.7 million or 25.0% to RM698.0 million against the previous corresponding period of RM558.4 million as a result of stronger revenue contribution across all three segments.

The Group's profit attributable to equity holders of the Company increased by RM25.1 million or 146.9% to RM42.1 million against the previous corresponding quarter of RM17.1 million. The improved results were mainly due to better operating margins achieved across all three segments coupled with reversal of impairment made on trade receivables, gain on disposal of plant and equipment and lower other operating expenses incurred.

The lower share of results of a joint venture was due to higher operating expenses incurred during the financial period.

Decrease in the share of results from an associate was mainly attributable to the lower throughput achieved from both its liquid mud and dry bulk businesses.

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**B1. PERFORMANCE REVIEW (Cont'd)**

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'22 RM'000	Q4'21 RM'000		
<u>Power and Machinery</u>				
Revenue	504,394	391,014	113,380	29.0
Operating profit	48,182	42,338	5,844	13.8
Profit before interest and tax	45,973	40,094	5,879	14.7
Profit before tax	<u>48,137</u>	<u>42,295</u>	<u>5,842</u>	<u>13.8</u>

The Power and Machinery segment reported a higher profit before tax by RM5.8 million or 13.8% to RM48.1 million against the previous corresponding period of RM42.3 million. This was due to the favourable sales mix and higher gross profit achieved but offset by higher operating expenses arising mainly from staff costs and loss on forward foreign currency exchange contracts.

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'22 RM'000	Q4'21 RM'000		
<u>Oilfield Services</u>				
Revenue	119,302	104,188	15,114	14.5
Operating profit/(loss)	737	(14,031)	14,768	105.3
Profit/(loss) before interest and tax	556	(14,432)	14,988	103.9
Profit/(loss) before tax	<u>347</u>	<u>(15,435)</u>	<u>15,782</u>	<u>102.2</u>

The Oilfield Services segment revenue increased by RM15.1 million or 14.5% to RM119.3 million as compared to the previous corresponding period of RM104.2 million. This was attributable to the higher activities from gas lift valves, well intervention and enhancement and slickline activities in West Malaysia region.

The favourable results achieved were attributable to the improved operating margins which is in tandem with the higher revenue reported, reversal of impairment made on its trade receivable of RM3.5 million and gain on disposal of its plant and equipment of RM1.6 million in the current financial year.

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**B1. PERFORMANCE REVIEW (Cont'd)**

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

	Cumulative Quarters ended		Variance RM'000	Variance %
	Q4'22 RM'000	Q4'21 RM'000		
<u>Integrated Corrosion Solution</u>				
Revenue	73,701	62,604	11,097	17.7
Operating profit	17,538	3,651	13,887	380.4
Profit before interest and tax	17,442	3,452	13,990	405.3
Profit before tax	<u>17,534</u>	<u>3,263</u>	<u>14,271</u>	<u>437.4</u>

The Integrated Corrosion Solution segment recorded an increase in revenue by RM11.1 million or 17.7% to RM73.7 million as compared to the previous corresponding period revenue of RM62.6 million. The increase was mainly attributable to higher activity levels for both its SPJ business in Indonesia and the MCM projects.

The segment reported a stronger profit of RM17.5 million against the previous corresponding period of RM3.3 million. This is in line with the higher revenue achieved and reversal of impairment made on its trade receivables of RM0.4 million but offset by higher operating expenses incurred of RM0.8 million.

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**B1. PERFORMANCE REVIEW (Cont'd)**

(C) Consolidated Statement of Financial Position

The Group's total assets as at 31 December 2022 stood at RM713.8 million against RM609.0 million at the end of the previous financial year, representing an increase of RM104.8 million or 17.2%. This was mainly due to an increase in contract asset by RM90.4 million with exchange engines that were delivered close to the financial year end, trade receivables by RM43.9 million and inventories by RM8.0 million. The increase is however offset by lower property, plant and equipment by RM24.2 million upon disposal of certain assets and depreciation expenses of RM33.5 million during the financial year.

In tandem with the delivery of the exchange engines, the Group's total liabilities has increased by RM69.1 million attributable to the higher trade payables of RM78.0 million, other payables and accruals by RM5.3 million and provision for taxation by RM5.9 million. This was offset by a decrease in borrowings due to scheduled repayment of term loans and revolving credits by RM17.5 million and RM4.6 million respectively.

(D) Consolidated Statement of Cash Flows

The Group's cash and bank balances were lower at RM178.0 million as compared to RM192.7 million as at 31 December 2021. The reduction is mainly attributable to lower cash flow generated from operating activities during the year as compared to previous financial year.

The Group generated positive cash inflow of RM22.0 million and RM2.2 million from its operating and investing activities respectively for the financial year ended 31 December 2022. Lower cash flow generated from operating activities were primarily due to the increase in contract assets for exchange engines that were delivered close to year end and remained unbilled, but payment has been made to the trade creditors during the financial year.

The Group paid a total of RM8.6 million for its purchase of plant and equipment but the decrease was mitigated by the dividend received from an associate of RM5.8 million, proceeds from disposal of plant and equipment of RM3.2 million and interest received of RM2.6 million.

The increase in cash inflow was offset by the repayment of bank borrowings amounting to RM22.0 million, dividend payments of RM15.1 million made to its shareholders and non-controlling interest and repayment of lease liabilities on right-of-use assets of RM1.3 million.

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

	<b>Q4'22</b>	<b>Q3'22</b>	<b>Variance</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<u>Group</u>				
Revenue	315,542	142,780	172,762	121.0
Operating profit	21,947	18,270	3,677	20.1
Share of results of a joint venture, net of tax	262	272	(10)	(3.7)
Share of results of an associate, net of tax	1,219	1,665	(446)	(26.8)
Profit before interest and tax	22,704	19,661	3,043	15.5
Profit before tax	23,314	20,076	3,238	16.1
Profit from continuing operations	16,696	15,506	1,190	7.7
Profit attributable to equity holders of the Company	<u>13,768</u>	<u>11,803</u>	<u>1,965</u>	<u>16.6</u>

The Group's profit attributable to equity holders of the Company improved by RM2.0 million or 16.6% quarter on quarter, due to higher contribution reported by the Power and Machinery segment but was offset by loss on fair value on forward foreign currency exchange contracts. The Oilfield Services and Integrated Corrosion Solution segments performed relatively weaker as compared to the previous quarter mainly due to the lower activities rendered from all its sub-segments.

Share of results of a joint venture was marginally lower due to higher overhead expenses incurred on repair and maintenance in the current quarter.

Share of results of an associate was lower against the immediate preceding quarter due to lower throughput achieved from its liquid mud and dry bulk businesses.

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

	<b>Q4'22</b>	<b>Q3'22</b>	<b>Variance</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<u>Power and Machinery</u>				
Revenue	263,061	89,715	173,346	193.2
Operating profit	22,129	12,179	9,950	81.7
Profit before interest and tax	21,504	11,735	9,769	83.2
Profit before tax	<u>22,110</u>	<u>12,173</u>	<u>9,937</u>	<u>81.6</u>

The Power and Machinery segment results increased by RM9.9 million to RM22.1 million against the immediate preceding quarter profit of RM12.2 million. The increase was mainly attributable to higher deliveries of exchange engines, sale of turbine parts and repair but offset by lower retrofit income, control and safety valves and flow regulator services. In addition, higher operating expenses incurred in the current quarter which mainly derived from the fair value loss on forward foreign currency exchange contracts by RM7.2 million and the absence of reversal of impairment made on trade receivable by RM0.4 million has also further contributed to the overall segment result achieved.

	<b>Q4'22</b>	<b>Q3'22</b>	<b>Variance</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<u>Oilfield Services</u>				
Revenue	27,938	28,776	(838)	(2.9)
Operating loss	(5,526)	(1,233)	4,293	348.2
Loss before interest and tax	(5,574)	(1,261)	4,313	342.0
Loss before tax	<u>(5,580)</u>	<u>(1,310)</u>	<u>4,270</u>	<u>326.0</u>

The Oilfield Services segment results decreased by RM4.3 million with a loss before tax of RM5.6 million reported against the immediate preceding quarter. This is mainly due to lower activity levels in the slickline services and specialty chemical and well stimulation services. Higher operating costs have also contributed to increase in losses in the current quarter.

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

	<b>Q4'22</b>	<b>Q3'22</b>	<b>Variance</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<u>Integrated Corrosion Solution</u>				
Revenue	24,269	22,540	1,729	7.7
Operating profit	6,847	8,280	(1,433)	(17.3)
Profit before interest and tax	6,836	8,252	(1,416)	(17.2)
Profit before tax	<u>6,846</u>	<u>8,279</u>	<u>(1,433)</u>	<u>(17.3)</u>

The Integrated Corrosion Solution segment posted a decrease in segment result mainly due the higher operating costs in the current quarter and the absence of the reversal of accrued cost upon the settlement of a legal suit in the immediate preceding quarter.

**B3. PROSPECTS**

Global demand for fossil energy in 2023 is anticipated to be positive, on the back of increased consumer activities in post pandemic era and the impact of the re-opening of China for regional air travel. However, geopolitical risks in various parts of the world, coupled with the rising interest rates impeding global economic growth, remain potential challenges to the Oil and Gas sector in terms of supply and price trends.

Whilst we remain cautious given the above backdrop, we will continue to provide the best service quality to our customers. The Group is investing in processes and systems to integrate all our services on a seamless and robust platform to position us better in scaling up our operations. By both cross-selling and up-selling our total solutions from the three business segments of Power and Machinery, Oilfield Services and Integrated Corrosion Solution, we would have the capability to better meet the needs of our oil major customers.

We are optimistic that the financial performance for the financial year ending 31 December 2023 will remain positive.

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**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	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<u>Income tax expenses on continuing operations:</u>				
Current tax:				
- Malaysian tax	8,925	3,006	13,797	9,416
- Foreign tax	1,781	0	5,796	0
Over provision in prior years	(1,246)	(46)	(1,440)	(92)
Deferred tax:				
- origination and reversal of temporary differences	(3,216)	(571)	(1,446)	(3,274)
- deferred tax assets not recognised	374	74	226	420
<b>Total income tax expense</b>	<b>6,618</b>	<b>2,463</b>	<b>16,933</b>	<b>6,470</b>



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**B5. INCOME TAX EXPENSE (Cont’d)**

Including the joint venture's and associate's results which were presented net of tax, the effective tax rate of the Group for the financial period ended 31 December 2022 was higher than the headline tax rate as shown below.

	<b>Cumulative Quarters ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	%	%
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	2	9
- Income not subject to tax	0	(3)
- Share of results of associate and joint venture	(2)	(5)
- Deferred tax assets not recognised	0	1
- Over provision in prior years	(1)	0
- Effect of different tax rates in other country	2	0
- Recognition of previously unrecognised capital allowances	0	(6)
<b>Effective tax rate for continuing operations</b>	<b>25</b>	<b>20</b>

**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 21 February 2023 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

**B9. JOINT VENTURE**

	<b>As at 31/12/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
Group's share of net assets of joint venture	34,081	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

	<b>Individual Quarter ended</b>		<b>Cumulative Quarters ended</b>	
	<b>31/12/2022 RM'000</b>	<b>31/12/2021 RM'000</b>	<b>31/12/2022 RM'000</b>	<b>31/12/2021 RM'000</b>
Profit before tax	434	502	1,892	2,153
Income tax expense	(109)	(128)	(468)	(483)
Profit for the year	325	374	1,424	1,670
Interest in joint venture (80.55%) Share of results	262	301	1,147	1,345

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**B10. ASSOCIATE**

	<b>As at 31/12/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
Group's share of net assets of associate	23,921	24,373

In the opinion of the Directors, Malaysian Mud and Chemicals Sdn. Bhd. ("2MC") is a material associate of the Group. The Group's effective equity interest in the associate, 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 associate has share capital 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

	<b>Individual Quarter ended</b>		<b>Cumulative Quarters ended</b>	
	<b>31/12/2022 RM'000</b>	<b>31/12/2021 RM'000</b>	<b>31/12/2022 RM'000</b>	<b>31/12/2021 RM'000</b>
Profit before tax	5,051	4,526	22,132	23,278
Income tax expense	(1,242)	(1,127)	(5,545)	(5,675)
Profit for the year	3,809	3,399	16,587	17,603
Interest in associate (32%) Share of results	1,219	1,088	5,308	5,633

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**B11. TRADE RECEIVABLES**

	<b>As at 31/12/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
Neither past due nor impaired	91,631	61,716
1 to 30 days past due not impaired	22,561	11,286
31 to 60 days past due not impaired	5,164	1,032
61 to 90 days past due not impaired	593	542
91 to 120 days past due not impaired	298	43
More than 121 days past due not impaired	52	1,788
	<hr/>	<hr/>
	120,299	76,407
Not past due but impaired	0	93
Past due and impaired:		
1 to 30 days past due and impaired	0	175
31 to 60 days past due and impaired	0	1,043
More than 121 days past due and impaired	977	5,136
	<hr/>	<hr/>
	121,276	82,854
Less: Impairment of receivables	<hr/> (977) <hr/>	<hr/> (6,447) <hr/>
	<hr/> 120,299 <hr/>	<hr/> 76,407 <hr/>

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 RM28.7 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 December 2022 were as follows:

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b><u>31/12/2022</u></b>			
Borrowings - secured	4,200	0	4,200
- unsecured	3,412	1,175	4,587
	<u>7,612</u>	<u>1,175</u>	<u>8,787</u>
<b><u>31/12/2021</u></b>			
Borrowings - secured	17,501	4,201	21,702
- unsecured	8,368	246	8,614
	<u>25,869</u>	<u>4,447</u>	<u>30,316</u>

The borrowings are all denominated in Ringgit Malaysia.

	<b>Note</b>	<b>As at 31/12/2022 RM'000</b>	<b>As at 31/12/2021 RM'000</b>
Revolving credits	(i)	2,580	7,140
Lease liabilities on right-of-use assets	(ii)	2,007	1,496
Term loans	(iii)	4,200	21,680
		<u>8,787</u>	<u>30,316</u>
Less: Amount repayable within 12 months			
Revolving credits		(2,580)	(7,140)
Lease liabilities on right-of-use assets		(832)	(1,249)
Term loans		(4,200)	(17,480)
		<u>(7,612)</u>	<u>(25,869)</u>
		<u>1,175</u>	<u>4,447</u>

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**B12. GROUP BORROWINGS (Cont'd)**

The decrease in borrowings was due to net repayment on term loan of RM17.5 million, revolving credits of RM4.6 million and lease liabilities for right-of-use assets of RM1.3 million. However, the amount has been offset by the addition in lease liabilities for right-of-use assets of RM1.9 million.

- (i) Revolving credits are rolled over on a monthly basis at an average interest rate of 3.84% (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 4.68% per annum.
- (iii) Term loans carry interest rates ranging from 2.98% to 4.19% 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 December 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 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.

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:

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>ended</b>		<b>ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	0	758	0	4,412
Other (expenses)/income	0	(437)	351	(6,327)
Profit/(loss) before tax	0	321	351	(1,915)
Tax expense	0	0	(68)	0
Profit/(loss) after tax	0	321	283	(1,915)

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:

	<b>Cumulative Quarters</b>
	<b>31/12/2022</b>
	<b>RM'000</b>
Net cash generated from operating activities	283
Effect on cash flows	283

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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 Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) (“DTS”) (“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:

- (a) The Plaintiff’s claim was dismissed;
- (b) The Defendant’s counterclaim was 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
- (c) The Plaintiff and the Defendant shall bear their 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)**

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

At the Case Management on 7 July 2022, Solicitors for the Plaintiff informed the Court that Plaintiff has been wound up and that they must apply to the liquidator, i.e. the Director General of Insolvency (“DGI”), for sanction to proceed with the appeal in the Court of Appeal under Section 486 [Powers of Liquidator in Winding Up by Court] (read together with Part I of the Twelfth Schedule) of the Companies Act 2016.

At the Case Management on 3 October 2022, the Court has directed for the next Case Management to be fixed on 30 November 2022 for the Plaintiff to update the Court on the status of their application for sanction to the Director General of Insolvency (Selangor State branch) to continue the above action.

Pursuant to the Hearing of the Appeal held on 12 January 2023, the Court of Appeal has granted the following Orders in favour of the Plaintiff:

1. Judgment for the sum of RM1,400,500.00 for outstanding invoices, as pleaded in the Statement of Claim;
2. Interest at the rate of 5% per annum on the judgment sum from the date of filing of the Suit, 21 August 2020, until the date of full settlement; and
3. Costs of RM10,000.00 be paid to the Plaintiff, subject to payment of the Allocatur fee.

The Court Order has been served to the Defendant on 20 February 2023 for the following sums (i) Judgment sum amounting to RM1,400,500.00; and (ii) Costs of the appeal amounting to RM10,000.00 and payment for the same has been made on 24 February 2023.

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**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 Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) (“DTS”) (“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 RM1,568,048.66 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 RM616,535.79 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, 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 Case Management on 21 July 2021, the suit was initially fixed for Trial on 22, 23 and 29 September 2022 but was subsequently rescheduled by the Court to 8, 22 and 23 March 2023.

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**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 Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) (“DTS”) against Mazrin Bin Ramli and 9 Others (“Defendants”) (“The Civil Suit”)**

The Plaintiff has commenced the above legal proceedings against the Defendants by way of a Writ of Summons and Statement of Claim 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 for the amount of RM19,876,389.87.

Pursuant to the Recusal Application filed by the 6 Defendants on 9 March 2021, 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 13 May 2022.

During the Hearing on 21 November 2022, in relation to DTS Application for Leave to Apply for an Order of Committal against all the above and dismissed the same against Zul Hafizi bin Zainal Karib, a director of D10, with no order as to cost.

Pursuant to the above, DTS have filed an Application for an Order of Committal against all of the above except for Zul Hafizi bin Zainal Karib, a director of D10. The case management for the Application is scheduled on 2 March 2023.

Following the Defendant No. 8 being wound-up 27 May 2022, the Plaintiff’s solicitors have written to the Official Receiver on 27 July 2022 informing them of the ongoing Civil Suit filed by the Plaintiff against the 10 Defendants which includes, Defendant No.8; and filed a Notice of Motion at the Shah Alam High Court for leave to be granted for the Plaintiff to continue with its claim against Defendant No. 8 which was granted by the Court on 26 August 2022.

Pursuant to the winding up of D8, DTS will be filing an application to amend its Statement of Claim against the Defendants, pending the forensic report prepared by Virdos-Lima Consultancy (M) Sdn Bhd (“VLC”). As such, the Court have given DTS until the end of January 2023 to file the amendment application. The next case management for this matter is fixed on 23 February 2023.

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**B16. DIVIDEND**

The board of Directors have, in respect of financial year ended 31 December 2022, declared a second interim single tier dividend of 3.25 sen per share on 401,553,500 ordinary shares.

The dividend will be payable on 30 March 2023 to shareholders of ordinary shares whose names appear in Record of Depositors at the close of business on 15 March 2023.

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

- (i) shares transferred into the Depositor’s securities account before 5 p.m on 15 March 2023 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia Listing Requirements.

Total dividend for the current financial year ended 31 December 2022 is 5.25 sen per ordinary share.

There will be no final dividend declared for the financial year ended 31 December 2022.

**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	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>Basic/Diluted earnings per share</b>				
Profit/(loss) attributable to equity holders of the Company (RM'000)				
- Continuing operations	13,768	10,233	41,859	18,983
- Discontinued operation	0	321	283	(1,915)
	<b>13,768</b>	<b>10,554</b>	<b>42,142</b>	<b>17,068</b>
Weighted average number of shares in issue ('000)	401,554	401,554	401,554	401,554
Basic/Diluted earnings per share (sen)				
- Continuing operations	3.43	2.55	10.42	4.73
- Discontinued operation	0.00	0.08	0.07	(0.48)
Basic/Diluted earnings per share	<b>3.43</b>	<b>2.63</b>	<b>10.49</b>	<b>4.25</b>

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**B18. PROFIT BEFORE TAX**

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Inventories consumed and recognised as cost of sales	55,484	29,110	125,254	82,474
Purchase of products, parts and consumable	20,459	2,786	31,071	12,764
Costs of services purchased	179,764	98,147	312,637	272,982
Interest income	(724)	(729)	(2,677)	(2,985)
Other income including investment income	(506)	(51)	(1,262)	(234)
Accretion of income on other receivable	(28)	65	(112)	(37)
Interest expenses	114	286	638	1,840
Depreciation and amortisation	8,247	8,982	33,532	35,398
Write-back of impairment				
- Trade receivables	(426)	0	(4,069)	(246)
- Contract assets	(98)	(37)	(98)	(39)
Write off of impairment				
- Trade receivable	(1,523)	0	(1,523)	0
- Other receivables	0	0	0	77
Impairment for doubtful debts				
- Trade receivables	0	4,780	24	4,915
- Contract assets	0	0	0	196
- Other receivables	359	212	359	212
Allowance for slow moving inventories	969	3,026	2,202	9,249
Reversal of allowance for slow moving inventories	(180)	(14)	(258)	(136)
Net fair value (gain)/loss on investment securities	(882)	19	(882)	0

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

**B18. PROFIT BEFORE TAX (Cont'd)**

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

	Individual Quarter ended		Cumulative Quarters ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Inventories written-off	511	418	526	1,053
Amortisation of government grants	(13)	(135)	(53)	(135)
Gain on disposals of plant and equipment	0	(193)	(2,004)	(209)
Loss/(gain) on lease modification and disposal	0	0	8	(53)
Impairment on plant and equipment	0	3,171	0	3,171
Plant and equipment written-off	5	99	5	192
Foreign exchange (gain)/loss				
- Realised	(178)	(1,360)	(3,038)	(2,223)
- Unrealised	(825)	288	416	123
Provision for liquidated damages	389	264	451	264
Write back of provision of liquidated damages	0	0	(108)	(44)
Fair value loss/(gain) on forward foreign currency exchange contracts	4,335	(107)	1,611	719
Loss on liquidation of a subsidiary	1	0	353	0

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

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**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 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 28 February 2023.

By order of the Board

Suliana Binti Rosli (MAICSA no. 7057610)  
Company Secretary  
Kuala Lumpur  
28 February 2023