DELEUM

DELIVERING through Synergy

2014 Annual Report

COVER RATIONALE

DELIVERING through Synergy

This cover places the spotlight on the synergistic strength of our three (3) core business segments, namely Power and Machinery, Oilfield Services and Maintenance, Repair and Overhaul – represented by using silhouettes of three employees to convey the growth of our organisation through the collaborative efforts of our workforce.

The light from the sunrise projects Deleum as a forward thinking, future-focused organisation. Together, with the commitment and collaborative efforts of our workforce, we are always on the lookout for new growth opportunities to power our progress and deliver lasting value to all our shareholders and stakeholders.

CONTENTS

OUR MISSION

To Provide Sustainable Growth and Enhance Stakeholders' Value

OUR VISION

To be the Market Leader in our Operating Segments domestically and to establish regional presence by 2015

OUR SHARED VALUES

- Integrity
- Professionalism
- Health, Safety & Environment
- Excellence

OUR PEOPLE

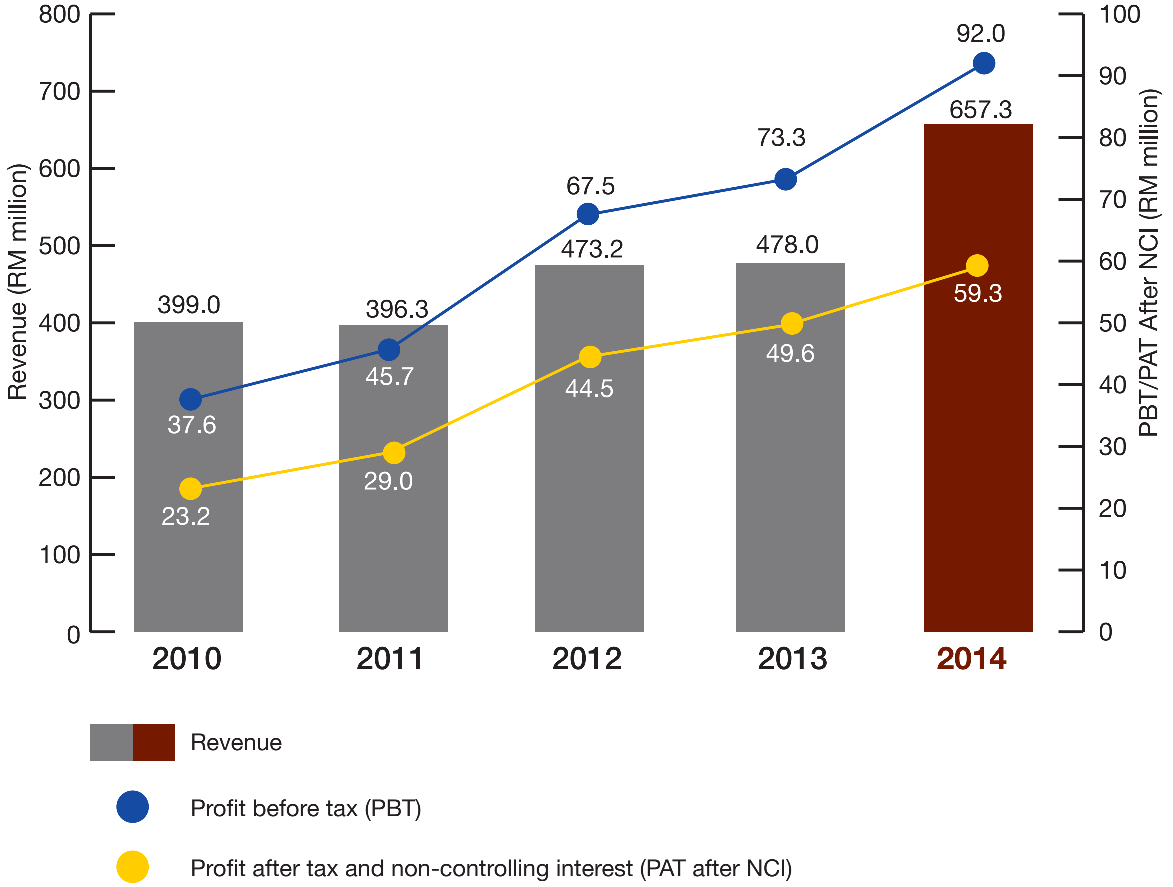
Pillar of Strength

Committed to Deliver

FINANCIAL HIGHLIGHTS

For The Financial Years Ended 31 December 2010 - 2014

REVENUE / PROFIT



Financial Year (RM'000)	2010	2011	2012	2013	2014
Revenue	399,045	396,303	473,240	477,955#	**657,273#**
Gross profit	75,950	79,574	107,724	123,701#	**157,969#**
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	50,908	59,520	81,610	91,572	**116,861**
Share of associates' results	9,744	13,679	15,579	15,973	**13,727**
Profit before tax	37,594	45,709	67,471	73,327#	**91,994#**
Profit after tax	30,213	34,711	54,214	58,662	**70,651**
Non-controlling interest	(6,977)	(5,678)	(9,764)	(9,103)	**(11,327)**
PAT after NCI	23,237	29,033	44,450	49,559	**59,324**
Number of shares ('000)	100,000	100,000	150,000	150,000	**400,000**

For the financial year ended 31 December 2014, an overhaul facility within the Power and Machinery segment has been excluded as a discontinued operation. The comparative consolidated statement of comprehensive income for the financial year ended 31 December 2013 has been re-presented to show the discontinued operation separately from continuing operations. The said facility is presented as continuing operation in the previous financial years ended 31 December 2010 - 2012.

FINANCIAL HIGHLIGHTS (continued)

For The Financial Years Ended 31 December 2010 - 2014

EBITDA
RM116,861
2013: RM91,572

PAT AFTER NCI
RM59,324
2013: RM49,559

RETURN ON EQUITY
21.6%
2013: 20.5%

TOTAL FIXED ASSETS
RM230,611
2013: RM133,670

SHAREHOLDERS' EQUITY
RM274,794
2013: RM241,921

DIVIDEND PER SHARE
7.5 sen^
2013: 17.0 sen

FINANCIAL RATIOS

Financial Year	2010	2011	2012	2013	2014
Return on equity	13.5%	15.4%	20.6%	20.5%	**21.6%**
Return on total assets	6.6%	8.6%	10.7%	9.9%	**8.9%**
Gearing ratio	12.5%	14.2%	8.8%	12.3%	**56.5%#**
Net asset per share (RM)	1.73	1.89	1.44	1.61	**0.69***
Dividend per share (Sen)	11.5	14.0	15.0	17.0	**7.5^**
Dividend yield	7.6%	8.9%	7.7%	3.9%	**4.7%***

For the financial year ended 31 December 2014, an overhaul facility within the Power and Machinery segment has been excluded as a discontinued operation. The comparative consolidated statement of comprehensive income for the financial year ended 31 December 2013 has been re-presented to show the discontinued operation separately from continuing operations. The said facility is presented as continuing operation in the previous financial years ended 31 December 2010 - 2012.

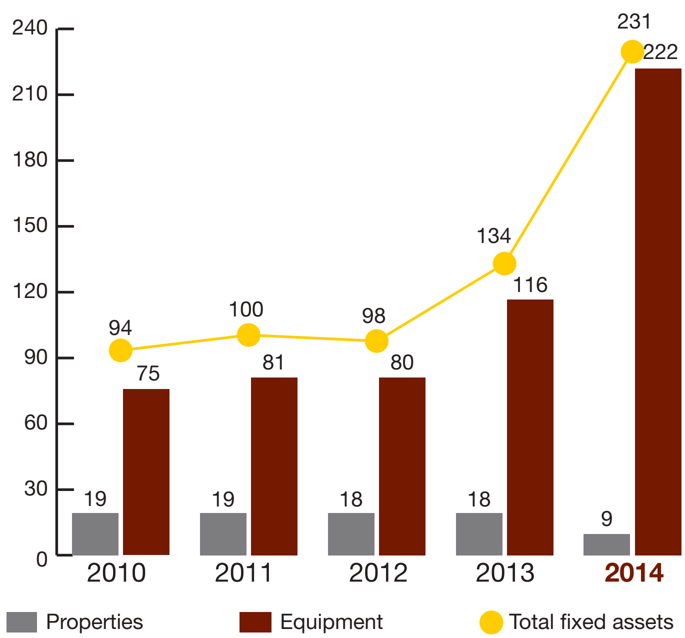
* Based on enlarged share capital of 400 million ordinary shares pursuant to the completion of bonus issue and share split on 17 June 2014.

^ 2014: 7.5 sen dividend per share is based on the enlarged share capital of 400 million ordinary shares (2013: 17.0 sen dividend per share is based on the share capital of 150 million ordinary shares).

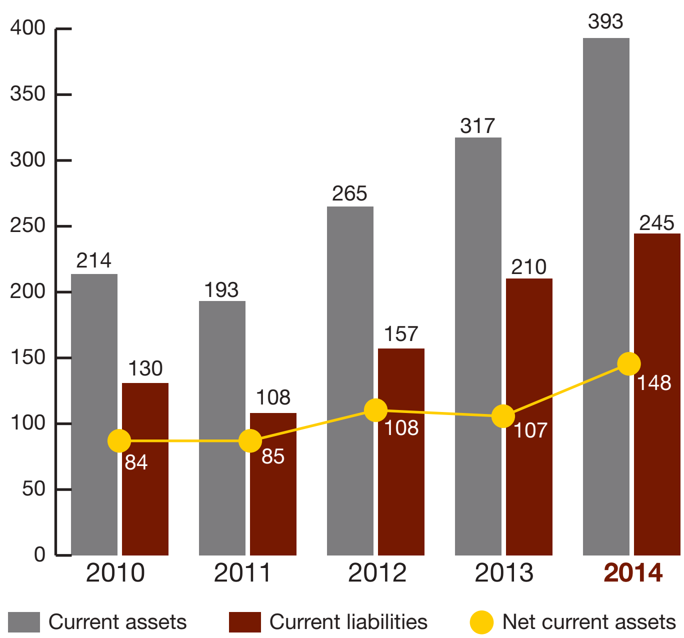
FINANCIAL HIGHLIGHTS (continued)

For The Financial Years Ended 31 December 2010 - 2014

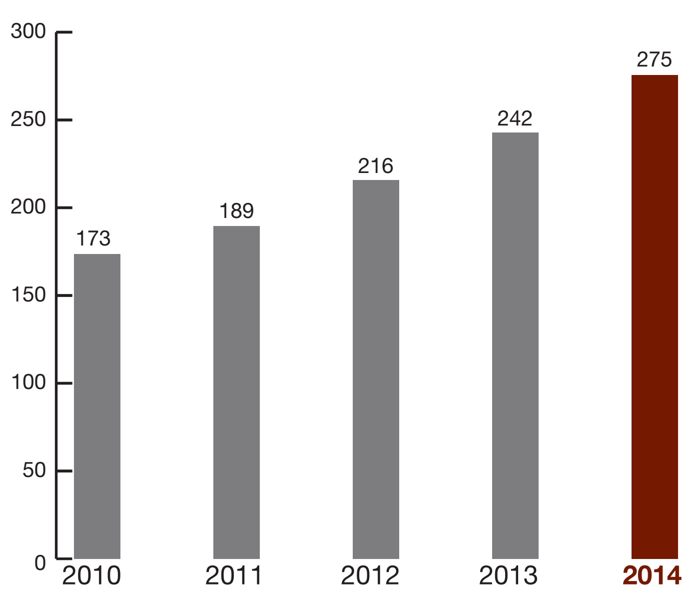
PROPERTY, PLANT AND EQUIPMENT (RM million)



NET CURRENT ASSETS (RM million)



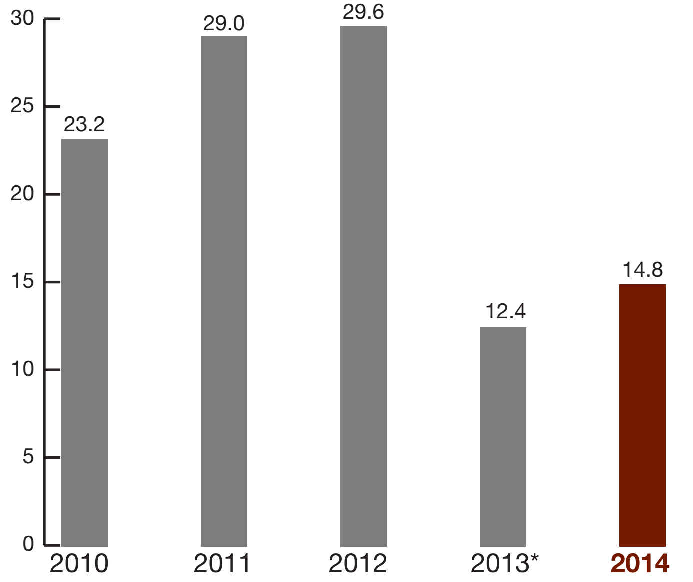
SHAREHOLDERS' EQUITY (RM million)



FINANCIAL HIGHLIGHTS (continued)

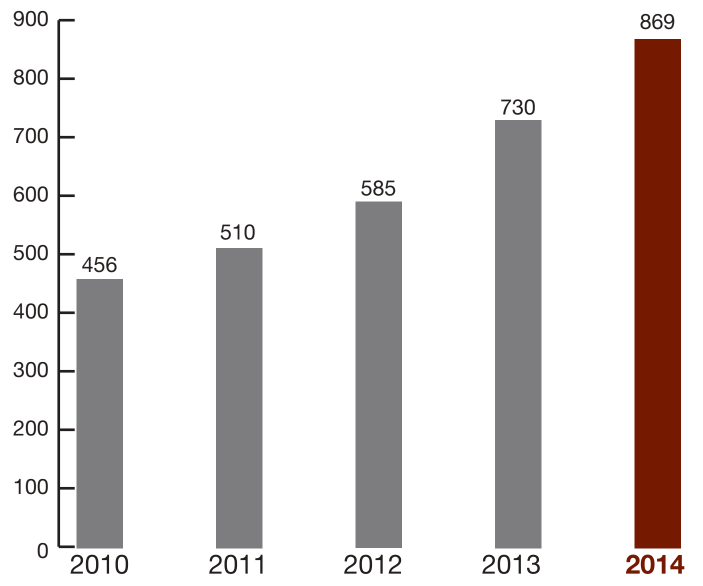
For The Financial Years Ended 31 December 2010 - 2014

EARNINGS PER SHARE (sen)

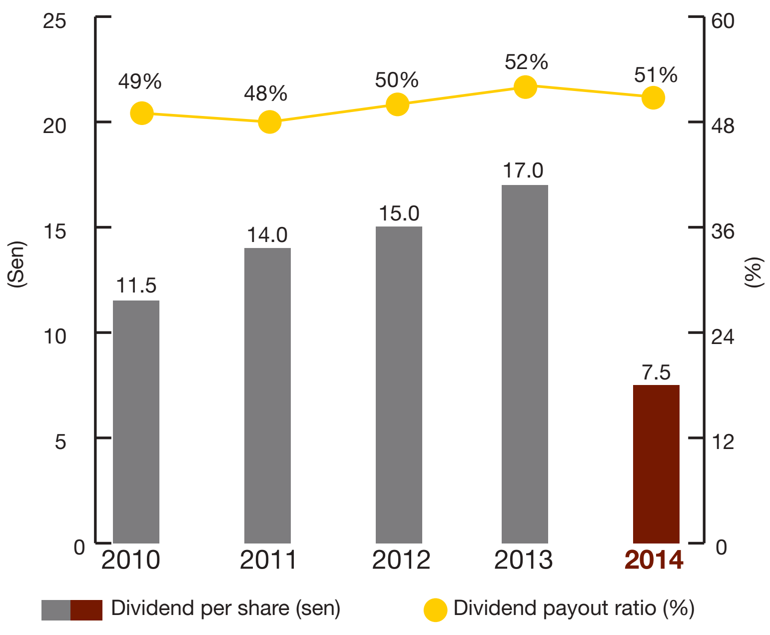


* *Earnings per share for 2013 has been adjusted retrospectively pursuant to the bonus issue and share split during the financial year ended 31 December 2014.*

EMPLOYEES



DIVIDENDS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Izham bin Mahmud
Non-Independent Non-Executive Chairman

Datuk Vivekananthan a/l M.V. Nathan
Non-Independent Non-Executive Deputy Chairman

Nan Yusri bin Nan Rahimy
Group Managing Director

Datuk Ishak bin Imam Abas
Independent Non-Executive Director

Datuk Chin Kwai Yoong
Independent Non-Executive Director

Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz
Non-Independent Non-Executive Director

Datuk Ir (Dr) Abdul Rahim bin Hashim
Senior Independent Non-Executive Director

Datuk Noor Azian binti Shaari
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Ishak bin Imam Abas
Chairman
Datuk Chin Kwai Yoong
Dato' Izham bin Mahmud
Datuk Vivekananthan a/l M.V. Nathan
Datuk Ir (Dr) Abdul Rahim bin Hashim

JOINT REMUNERATION AND NOMINATION COMMITTEE

Datuk Ir (Dr) Abdul Rahim bin Hashim
Chairman
Dato' Izham bin Mahmud
Datuk Vivekananthan a/l M.V. Nathan
Datuk Ishak bin Imam Abas
Datuk Chin Kwai Yoong
Datuk Noor Azian binti Shaari

RISK COMMITTEE

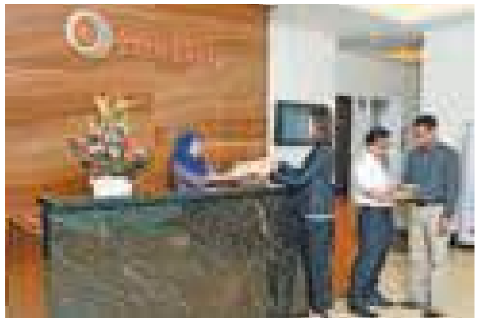
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz
Chairman
Nan Yusri bin Nan Rahimy
Datuk Vivekananthan a/l M.V. Nathan
Datuk Chin Kwai Yoong
Datuk Noor Azian binti Shaari

COMPANY SECRETARIES

Lee Sew Bee
MAICSA No. 0791319
Lim Hooi Mooi
MAICSA No. 0799764

REGISTERED OFFICE/ HEAD OFFICE

No. 2, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur, Malaysia
Tel : 603-2295 7788
Fax : 603-2295 7777
Email : info@deleum.com
Website : www.deleum.com



SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 603-7841 8000
Fax : 603-7841 8151/52

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code: 5132

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur, Malaysia
Tel : 603-2173 1188
Fax : 603-2173 1288

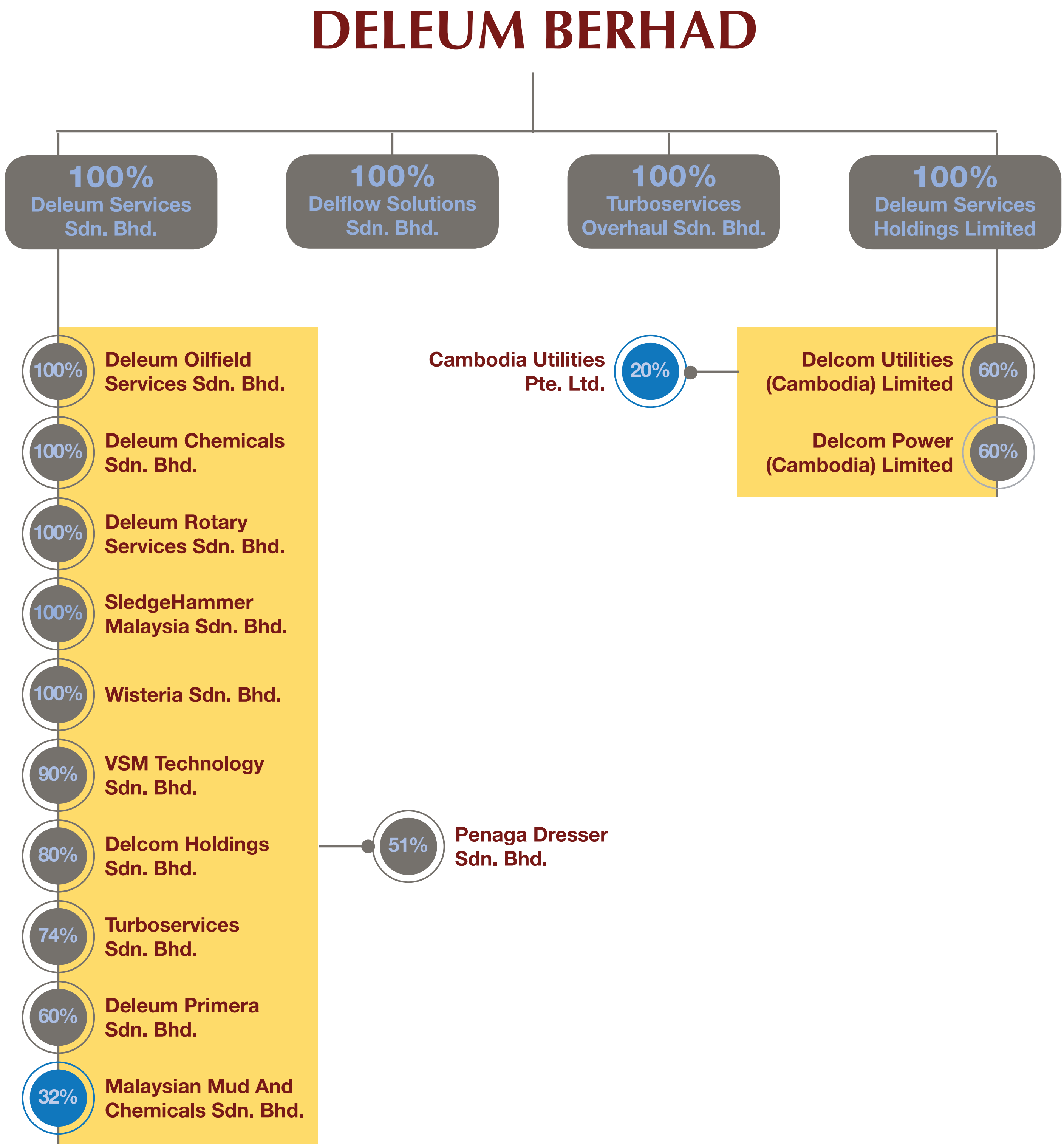
SOLICITORS

Zain & Co.
6th & 7th Floor, Akademi Etiqa
23, Jalan Melaka
50100 Kuala Lumpur, Malaysia
Tel : 603-2698 6255
Fax : 603-2693 6488

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad
AmBank (M) Berhad

GROUP CORPORATE STRUCTURE



DEFINING

our Market Position

We are always on the lookout for new prospects and opportunities, committed to grow our business in tandem with the evolving needs of the oil and gas industry. With the strength of our diversified range of innovative products and services, we continue to pursue operational excellence to fortify our foothold in Malaysia and establish our presence in the region.

PROFILES OF DIRECTORS

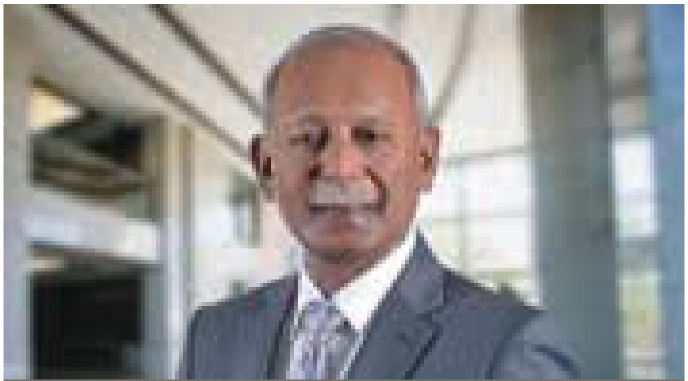
Dato' Izham bin Mahmud
Non-Independent Non-Executive Chairman

Dato' Izham bin Mahmud (Malaysian, aged 74) was appointed to the Board on 21 December 2005.

He holds a Bachelor of Science Degree (Honours) in Economics from Queen's University Belfast, UK and a Master of Arts (Economics Development) from Vanderbilt University, USA. He is one of the co-founders of Deleum Services Sdn. Bhd. (Deleum Services) (formerly known as Delcom Services Sdn. Bhd.), a wholly-owned subsidiary of Deleum Berhad via his family holding company, IM Holdings Sdn. Bhd.

Dato' Izham joined the Federal Treasury in 1965 and attained the level of Principal Assistant Secretary and was subsequently seconded to the Malacca State Development Corporation as General Manager in 1972. In 1974, he embarked on his banking career and joined Aseambankers Malaysia Berhad as General Manager and was later promoted to Managing Director in 1979, a position he held until his retirement in 1996. During this period, he served as a Director of various subsidiaries of the Maybank Group and Cagamas Berhad.

He joined Deleum Services as its Chairman upon retirement and was subsequently appointed Executive Chairman in 2000. He was the Executive Chairman of Deleum Berhad until his retirement on 31 May 2010 and subsequently became the Non-Executive Chairman. He also served on the Boards of RHB Capital Berhad, RHB Bank Berhad, Renong Berhad, Opus Berhad, AMMB Holdings Berhad and AmInvestment Bank Berhad.



Datuk Vivekananthan a/l M.V. Nathan
Non-Independent Non-Executive Deputy Chairman

Datuk Vivekananthan a/l M.V. Nathan (Malaysian, aged 74) was appointed to the Board on 21 December 2005. He is one of the co-founders of Deleum Services.

He joined ESSO Malaysia in the Instrumentation and Electrical Engineering Services Department in 1962 and undertook assignments at ESSO refineries in Malaysia and Thailand. He then worked for Mobil Refinery, Singapore and subsequently was the Project Engineer with Avery Laurence (S) Pte. Ltd. on various first ever offshore projects in Brunei, Thailand and Indonesia. He had also attended training with Yokogawa Electric Works in Japan. He later joined Teledyne Inc. and was based in USA for training in management before being promoted as Marketing Director of its Far East Operations.

In 1982, together with his founding partners, Datuk Vivekananthan successfully spearheaded Deleum Services' venture into the oil and gas industry. He was appointed as the Managing Director and later re-designated as President of Deleum Services. He was the Deputy Executive Chairman of Deleum Berhad until his retirement on 31 May 2010 and subsequently became the Non-Executive Deputy Chairman.

He sits on the Board of International Conference and Exhibition Professionals (iCEP) (formerly known as WGC 2012/ National Organising Committee of the 25th World Gas Conference), the organiser of conferences and exhibitions hosted by PETRONAS. He is also a Council Member of the Malaysian Gas Association. He was appointed a member of the Board of Directors of Malaysian Philharmonic Orchestra and a member of the Board of Trustees of Dewan Filharmonik PETRONAS in November 2014.

PROFILES OF DIRECTORS (continued)

Nan Yusri bin Nan Rahimy
Group Managing Director

Nan Yusri bin Nan Rahimy (Malaysian, aged 43) was appointed to the Board on 1 March 2011.

He graduated from the Royal Melbourne Institute of Technology (now RMIT University), Australia with a Bachelor of Engineering Degree (Honours) in Mechanical Engineering in 1996. He has been a member of the Society of Petroleum Engineers since 2004.

Nan Yusri joined Deleum Services as a Marketing Executive supporting the turbomachinery business in April 1996 and was later re-designated to Application Engineer in November 1996. He subsequently held several senior positions within the Group including Senior Marketing Manager, Assistant VP - Business Development, VP - Exploration and Production, COO - Oilfield Services and CEO of Deleum Oilfield Services Sdn. Bhd.

In September 2010, he was promoted to CEO of Deleum Services before being appointed to his current position on 1 March 2011. He sits on the Board of International Conference and Exhibition Professionals (iCEP) (formerly known as WGC 2012/ National Organising Committee of the 25th World Gas Conference) as Alternate Director to Datuk Vivekananthan a/l M.V. Nathan. He was appointed a member of the Student Development Advisory Council of Universiti Teknologi PETRONAS in December 2014.

Datuk Ishak bin Imam Abas
Independent Non-Executive Director

Datuk Ishak bin Imam Abas (Malaysian, aged 69) was appointed to the Board on 21 March 2007. He is a Fellow of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

He was the Finance Director of Pfizer (M) Sdn. Bhd., Bursar of Universiti Kebangsaan Malaysia, Finance Director of Western Digital (M) Sdn. Bhd. and Accountant in Pernas International Holdings Berhad prior to joining PETRONAS in 1981.

During his tenure at PETRONAS, he held various senior positions including Deputy GM Commercial of PETRONAS Dagangan Berhad, Senior GM Finance of PETRONAS, Senior VP Finance of PETRONAS, CEO of KLCC (Holdings) Sdn. Bhd. and KLCC Property Holdings Berhad. He was also a member of the Board of Directors of PETRONAS and several of its subsidiaries. In April 2006, he retired from PETRONAS as Senior VP. He continued to be CEO of KLCC (Holdings) Sdn. Bhd. and KLCC Property Holdings Berhad until his retirement in April 2007.

Datuk Ishak is currently the Non-Executive Chairman of Putrajaya Holdings Sdn. Bhd. He is also the Non-Executive Director of Kuala Lumpur City Park Berhad, KLCC Property Holdings Berhad and KLCC REIT Management Sdn. Bhd., all of which are subsidiaries of PETRONAS.

He sits on the Boards of Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad as Independent Non-Executive Director. He is also a Director of Integrated Petroleum Services Sdn. Bhd.

PROFILES OF DIRECTORS (continued)

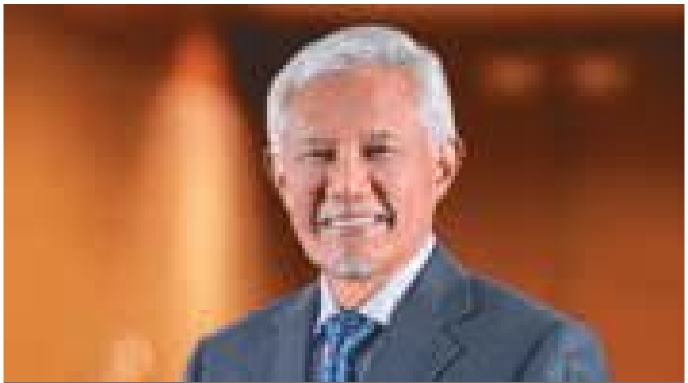
Datuk Chin Kwai Yoong
Independent Non-Executive Director

Datuk Chin Kwai Yoong (Malaysian, aged 66) was appointed to the Board on 21 March 2007. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

He started his career with Price Waterhouse (currently known as PricewaterhouseCoopers) in 1974 as an Audit Senior and was promoted to Audit Manager in 1978. He was the Audit Partner of the firm from 1982 until his retirement in 2003. During his tenure as Partner, he was the Executive Director in charge of the Consumer and Industrial Products and Services Group and was the Director-in-charge of the Audit and Business Advisory Services and Management Consulting Services division.

Datuk Chin has extensive experience in audits of the major companies in banking, oil and gas, automobile, heavy equipment, manufacturing, construction and property development industries. He was also involved in the corporate advisory services covering investigations, mergers and acquisitions and share valuations.

Currently, he sits on the Boards of ASTRO Malaysia Holdings Berhad, ASTRO All Asia Networks Plc., ASTRO Overseas Limited, Genting Berhad and Fraser & Neave Holdings Berhad. He is also a Director of Bank Negara Malaysia.



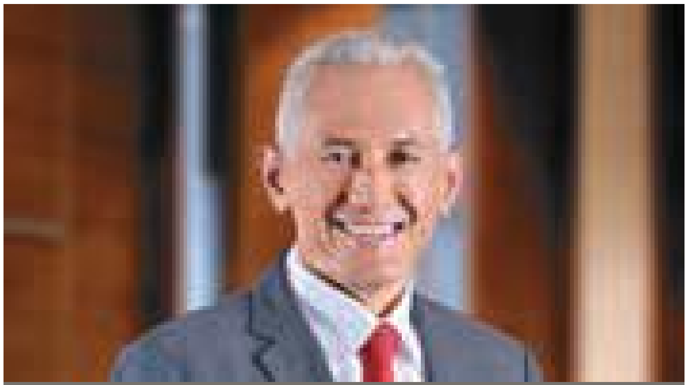
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz
Non-Independent Non-Executive Director

Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz (Malaysian, aged 70) was appointed to the Board on 30 April 2009. He holds a Master of Arts in International Relations and Strategic Studies from the University of Lancaster, UK and a Master of Human Sciences (History and Civilization) from the International Islamic University, Malaysia.

He joined the Royal Malaysian Air Force (RMAF) in 1964 and graduated as a qualified pilot in 1965. He served in the RMAF for 32 years and attained the position of Chief of Air Force in 1993 before retiring in November 1996.

He is currently the Senior Independent Non-Executive Chairman of C.I. Holdings Berhad.

PROFILES OF DIRECTORS (continued)



Datuk Ir (Dr) Abdul Rahim bin Hashim
Senior Independent Non-Executive Director

Datuk Ir (Dr) Abdul Rahim bin Hashim (Malaysian, aged 61) was appointed to the Board on 15 November 2013.

He graduated with a B.Sc. (Electronics & Electrical) Engineering from the University of Birmingham, UK in 1976 and has also completed the Advanced Management Program at Harvard Business School in 1997.

He started his career in PETRONAS as an Electrical Engineer soon after graduation. He held various senior positions including Managing Director and CEO of PETRONAS Penapisan (Melaka) Sdn. Bhd. and Malaysian Refining Company Sdn. Bhd., VP of Human Resource Management Division and VP for Gas Business of PETRONAS. He was the VP of Research and Technology Division of PETRONAS from April 2006 until his retirement in December 2008. He also held directorships in several PETRONAS subsidiaries including PETRONAS Gas Berhad, PETRONAS Dagangan Berhad, PETRONAS Carigali Sdn. Bhd. and Malaysia LNG Sdn. Bhd., all of which he relinquished upon retirement.

Datuk Ir (Dr) Abdul Rahim is the Immediate Past President of the International Gas Union, the host of the 25th World Gas Conference held in Kuala Lumpur in 2012. He helmed the presidency of Asia Pacific Natural Gas Vehicle Association from 2003 to 2007 and the presidency of the Malaysian Gas Association from 2003 to 2013. He has served as a Board Member of the Board of Engineers Malaysia.

Currently, he is the Vice Chancellor/ CEO of Universiti Teknologi PETRONAS. He is also a member of the National Science and Research Council of Malaysia and the Energy Commission of Malaysia. He has served as a director of Institute of Technology PETRONAS Sdn. Bhd. since September 2010 and Chairman of the Dewan Filharmonik PETRONAS and the Malaysian Philharmonic Orchestra since September 2013. He is a director of LanzaTech NZ Ltd. He is also a director of SIRIM Berhad since 2004.

Datuk Noor Azian binti Shaari
Independent Non-Executive Director

Datuk Noor Azian binti Shaari (Malaysian, aged 66) was appointed to the Board on 1 January 2015. She is a Barrister-At-Law of Lincoln's Inn London having been called to the English Bar in May 1971.

Upon graduating, she joined the Malaysian Judicial and Legal Service and served for over 30 years until her retirement in July 2004. During her tenure with the said service, she held various positions, amongst them being Deputy Parliamentary Draftsman, Official Assignee Malaysia, Treasury Solicitor, Sessions Court Judge, Deputy Head of Civil Division, Chairman of the Special Commissioners for Income Tax and Chairman of Tribunal for Consumer Claims.

After her retirement from the Malaysian Judicial and Legal Service, she was appointed as a Judge of the High Court of Malaya and she presided over cases in the Commercial, Civil and Criminal divisions. She retired from her position as High Court Judge of Malaya in July 2014.

She is now a Registered Arbitrator with The Kuala Lumpur Regional Centre for Arbitration.

Notes:

1. Directors' attendance at Board and Board Committees' meetings during the financial year ended 31 December 2014 are set out in the Statement of Corporate Governance and Audit Committee Report.

2. The above Directors have no family relationship with any Director and/or major shareholders of Deleum Berhad, have no conflict of interest with Deleum Berhad and have not been convicted of any offence within the past 10 years.

KEY MANAGEMENT

From left to right:

Mazrin bin Ramli
Chief Operating Officer
Deleum Primera Sdn. Bhd.

Ahmad Uzhir bin Khalid
Chief Operating Officer
Deleum Oilfield Services Sdn. Bhd.

Heng Phok Wee
Chief Operating Officer
Deleum Services Sdn. Bhd.

Nan Yusri bin Nan Rahimy
Group Managing Director

Jayanthi Gunaratnam
Group Chief Financial Officer

Lee Sew Bee
Senior General Manager
Group Corporate Services

DETERMINING

our Sustainable Future

As a future-focused organisation, we continue to ensure sustainable growth in our business and are committed towards achieving a balance among the interests of all stakeholders. Through our shared values of Integrity, Professionalism, Health, Safety and Environment, and Excellence, we aim to optimise our strong financial and operational performances, whilst balancing these pillars of growth with our initiatives to secure a sustainable future in the communities and environment where we operate.

CHAIRMAN'S STATEMENT

"It is with much pride that I share the Group's performance for FY2014. The Group posted a profit after tax and non-controlling interest of RM59.3 million in FY2014, a 19.7% increase from RM49.6 million achieved in FY2013."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Consolidated Financial Statements for Deleum Berhad (Deleum or the Group) for the financial year ended 31 December 2014 (FY2014).

FY2014 was a good year as reflected by the Group's financial results and operational highlights as we maintained sustainable growth in our business segments. We continue our momentum of transformation towards becoming an Integrated Solutions Provider of specialised products and services in the Malaysian oil and gas industry, whilst enhancing our competitiveness and ability to adapt to a fast changing environment.

CHAIRMAN'S STATEMENT (continued)

Dato' Izham bin Mahmud
Chairman

FINANCIAL PERFORMANCE

It is with much pride that I share the Group's performance for FY2014. The Group posted a profit after tax and non-controlling interest of RM59.3 million in FY2014, a 19.7% increase from RM49.6 million achieved in FY2013. Amidst a highly competitive operating environment, this commendable result was attributable to the solid performance posted by our Power and Machinery and Oilfield Services segments on the back of a strong revenue of RM657.3 million in FY2014, an increment from RM478.0 million recorded in the preceding financial year.

The Group's balance sheet continued to strengthen with its total assets standing at RM670.1 million, an increase of 33.9% from RM500.4 million and the shareholders' fund expanded by 13.6% to RM274.8 million from RM241.9 million in 2013.

With these commendable performances, the Group is able to leverage on its financial strength and resources to build capabilities within the Group as we continue progressively to create a competitive edge in the oil and gas industry. The Group is also well positioned to explore and tap into emerging opportunities at home and abroad in ensuring sustainable growth in the long run.

Detailed information on the operating and financial performances of our three (3) core business segments, namely Power and Machinery, Oilfield Services and Maintenance, Repair and Overhaul are presented in the Management Discussion and Analysis section of this Annual Report.

DIVIDEND

The Board is highly appreciative of the trust and loyalty that shareholders have placed in us. We continue to strive towards delivering long term sustainability and enhancing stakeholders' value.

While the Group seeks to optimise business growth, we continue to reward shareholders as per our dividend policy of distributing dividends of 50% of the Group's annual profit to shareholders, subject to the availability of adequate distributable reserves, operating cash flow requirements, financial commitments and expansion plans to sustain existing operations and to support future business growth.

In respect of FY2014, the Company paid a first interim single tier dividend of 2.5 sen per ordinary share on 25 September 2014 and subsequently declared a second interim single tier dividend of 5.0 sen per ordinary share which was paid on 26 March 2015. This brought the total dividend payout for FY2014 to 7.5 sen per ordinary share totalling RM30.0 million based on 400 million ordinary shares, as compared to 17.0 sen per ordinary share totalling RM25.5 million based on 150 million ordinary shares in FY2013. There is no final dividend proposed in respect of FY2014.

CORPORATE EXERCISES

During FY2014, several corporate exercises were undertaken for the best interest of the Group.

Bonus Issue and Share Split

On 17 June 2014, Deleum completed a bonus issue of 50 million new ordinary shares on the basis of one (1) bonus share for every three (3) existing shares held (Bonus Issue) and a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each (Share Split).

The purposes of these exercises were to reward our shareholders for their loyalty, to enhance the marketability and trading liquidity of Deleum's shares and to increase the capital base of the Company.

Pursuant to the completion of the Bonus Issue and Share Split, the enlarged issued and paid-up share capital of the Group has increased from 150 million ordinary shares of RM1.00 each to 400 million ordinary shares of RM0.50 each. The number of shareholders has increased from 2,209 shareholders as at 27 May 2014 prior to the completion of the said Bonus Issue and Share Split exercises to 3,613 shareholders as at 27 February 2015.

Dividend Payout

RM30.0m

in respect of FY2014

Increased No. of Shareholders

3,613

CHAIRMAN'S STATEMENT (continued)

Blasting using Sponge Jet Technology

Chemicals blending

Long Term Incentive Plan (LTIP)

Following the shareholders' approval obtained at the last Annual General Meeting (AGM) for the establishment of the LTIP, a share incentive scheme made available to eligible employees, the LTIP was implemented with effect from 10 October 2014. We had on 2 March 2015 made the first grant of 2,396,500 ordinary shares of RM0.50 each in Deleum under the LTIP to the selected eligible employees of the Group in accordance with the By-Laws of the LTIP.

The purpose of establishing the LTIP is to retain, motivate and reward employees to sustain a high performance level while instilling in them a sense of loyalty to the Group. Up to 10% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) is to be granted to executive directors of the Company and key employees of the Group under the LTIP.

HIGHLIGHTS FOR THE YEAR

For the year under review, I am delighted to share that Deleum continued to make commendable progress on many fronts.

One of these important achievements was the breakthrough by Deleum Primera Sdn. Bhd. (Deleum Primera), which joined the Group in 2012, having secured its first medium term contract from PETRONAS Carigali Sdn. Bhd. for the provision of painting and alternative blasting for Peninsular Malaysia and East Malaysia operations. We are confident that this contract will be the start of more medium or long term contracts that will augur well for the company's growth in the near future.

The Group also sought to diversify its portfolio of products and services and spread its geographical footprint in ensuring business sustainability and regional growth. To-date, the Group has marked its presence in Indonesia, Singapore and Brunei in line with its vision to establish regional presence by 2015.

CORPORATE GOVERNANCE

Deleum remains committed in upholding and integrating good corporate governance and ethical conduct into its overall business direction and management to safeguard and promote the interests of our shareholders, investors and other stakeholders.

The Board is guided and mindful of the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012. We continue to emphasise on a culture of high performance and organisational effectiveness to enhance stakeholders' value.

Hari Raya celebration with children from *Rumah Bakti Al-Kausar*

Deleum Getaway 2014

SUSTAINABILITY & CORPORATE RESPONSIBILITY

The Group fully believes in the importance of sustainability in its business operations while also safeguarding the interest of relevant stakeholders, namely our employees, the community at large, the environment and the marketplace in which we operate in.

During the year, our Health, Safety and Environment (HSE) Committee continued to make concerted efforts to strengthen our HSE practices and to reinforce a system of rigorous controls and strict compliance at the workplace. This has continued to improve our employees' behaviour and attitude towards safety, as well as an increase in the awareness of the responsibility of every individual to uphold HSE policies and to ensure a safe workplace.

As part of its efforts to ensure continuous improvement, the HSE Committee remains committed in rolling out its various HSE initiatives and programmes. The details of these activities are set out in the Quality, Health, Safety and Environment section of this Annual Report.

We also continued to actively invest time and resources towards community development as exemplified by our various Corporate Responsibility (CR) initiatives.

We are pleased to see the growing participation from employees towards CR efforts and that our actions are bearing fruit. The continuation of the 'Deleum Community Enrichment Programme' in support of national and economic development initiatives has further reached out to assist in providing equitable access to quality education especially for underserved communities.

We are proud to share that Deleum has adopted *Sekolah Kebangsaan Kampung Bakam*, a primary school in Miri, Sarawak, through our participation in the PINTAR Programme. This adoption initiative is in line with the national aspirations to develop human capital who will be adequately prepared to meet the challenges of the 21st Century.

The year under review also saw the Group rolling out various CR activities. Details of the activities are set out in the Corporate Responsibility section of this Annual Report.

HUMAN CAPITAL DEVELOPMENT

The Group continues to develop its workforce as part of its overall strategy for business sustainability and competitiveness. As set out in the Human Resource Strategic Plan, various initiatives were implemented during the year to develop leadership, technical and non-technical competencies as well as facilitating the development of our employees into high-performing talents.

Employee engagement initiatives have always been our emphasis reflected through team building sessions, leadership development programmes, periodic surveys, luncheon talks, employee sport and recreational activities. These activities are on-going as part of developing a balanced work-life culture besides inculcating good team spirit in the organisation.

The ultimate goal is to nurture our people and organisational culture – our greatest resources and strengths, while developing a conducive work environment. The commitment of the Group in ensuring a sustainable, safe, skilled and competent workforce in its day-to-day business conduct is demonstrated with the attainment of the OPITO-Competence Management System Certification (OPITO-CMS). We believe the continuation of OPITO-CMS within the organisation is essential for our workforce development in order to spur the Group forward.

CHAIRMAN'S STATEMENT (continued)

ENTERPRISE RESOURCE PLANNING

An effective Enterprise Resource Planning (ERP) system is vital in preparing the Group's further expansion and growth. The on-going implementation of the ERP system is aimed at centralising and integrating the entire financial, procurement, project and asset management of the Group to provide real-time business information that will enable better management of the Group moving forward.

In preparation of the Group to comply with the Goods & Services Tax (GST) implementation effective 1 April 2015, the GST processes and mechanism were integrated into the ERP system during the year under review to ensure compliance with the regulations.

OUTLOOK

As we move forward, the primary focus of the Group will be expanding our businesses in synergistic areas within our current core business competencies and segments. We plan to capitalise on our value added products and services. This is expected to be achieved via strategic alliances, collaborations, as well as mergers and acquisitions to ensure continuous growth towards enhancing our competitive edge.

As we embrace a challenging year amidst the uncertainties of the crude oil prices, we endeavour to respond quickly to market changes by providing innovative and cost-effective solutions to remain competitive and sustainable within the industry. We remain hopeful of our prospects moving forward with the various efforts being put in place to continue enabling the Group's transition to an Integrated Solutions Provider.

Existing development and production activities are expected to continue, although admittedly, there will be a downward pressure on margins and activities level. Notwithstanding that, the Group has a diverse and growing range of products and services, and a sizeable order book in hand which spans over the next five years. Hence, the earnings are expected to be sustained moving forward in 2015.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to thank all our shareholders, customers, suppliers, business partners and financiers for their strong support, patience, trust and confidence in Deleum throughout the years.

In the same vein, I wish to express our appreciation to my fellow members of the Board, for their counsel and guidance provided over the years. We respect Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz's decision not to seek re-appointment at this AGM under Section 129(6) of the Companies Act, 1965 and place on record the high value of his selfless dedication and devotion in discharging his mandate as a member of the Board. The Board wishes him well in all his future endeavours. I also wish to extend a warm welcome to Datuk Noor Azian binti Shaari who joined the Board on 1 January 2015 and my heartiest congratulations to Datuk Chin Kwai Yoong, who was awarded the Panglima Mahkota Wilayah (PMW) award which carries the title 'Datuk', by Yang di-Pertuan Agong Tuanku Abdul Halim Mu'adzam Shah in conjunction with the Federal Territory Day on 1 February 2015.

Last but not least, I wish to extend my sincere thanks and appreciation to the Management and staff for their dedication, professionalism and diligent efforts during the year under review. With their contributions and dedication to the Group, I am confident that Deleum will continue to chart its growth path to greater heights.

Dato' Izham bin Mahmud
Chairman

7 April 2015

MANAGEMENT DISCUSSION AND ANALYSIS

> **"Deleum will continue to drive integration across business segments towards providing more collective and comprehensive solutions to our customers in support of the demand and competitiveness in the industry. The ultimate aim is to harness the Group's cumulative strengths as a single entity, aside from the strengths and capabilities of the individual business segments."**

GROUP BUSINESS AND OPERATIONS

Having established itself for over 30 years as a service provider to the oil and gas industry, Deleum continues to strengthen its capabilities and expands its range of specialised products and services towards positioning itself as an Integrated Solutions Provider, particularly in the exploration and production sector.

The Group remains focused in growing its three (3) core business segments, consisting of Power and Machinery, Oilfield Services and Maintenance, Repair and Overhaul (MRO) and strengthening synergies across these segments for the oil and gas value chain.

The Group is headquartered in Kuala Lumpur and its operating facilities span across Malaysia, including two operating supply bases in Kemaman, Terengganu (Kemaman Supply Base) and Labuan (Asian Supply Base). During the year, an integrated workshop facility at Teluk Kalong, Kemaman was established in support of Oilfield Services and MRO segments' expanded activities. The Power and Machinery segment is further supported by an integrated facility in Senawang that provides gas turbine overhaul and repair services for local and regional customers. For East Malaysia operations, we have offices and workshop facilities in Miri, Labuan, Kota Kinabalu and Bintulu. The Group also has a Research and Development facility located at Petaling Jaya which was set up to support integrated chemical solutions research for the specialty chemicals business.

FINANCIAL REVIEW

The first half of the financial year ended 31 December 2014 (FY2014) was a robust period for the oil and gas industry, spurred by increased exploration and production activities from the oil and gas operators. Emphasis was placed on development in deepwater, marginal and stranded fields as well as Enhanced Oil Recovery (EOR) in matured fields. Sentiments remained bullish save for the tail-end of FY2014, when oil prices began to decline.

On the back of stable financial strength and capabilities, as well as our sustainable business model, the Group remains well-positioned and experienced a productive and profitable financial year.

The Group has achieved milestone success with a record of new high profit after tax and non-controlling interest of RM59.3 million, a 19.7% increase from RM49.6 million achieved in FY2013 supported by the Group's strong revenue of RM657.3 million posted in FY2014.

In spite of a competitive environment, our Power and Machinery and Oilfield Services segments managed to deliver strong operating performance during the year under review. The Power and Machinery segment continues to be the biggest contributor to Deleum, generating segment results of RM67.9 million on the back of a revenue of RM476.9 million. The Oilfield Services segment had a stronger showing in FY2014 by delivering a 288.4% increase in segment results of RM28.3 million as compared to RM7.3 million in FY2013. On the contrary, the MRO segment registered a loss of RM5.3 million in FY2014.

Liquidity and Capital Resources

During the year, the cash and cash equivalents of the Group increased from RM73.2 million to RM80.7 million as at 31 December 2014. The RM7.5 million increase was attributable to the drawdown of a new term loan and revolving credit facilities totalling RM129.5 million to cater mainly for the purchase of slickline equipment for the Pan Malaysia Slickline Contracts. This is evidenced by a significant increase in the capital expenditure (CAPEX) from RM47.2 million in the previous financial year to RM131.6 million in FY2014. The Group's CAPEX also included office renovations, facilities and purchase of other equipment to prepare the Group for current operations and future expansion. Furthermore, the Group made higher dividend payments of RM26.5 million in the year 2014 to its shareholders as compared to RM24.0 million in the previous financial year.

Gearing Ratio

The gearing ratio of the Group as at 31 December 2014 was 0.57 times, increased from 0.12 times as at 31 December 2013. The gearing ratio is calculated as total debt (RM155.4 million) divided by total shareholders' equity (RM274.8 million). The increase in the gearing ratio was largely attributable to a new term loan secured by Deleum Oilfield Services Sdn. Bhd. (Deleum Oilfield) for the purchase of slickline equipment. As at 31 December 2014, Deleum Oilfield has drawn down RM123.0 million from the term loan facility.

Contingent Liabilities

The Group has provided guarantees amounting to RM26.1 million to third parties in respect of operational requirements, utilities and maintenance contracts.

Capital Management

The Group's objective towards managing capital is to safeguard its ability to continue as a going concern and to maintain an optimum capital structure to maximise shareholders' value. In order to maintain or achieve optimal capital structure, Deleum may adjust the amount of dividends, return capital to shareholders or issue new shares or debts.

The capital structure consists of borrowings, cash and cash equivalents, and total equity.

Group Revenue

↑37.5%

RM657.3m

in FY2014

PAT After NCI

↑19.7%

RM59.3m

in FY2014

Future Commitments and Funding Sources

The Group's total capital commitment for property, plant and equipment amounted to RM73.2 million as at 31 December 2014, of which RM14.6 million of the CAPEX has been authorised and contracted for, but not incurred. The remaining CAPEX of RM58.6 million has been authorised but not contracted for. Capital commitment that has been authorised and contracted for is essentially for the purchase of slickline equipment and the enhancement of workshops and facilities.

Details of the borrowings and maturity profile of such borrowings are disclosed accordingly in the consolidated financial statements (Note 22).


Overhaul of gas turbine

BUSINESS PERFORMANCE REVIEW

Power and Machinery

The Power and Machinery segment focuses on the provision of complete life cycle support of turbomachinery packages; turnkey solutions for combined heat and power plants; and supply, assembly, repair and maintenance of valves and flow regulators.

To bolster the segment's aftermarket support and to enhance its local capabilities, an integrated facility was set up in Senawang, Negeri Sembilan providing gas turbine overhaul and repair services for both local and regional customers. It also serves as a training centre and is fully equipped with simulators and training skids to facilitate hands-on training on related packages and system upgrades.

During the year under review, the Power and Machinery segment recorded a revenue of RM476.9 million, representing a 27.0% increase from RM375.5 million in the preceding financial year. The segment posted a higher segment results of RM67.9 million in FY2014 as compared to RM61.8 million in FY2013. The 9.9% increase was mainly attributed to the improved operating performances from retrofits projects, exchange engines, field services, and repair and maintenance of valves and flow regulators.

Key highlights for the year included the execution of Long Term Service Agreements (LTSA) for the provision of aftermarket turbomachinery maintenance services for Solar Turbines Incorporated's gas turbines in Malaysia by Turboservices Sdn. Bhd. with PETRONAS Group of Companies and Production Sharing Contract (PSC) operators. In addition, the segment saw increase of package system upgrade and package refurbishment upgrade activities during the year, which resulted in an increase in sales of parts, repair services, overhauls and field services.


Calibrating and setting of turbine bypass pressure control valve

During the year, the segment continued to expand its product and service offerings. We are pleased to share that the Power and Machinery segment has ventured into a new business in relation to Acid Gas Removal Systems through the provision of gas processing solutions. This further strengthens the segment's overall value proposition to the oil and gas industry while enhancing its competitiveness.

The control and safety valve business undertaken by our subsidiary, Penaga Dresser Sdn. Bhd. (Penaga Dresser) saw an increase in revenue and continued to perform on the back of increasing aftermarket and material replacement orders businesses. These were attributed to improved execution of the Global Frame Agreement for control valves business and rigorous engagement with end users during the year. To further strengthen our capabilities and response time to customers, the company has expanded its physical presence with the opening of a sales branch office in Kota Kinabalu towards serving our customers better in Sabah and Labuan. This will augur well for Penaga Dresser moving forward in establishing its brand presence and a foothold in the region.

Oilfield Services

The Oilfield Services segment focuses mainly on upstream operations, topside and downhole support services comprising the provision of slickline equipment and logging services, completion services, integrated wellhead maintenance services, Asset Integrated Solutions (A.I.S.), integrated chemical solutions and other oilfield products and technical services.

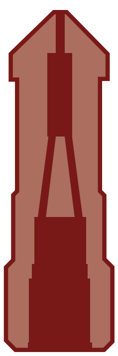
The Oilfield Services segment contributed remarkable segment results to the Group, achieving RM28.3 million in FY2014 from RM7.3 million in FY2013, in line with the increased revenue of RM146.5 million as compared to RM75.2 million in FY2013. The 288.4% increase in its segment results was spurred by increased slickline activities and oilfield chemical activities during the second half of the FY2014.

Following the attainment of multiple contracts from various PSCs under a joint tender exercise for the provision of slickline equipment and services, the segment saw a higher deployment of slickline equipment and greater demand for logging services for PSC drilling programmes and production operations during the year. By the end of FY2014, the segment had successfully deployed 53 slickline units compared to 26 slickline units operating in the previous financial year. The greater utilisation of slickline equipment is expected to improve the segment's overall contribution to the Group with the results being anticipated to materialise in FY2015.

The A.I.S. unit which was established in FY2013 continued to show encouraging progress during the year under review. The unit offers a diverse range of products, services and customised solutions through smart and viable integration of resources and capabilities within the segment and the Group.

During the year, the unit saw a significant increase in business activities, primarily with jobs stemming from well intervention and enhancement and sub-surface studies. The A.I.S. unit successfully secured a Well Enhancement Study project involving multiple oil fields from a major oil company in Malaysia. In addition to that, the unit was further awarded with a contract to undertake the implementation of well intervention services and thru-tubing services. As compared to FY2013, the number of well intervention and thru-tubing works had also doubled in FY2014.

Slickline Units



53 units
deployed in 2014

26 units
operated in 2013

Slickline unit function test

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Chemical business unit primarily focuses on developing integrated chemical solutions through research and development as well as provision of services for production enhancement, flow assurance and well integrity. The unit offers a wide range of Specialty Performance Chemicals and Integrated Production Chemicals designed to support activities such as production enhancement, well stimulations, tubing and wellbore cleaning, tank bottom sludge removal, waste management, de-bottle necking of hydrocarbon processing equipment, flow line cleaning and integrated Improved Oil Recovery (IOR) services.

During the year under review, the unit continued to drive research activities with a greater emphasis on improving the existing product range and cost effectiveness that will heighten the prospects for commercialisation and penetration into international markets.

In FY2014, two (2) new chemical solutions were developed and commercialised for the removal of pipeline scale and the improvement of efficiency of pigging and wax cutting operations. Including these new offerings, the number of chemical solutions developed in-house amounted to ten (10) solutions. The development of innovative solutions will further manifest the segment's overall capabilities and we envisage potential growth in this specialty chemicals business. During the year under review, the unit had received the Certification of Registration of Trade Marks for SCALESTIM® and LIQUID FILTER® chemical solutions.

A production enhancement campaign during the year presented another high point for the unit where its premier product Del-Sol, was successfully deployed and was highly effective in increasing well productivity with no occurrence of sludge and damage formation while unloading the well to the production system. This achievement has further distinguished the unit's strength for development of innovative solutions, bringing considerable value to the oil and gas industry.

The unit had also successfully secured a well stimulation contract in Indonesia in FY2014, paving the way forward for the penetration into the international market.

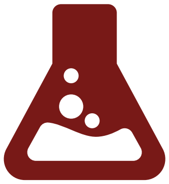
Research and Development of chemical solutions

Maintenance, Repair and Overhaul (MRO)

The MRO segment provides repair, servicing, maintenance and overhaul of motors, generators, transformers, pumps, valves, composite repair integrity for pipeline and also secondary structural repair, surface preparation services, corrosion prevention and painting for oil and gas and general industries.

The revenue contribution from the MRO segment during the financial year increased by RM6.6 million, from RM27.3 million in FY2013 to RM33.9 million, mainly due to improved contributions from both motor and generator maintenance and corrosion treatment related services. Despite the increase in revenue, the MRO segment recorded a loss of RM5.3 million in its segment results, mainly due to weaker margins and higher operating expenses incurred to support the expansion of business activities.

During the year under review, the segment continued to evolve from its core provision of MRO services towards integrity based life cycle management and services. Emphasis was given towards Asset Integrity Management (AIM) which involves integration of core products and services of our operating subsidiaries within the MRO segment – Deleum Rotary Services Sdn. Bhd. (Deleum Rotary) and Deleum Primera Sdn. Bhd. (Deleum Primera) by applying the maintenance engineering concept of integrity management, advanced inspection and monitoring solutions to enhance our capabilities and competitiveness in the industry.



10

chemical solutions developed in-house

Deleum Rotary had in 2014 received a certification of International Electrotechnical Commission Explosive (IECEx) from Simtars, Australia, who endorses the safety level of the facilities and its personnel's capabilities in its facility at Bintulu, Sarawak, in addition to its Kajang facilities. While servicing its existing electrical equipment maintenance contracts with various PETRONAS Group of Companies, Deleum Rotary in its diversification efforts, also had successfully secured electrical and mechanical equipment maintenance contracts.

Apart from the medium term contract awarded by PETRONAS Carigali Sdn. Bhd. for the provision of painting and alternative blasting for Peninsular Malaysia and East Malaysia operations, Deleum Primera had during the year under review also succeeded in securing a diversified business package for the provision of Passive Fire Protectional (PFP) Works. As warranted by industry regulations, all new vessels and platforms must use PFP coating. This, coupled with the investment made in procuring its own PFP asset will augur well for Deleum Primera to expand its operating capabilities and bolster its credentials as a credible PFP provider.

Overhauling of motor

Additionally, Deleum Primera was awarded a contract for tank-water de-sanding and cleaning works. This is a positive development as its enables the MRO segment to venture into the earlier phase of the maintenance value chain, thereby providing opportunity to also offer blasting, painting or coating services.

The Group is cognisant of the MRO segment losses. The segment continues to put in concerted efforts to enhance its operational performance as well as to better position itself to compete within the current low price environment through process efficiency and productivity improvement and operating costs reduction measures. Numerous improvement initiatives have been implemented including a more rigorous sales framework envisaged to help market penetration and build stronger customers engagement, not only within the oil and gas industry but also across other industries.

ASSOCIATE COMPANIES

The Group has two associate companies, Malaysian Mud And Chemicals Sdn. Bhd. (2MC) and Cambodia Utilities Pte. Ltd. (CUPL).

2MC is a joint venture company incorporated in 1985 to provide dry and liquid bulking services for East Malaysia offshore operations at the Asian Supply Base in Labuan. The bulking facility at the Asian Supply Base offers services for handling, storage, pumping and transportation of materials consumed in drilling operations. Its main revenue stream is derived from the Liquid Mud Plant (LMP) business.

For the year under review, notwithstanding the relatively high crude oil prices for the most part of FY2014 and the consequent decline in the crude oil prices in the last quarter of 2014, the level of the exploration and production activities were lower compared to the previous year. This contributed to a decline in revenue and profits generated from the LMP operations.

CUPL is the first independent power producer in Cambodia, delivering a net capacity of a 35MW electricity to the Phnom Penh transmission grid under the Power Purchase Agreement (PPA) with Electricite Du Cambodge (EDC) for a concession period of 18 years since 1997. The current PPA of CUPL will

Certification

IECEx

for Deleum Rotary's facilities

Secured First Medium Term Contract

Deleum Primera


Blasting using Sponge Jet technology

expire on 8 May 2015 and the plant will be subsequently handed over to EDC. Upon its expiration, the Company will continue to equity account for the results of CUPL until it ceases to be an associate. The Company's interest in CUPL at that date will be represented by current assets which are expected to be liquidated and returned to the Company in the form of cash.

GROUP'S STRATEGIES

In charting the Group's business strategy, Deleum will continue to advance on its business transformation from being a 'Product Oriented' organisation to becoming a trusted and leading 'Integrated Solutions Provider' for the oil and gas industry. This strategy is already bearing fruit, as certain contracts and jobs awarded to the Group are derived from the synergies of our integrated products and services offered across our core business segments.

Deleum will continue to drive integration across business segments towards providing more collective and comprehensive solutions to our customers in support of the demand and competitiveness in the industry. The ultimate aim is to harness the Group's cumulative strengths as a single entity, aside from the strengths and capabilities of the individual business segments.

The Group remains committed to human capital development as we believe that our people are the key enablers for continued success and growth of Deleum. Building an inclusive engaged culture, talent development and sustainability of resources will be our focus to build a high performance organisation. We will also look towards continued improvement in managing capital and operating expenditure while optimising our investments to safeguard our shareholders' value.

In line with Deleum's Quality Policy, we will continuously provide our highest quality of products and services to meet customers' requirements while ensuring the established policies and ISO quality management requirements are being adhered to at all times. We place emphasis on the continued professional development of our employees through our various QHSE and human capital development initiatives such as OPITO – Competencies Management System, which are being carried out continuously throughout the years.

Looking ahead, the Group will continue to strengthen its business fundamentals and core competencies, as well as to innovate and embrace new technologies. The in-roads we have made into the regional marketplace, namely Indonesia, Singapore and Brunei despite being in the early phase of our expansion will also be instrumental in creating new market opportunities for the Group whilst ensuring the sustainability of the business and regional growth.

PROSPECTS

The prevailing sentiment of global oil prices will impact the entire oil and gas industry with the effects being felt predominantly by the upstream components of the value chain. Greenfield related developments are expected to reduce in view of the uneconomical development resulting from the drop of global oil prices. PETRONAS and major oil and gas players have announced reduction in CAPEX and operational expenditure while adjusting their strategies for the coming year. The upcoming financial year is expected to be challenging but we remain hopeful of our prospect moving forward.

While new exploration and production activities may be slowing down, PETRONAS and other oil and gas majors are expected to continue driving production from brownfield developments and the revitalisation of mature fields and to find more cost effective production solutions. The Group primarily operates in this part of the value chain and given its 30-year operational experience in the industry, has a good standing to compete for the opportunities and contracts arising in FY2015. These include but not limited to maintenance and repairs of existing facilities and equipment, integrated oilfields services to assist production enhancement. With oil and gas majors becoming more cost conscious, there will likely be opportunities for players who can provide more practical and affordable solutions for the industry in which Deleum is ready to capitalise on.

We acknowledge that competition will be intense. The Group will remain vigilant of potential risk and be prudent in its undertakings amidst the uncertainties faced by most oil and gas players in light of the current situation.

DEVELOPING

our Human Capital

At Deleum, we foster strong employee engagements as we believe our employees are the most valuable assets for us to achieve future growth. We are committed to continuously developing our employees to help scale up their skills and competencies, leveraging their strengths to enhance our competitiveness.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

At Deleum, we are always committed in ensuring the best practices of Quality, Health, Safety and Environment (QHSE) Management in our operational standards and procedures on a day-to-day basis. It is every employee's responsibility to ensure a safe and conducive workplace as we continue to uphold our HSE objectives, 'Collective Responsibility Towards HSE Excellence'.

As a responsible service provider in the oil and gas industry, we strongly recognise the importance of QHSE as a vital part of our organisation to sustain our business operations and to drive the Group towards achieving greater heights.

We continue to cultivate an organisational culture that reinforces the importance of QHSE in work-life and day-to-day operations and emphasis is placed towards aligning ourselves to industry best practices. Together with the Group's established QHSE policies, as well as our customers' requirements, we adopt all necessary measures to enhance our QHSE standards and procedures towards achieving improved business performance and sustainability.

Deleum's commitment towards continuous improvement is also upheld by high standards of certification in quality assurance and management.

Deleum Services Sdn. Bhd. (Deleum Services) attained ISO 9001:2008 quality management certification from Det Norske Veritas (DNV) which also covered the certification for its subsidiaries, Deleum Oilfield Services Sdn. Bhd. (Deleum Oilfield) and Turboservices Sdn. Bhd. (Turboservices). Deleum Rotary Services Sdn. Bhd., another subsidiary also obtained its ISO 9001:2008 certification by AGM Certification Sdn. Bhd. and International Electrotechnical Commission Explosive (IECEx) certification from Simtars, Australia. The IECEx certification endorses the safety level of the operational facilities in Kajang and Bintulu and personnel capabilities at these facilities.

Appropriate personal protective equipment used by the employees at work.

We are proud to share that in 2014 we continued to earn the recognition of the industry for our HSE achievements as follows:

- Safety Recognition for Hurt Free Operations below 100,000 man-hours to Turboservices by ExxonMobil.
- Contractors Safety Achievement Award for zero recordable incident to Deleum Oilfield by Carigali Hess.
- 2,340 Days Goal Zero Achievement to Deleum Oilfield by Sarawak Shell.
- Best Stop Card to Deleum Oilfield by Sarawak Shell.
- One year without recordable incident since commencement of work to Deleum Oilfield by Sarawak Shell.
- 2,500,000 man-hours without Lost Time Injury (LTI) to Deleum Primera Sdn. Bhd. by TOYO Engineering.

Another notable achievement for Deleum and its subsidiaries is the attainment of 3.66 million man-hours without LTI for the period from 25 August 2012 to 28 February 2015.

In addition to the current measure of LTI, the Group has introduced a new proactive safety performance measure named Total Recordable Case Frequency (TRCF) which covers non-LTI incidents and other incidents that pose safety hazards at work. The introduction of TRCF aims at inculcating more stringent safety practices towards improving the safety records.

The Group values safety of our communities, employees and stakeholders at large. Deleum had during the year introduced ten (10) Life Saving Rules to our employees and their family members with regard to safety measures at the workplace, handling of equipment and common public hazards, amongst others. Deleum constantly participates in HSE forums and conferences organised by customers, business partners and relevant authorities whilst also conducting regular trainings and other HSE initiatives to keep employees abreast of the latest safety developments and technology.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (continued)

Amongst the internal HSE programmes and activities conducted during the year are as follows:

HSE CAMPAIGN

An annual HSE Campaign was held via a 'HSE Week' to emphasise on safety, health and environmental awareness, where various health and safety related activities were held including health screenings, health talks on various topics covering, amongst others, the dangers of dengue and preventive measures as well as practical safety and self-defence techniques. A popular follow-through 'Deleum's Biggest Loser' programme – first introduced in 2013, was once held again in 2014 to encourage employees to live healthier lifestyles.

In striving towards productivity as well as enhancing the quality of working environment, the Group had during the year adopted the 5S housekeeping practices and conducted 5S awareness campaigns at some of our operational bases. 5S is a management tool that focuses on establishing a quality environment in organisations, ensuring adherence to standards and in the process, fostering the spirit of continual improvement. It focuses on five management techniques which are defined as Sort; Set; Shine; Standardise; and Sustain. With this guide, employees are always being reminded in keeping a clean and safe workshop space to minimise accidents and workplace hazards. This helps to improve work practices and at the same time heighten operational efficiency and effectiveness.

MONTHLY SAFETY BULLETIN

The Group continued to publish its monthly safety bulletins with the aim of reinforcing QHSE awareness within the organisation. The bulletin provides the latest information and shares best practices for HSE in the workplace, home and environment.

SAFETY MEETINGS

HSE Committee meetings as well as operational safety meetings are conducted on a regular basis to continuously address safety performances and review statistics with regards to workplace hazards and incidents. This included incident investigation reports, incident mitigation and preventive measures, analysis of STOP cards issued, workplace audit and inspection reports, annual QHSE plan updates and QHSE policies.

HSE MANUAL SYSTEM REVIEW AND HSE MANAGEMENT AUDIT AND INSPECTION

In maintaining a safety conscious work environment, the Group continuously reviews the Health, Safety and Environment Manual System (HSEMS) and had during the year implemented new standard operating procedures for 'Confined Space and Lifting Plan', while improving our 'Working at Height' and 'Permit to Work' standards.

Our HSE Management System audits are performed at operational facilities on a periodical basis. Essentially, the HSE Committee continuously enhances the system by implementing new and improved processes. The Group looks to extend our best practices, processes and procedures, where applicable, to our suppliers and contractors in line with our business objectives.

EMPLOYEE TRAINING

With emphasis to ensuring continuous improvement of our HSE performance, time and efforts were invested to provide relevant training to improve the employees' knowledge and competency such as Basic Offshore Safety Induction and Emergency Training (BOSIET) for offshore personnel.

Aside from training, various briefings and other employee engagement activities were held during the year to enhance their knowledge on 5S housekeeping practices, safe chemical handling and spillage control, ZETO Rules & Consequence management, scheduled waste handling, hazard and effects management process (HEMP), fire drill preparedness and others.

Deleum continues to stay abreast of HSE development across the industry to gain a broader perspective and uphold best practices in the oil and gas industry in driving continuous improvement of its HSE performance within the organisation.

Self-defence Workshop

CORPORATE RESPONSIBILITY

At Deleum, we recognise the importance of Corporate Responsibility (CR) as an integral part of our business as we continue to ensure a sustainable future for our business while being committed to achieve a balance among the interests of all stakeholders. We view CR not just as philanthropy, but as part and parcel of our organisational culture and philosophy, as we continue to contribute to the betterment of the communities at large, the environment and the workplace.

In our quest to deliver continuous values to our stakeholders and communities at large as a responsible organisation, the Group has been actively pursuing various CR programmes which focus in three (3) focal areas, i.e. Community, Environment and Workplace. During the year, activities were planned and organised with the aim to instil in our employees the importance of their involvement and volunteerism to provide social services, promote Health, Safety and Environment awareness and educate them on responsible usage of resources to promote environmental preservation.

COMMUNITY OUTREACH AND DEVELOPMENT

In 2014, our community outreach and development activities continued to evolve and grow within the 'Deleum Community Enrichment Programme' – a community-based initiative aimed at engaging with needy communities and providing them with assistance for their social development and quality education to children.

Deleum recognises the importance of education and that every child should be given the equal opportunity to reach their full potential and to be proficient in various areas in the future. One of the key highlights for the year was Deleum's novel initiative to adopt a school – *Sekolah Kebangsaan Kampung Bakam* in Miri, Sarawak in line with its participation in the PINTAR Programme, which is led by PINTAR Foundation. PINTAR Foundation was founded with a vision to inspire the younger generations to become future leaders through "Promoting Intelligence, Nurturing Talent & Advocating Responsibility".

Under the Programme, the Group is guided by the PINTAR Foundation to provide assistance to the school through four core modules, namely Motivation and Team Building; Education Support; Capability and Capacity Building; and Reducing Vulnerabilities and Social Issues in implementing its programmes, essentially providing educational support and implementing activities for the students, teachers and parents.

We believe in giving back to the communities we serve and the wider world around us. The Group continues its effort in caring for the people in need, and supporting charitable causes and initiatives on community development related projects, with the aim to help the needy to enhance self-development and independence skills to improve the quality of life.

There have been continuous CR activities held within our capabilities from previous years including contributions towards healthcare, physical infrastructure, daily necessities and vocational skills for the underprivileged children. In the spirit of togetherness with the communities, Deleum continued to organise warm-hearted programmes and activities including donation drives and amiable get-together celebrations to share the festive joy with the underprivileged children from diverse backgrounds.

November 2013 – January 2014

A **Refurbishment Initiative** was undertaken to improve the living conditions of the children at *Asrama Darul Falah PERKIM (ASDAF)*.

May – June 2014

Deleum participated in the **SPE-KL Energy Education Outreach** programme by sponsoring t-shirts to 140 school children from *SK Sungei Way, Surau Hj Yusoff* and *Baitol Lathofah* orphanage.

CORPORATE RESPONSIBILITY (continued)

1 July 2014

Deleum organised a ***Majlis Berbuka Puasa*** with underprivileged children and single mothers during the month of *Ramadhan* in Labuan.

23 July 2014

Donations for *ASDAF* were made in conjunction with the holy month of *Ramadhan* where new wardrobes were donated to the home, aimed to improve the living condition of the children at *ASDAF.*

21 August 2014

In celebration of the month of *Syawal,* a ***Hari Raya* Celebration with *Rumah Bakti Al-Kausar*** was organised in promoting employees' engagement with the communities, particularly with the underprivileged children.

23 September 2014

In collaboration with our local community blood centre, *Pusat Darah Negara*, a **Blood Donation Drive** - 'The Gift of Life through Blood' was organised, demonstrating our collective commitment to the community we serve.

2 November 2014

Many of our employees participated in the non-competitive charity event, namely **Terry Fox Run KL 2014** in support for cancer research.

13 & 24 November 2014

Festive Donations were made to Salvation Army Joyhaven Elderly Home and Siddharthan Care Centre which saw beaming smiles and appreciation among the residents.

THE ENVIRONMENT AND WORKPLACE

Environmental responsibility is part of our commitment towards building a sustainable and growing organisation. The Group is thus committed to reduce its impact on the environment where it operates while raising the level of environmental awareness among its employees as it commits to be an environmentally and socially responsible corporate citizen. In 2014, we continued to share best practices towards safeguarding the environment and workplace through various activities which were organised across the organisation.

We recognise that workforce diversity in terms of gender, ethnicity and age, amongst others, can bring a variety of experiences and perspective towards meeting the changing needs of the business environment and our organisational growth. Recruitment will, thus, be based on a candidate's background, qualifications, experience and competency per the requirements of the job function taking into consideration workforce diversity and any applicable regulatory requirements.

Our employees are the most valuable assets and the pillar of strength behind our success. The Group strongly believes in treating our employees with dignity, fairness and respect. We are committed to foster a conducive working environment, and free of discrimination and harassment, through the enforcement of our Group's Equal Opportunity Workplace policy.

Under this policy, the Group promotes a working environment where employees are treated fairly and offered the same opportunities regardless of race, nationality, ethnicity, religion or belief, gender, marital status, disability or any other characteristic unrelated to job performance. The policy is important in governing workplace conduct and promoting diversity of workforce in Deleum.

29 March 2014

Deleum employees and their families were encouraged to switch off the lights in the office and at home for one hour or more in support of the global **Earth Hour 2014.**

19 September 2014

A **Tree Planting Initiative** held at the Forest Research Institute Malaysia (FRIM), received encouraging participation from our employees and *ASDAF* children. A total of 50 various fruit trees were successfully planted on the day.

28 November 2014

A **Health Talk** was organised with the aim to nurture and foster healthy living among employees. Topics covered were 'Metabolic Diseases and Nutrition' and 'Exercise and Posture'.

MOVING FORWARD

As we grow our business, we remain committed and focused on building positive impacts on communities and preserving the environment through our ethical business practices and CR initiatives. We will continue to put in efforts in delivering long term values to our stakeholders within the three (3) focal areas i.e. Community, Environment and Workplace while conducting our day-to-day business responsibly.

DELEUM IN THE NEWS

ACTIVITIES OF 2014

CORPORATE & BUSINESS ACTIVITIES

12 February & 24 June 2014

Turboservices participated in **Category Management Forum** and **Technology & Engineering Category Management Engagement** held in Kuala Lumpur and Kerteh respectively. Both forums served as excellent platforms for industry knowledge and insights sharing for the industry players.

25-28 March 2014

Deleum participated in the **Offshore Technology Conference Asia 2014 (OTC Asia 2014)** at the Kuala Lumpur Convention Centre to promote the Group's diverse range of specialised products and services.

26 March 2014

Deleum's **Cocktail Reception 2014** was organised in conjunction with OTC Asia 2014 and was well attended by the Group's business associates, customers, board members, management and staff.

27 May 2014

Deleum's **9th Annual General Meeting** held at Sime Darby Convention Centre (SDCC), Kuala Lumpur was attended by a diverse group of shareholders.

ACTIVITIES OF 2014 (continued)

CORPORATE & BUSINESS ACTIVITIES

18-19 August 2014

Deleum took part in the **Upstream NET Capability Exchange 2014** at Putrajaya Marriott Hotel to showcase and exhibit its products and services.

20 October 2014

Deleum jointly organised a **Luncheon Talk** with the Society of Petroleum Engineers (SPE) Kuala Lumpur on 'New Polymer Technology for Sand Control Treatment in Oil & Gas Producers, Water Injectors and Gas Storage Wells'. It was participated by many industry players for knowledge sharing on the cause of sand deconsolidation and use of chemical technologies to consolidate the sand for conformance control and production enhancement.

28 October 2014

Deleum co-organised **Turbomachinery Technology Seminar (TTS)** with a principal to share and deliberate on the latest gas turbines' technologies.

10-12 December 2014

Deleum Chemicals presented 'Multi Strategy Approach to Manage Waxy Oil Wells in Malaysia's Marginal Fields - A Unique Experience Offshore Peninsular Malaysia', a jointly published paper with PETRONAS at the **International Petroleum Technology Conference 2014 (IPTC)** held at the Kuala Lumpur Convention Centre.

EMPLOYEES' SPORTS & RECREATIONAL ACTIVITIES

22 February & 22 November 2014

Go Kart Racing events were organised at the Shah Alam Go Kart Circuit and Sepang International Kart Circuit, aimed at fostering team spirit and competitiveness among the employees.

15 March 2014

A fun-filled **Treasure Hunt** was held around the city of Kuala Lumpur to promote team building and to enhance problem solving skills among the employees.

23 May 2014

There was a feeling of excitement as Miri based employees gave their best shot at the **Bowling** event.

3 June 2014

Deleum employees received colour matchmaking and decoration tips at the **Colours Talk**, which helped to enhance their knowledge in decorating their homes.

ACTIVITIES OF 2014 (continued)

EMPLOYEES' SPORTS & RECREATIONAL ACTIVITIES

26 June 2014

Employees with their family members had an exciting time during the **Movie Day** for a premier movie launch at Golden Screen Cinemas (GSC), Mid Valley Megamall, Kuala Lumpur.

11 July 2014

Many of our female employees learned the importance of daily grooming and make-up tips at the **Beauty Talk**.

22 July 2014

Employees in Miri gathered at the Park City Everly Hotel, Miri for a ***Ramadhan* Buffet** to celebrate the holy month of *Ramadhan* over a delicious array of food and *Tarawikh* prayer.

August 2014

Employees of Headquarters, Deleum Primera and Deleum Oilfield in Kemaman office had respectively organised ***Hari Raya* Gathering** where everyone donned traditional costumes and enjoyed a delicious spread of *Hari Raya* dishes and local favourites.

EMPLOYEES' SPORTS & RECREATIONAL ACTIVITIES


26-28 September 2014

Deleum Getaway 2014 was held for the employees to foster team spirit and togetherness, at Clubmed Cherating, Pahang. The weekend getaway ended with pleasant memories.


18 October 2014

Employees participated in the action-packed **Paintball** game held at Canyon Paintball, Bandar Utama, Petaling Jaya.


31 October 2014

Employees in Headquarters and Deleum Primera donning their beautiful sarees and khurtis, had a great time in celebration of **Deepavali** with festive delicacies served.


9 November 2014

Employees unearthed their hidden talents and skills in **Cooking Class** organised at Young Chefs Academy, Desa Sri Hartamas, Kuala Lumpur.

13 December 2014

Through the get-together at the **Deleum Family Day 2014** held at the theme park, Sunway Lagoon, Petaling Jaya, everyone had a joyful and fun-filled day which strengthened the ties between employees and fellow employees' family members.

ACTIVITIES OF 2014 (continued)

ANNUAL DINNERS

14 March 2014

Employees in Miri Office had a ball at the **Annual Dinner**, themed ‘K-Pop Night’. Best Stop Card and Long Service Awards were presented during the night in recognition of our employees’ commitment towards safety excellence at workplace and loyalty to the Group.

15 March 2014

Employees in Labuan had an exciting **Annual Dinner** themed ‘Masquerade’, where Long Service Awards were presented to employees who had achieved significant milestone years in employment. Best Stop Card was also presented during the night.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the Board) of Deleum Berhad (Deleum or the Company) remains steadfast in its commitment in ensuring that the high standards of corporate governance are consistently observed and practised throughout Deleum and its subsidiaries (collectively the Group) in furtherance of the Group's Mission, Vision and Shared Values.

The Board is cognisant of the principles and recommendations of corporate governance as stipulated in the Malaysian Code on Corporate Governance (MCCG) 2012 and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad (Bursa Securities). The Board is mindful of its responsibilities to the shareholders and the other stakeholders and shall continue to uphold good corporate governance and support these principles and recommendations, where applicable and appropriate, in building a sustainable business.

1. THE BOARD OF DIRECTORS

1.1 Composition

The Board, as of the date of this statement, comprises eight (8) Directors with one (1) Executive Director and seven (7) Non-Executive Directors, four (4) of whom are independent, as follows:

No.	Name	Designation
1	Dato' Izham bin Mahmud	Non-Independent Non-Executive Chairman
2	Datuk Vivekananthan a/l M.V. Nathan	Non-Independent Non-Executive Deputy Chairman
3	Nan Yusri bin Nan Rahimy	Group Managing Director
4	Datuk Ishak bin Imam Abas	Independent Non-Executive Director
5	Datuk Chin Kwai Yoong	Independent Non-Executive Director
6	Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	Non-Independent Non-Executive Director
7	Datuk Ir (Dr) Abdul Rahim bin Hashim	Senior Independent Non-Executive Director
8	Datuk Noor Azian binti Shaari *(Appointed on 1 January 2015)*	Independent Non-Executive Director

The Board composition fulfilled the requirements mandated by the Main Market Listing Requirements (Listing Requirements) of Bursa Securities which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent.

The eight (8) members of the Board are persons of high calibre and integrity from diverse professional and commercial backgrounds. Collectively, they bring a wide range of business, technical, accounting and audit, banking, financial and legal experiences relevant to the Group. With a composite blend of good management, entrepreneurial skills, industry specific knowledge and experience, they bring depth and diversity in outlooks and perspectives adding value to the Group's strategic growth and its business and operations.

The profiles of each Director are presented on pages 12 to 15 of this Annual Report.

All Directors are equally and collectively accountable for the proper stewardship of the Group's business activities and affairs. The mix of skills of the Directors bring to the Board the necessary range of experiences and expertise along with the core competencies to enable the Board to effectively discharge its responsibilities and perform its functions.

In line with Recommendation 3.2 of MCCG 2012 that an appropriate term for Independent Non-Executive Directors should not be more than nine (9) years, none of the Independent Directors' tenure has exceeded a cumulative term of nine (9) years.

The Board takes cognisance of Recommendation 3.5 of the MCCG 2012 that the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. With the appointment of independent director Datuk Noor Azian binti Shaari effective 1 January 2015, the Board currently comprises an equal number of four (4) Independent and four (4) Non-Independent Directors. However, with the decision of Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz not seeking re-appointment at the forthcoming Annual General Meeting (AGM), the Board henceforth will comprise a majority of independent directors.

As structured, the Board has a well-balanced composition with an effective mix, ensuring that there is an effective and fair representation and also a balance of power and authority on the Board. The positions of the Chairman of the Board and the Group Managing Director are held by different individuals. There is clear separation of roles and responsibilities to ensure a balance of power and authority. The Chairman is non-executive and he is not involved in the day-to-day management of the Group. There are sufficient experienced and independent-minded Directors on the Board providing assurance that there is sufficient check and balance.

The Board has established clear roles and responsibilities which are set out in the Board Charter. There are matters reserved for the Board's collective decision making which includes the overall corporate strategy and direction, business plans and annual budget including major capital commitments, participation in tenders or projects exceeding the prescribed value, material acquisitions and disposals and key policies.

The Joint Remuneration and Nomination Committee (JRNC)'s assessment confirmed that the Board's size and composition is appropriate given the scale of the Group's business and operations, and well balanced, thereby constituting an effective Board able to discharge its duties professionally and efficiently.

1.2 Board Charter

The Board Charter sets out, amongst others, the roles, functions, composition, operations and processes of the Board to promote the standards of corporate governance in line with the Group's shared values which promote a culture of integrity, professionalism, health safety and environment awareness and excellence. The Board will review the Board Charter regularly to ensure that it remains consistent with the Board's objectives and responsibilities and the relevant standards of corporate governance and best practices. The Board Charter is available on the Group's corporate website www.deleum.com.

1.3 Directors' Code of Ethics

The Directors' Code of Ethics outlines certain standards of business conduct and ethical behaviour to be observed by all Directors in discharging their duties and responsibilities to enhance high standards of personal integrity and professionalism. The Code is available on the corporate website.

1.4 Board Diversity

The Board believes that the requirement for diversity in gender, age and ethnicity can bring a greater range of viewpoints to boardroom debate and improve board dynamics. In this regard, the Board takes into consideration a candidate's background, skills, experience, gender, age and ethnicity and will make the necessary appointment based on merit and contribution to the overall working of the Board.

The appointment of Datuk Noor Azian binti Shaari as Independent Non-Executive Director effective 1 January 2015 brings to the Board diversity in gender, experience and outlook. The Board is satisfied that given the present mix of skills, independence, work experiences and industry knowledge, the Board composition meets the needs of the Group in line with the nature and scale of the business operation, and it is in the interests of the shareholders and other stakeholders that the Board composition be maintained.

1.5 Whistleblowing Policy

The implementation of Whistleblowing Policy provides an avenue for employees to report any wrongdoing in accordance with the procedures in the policy. Recognising the importance of openness, transparency and accountability, the policy further strengthens and supports good management. The policy is accessible to all employees via the Group's intranet.

1.6 Roles and Responsibilities

The Board has collective responsibility and accountability to the shareholders and a wider range of stakeholders for good corporate governance, the strategic direction of the Company and the pursuit of value creation.

It has the ultimate and overall responsibility for the entire affairs of the Group and the proper and effective conduct of its business. It directs the Company's strategic planning, financial, operational and resource management, risk assessment and management and provides effective oversight of Management. While the Board retains full responsibility for guiding and monitoring the Company in discharging its responsibilities, it delegates the performance of certain of its functions to the Board Committees as detailed in item 2 which provide the Board with recommendations and advice. The Board is committed to ensure that Management, being vested with delegated authorities and powers by the Board, serves and acts in the best interests of the shareholders.

The Board practises a clear demarcation of responsibilities whilst maintaining the balance of power and authority. The positions of the Chairman, Deputy Chairman and Group Managing Director are held by separate persons and the clear separation of powers further enhances the independence of the Board.

The Chairman leads the Board and is responsible for the leadership and governance of the Board. He presides over Board meetings and encourages positive contributions of all Directors at Board meetings and promoting constructive relations between all Board members, executive and non-executive alike. He is primarily responsible for the orderly conduct and effective working of the Board, and acts as a liaison between the Board and Management.

The Deputy Chairman supports the Chairman and also assists in high level business development and customer relations. The Chairman and Deputy Chairman works closely with the Group Managing Director in the development of business, corporate policies and strategies for the Deleum Group.

The Group Managing Director leads the Management of the Company and oversees the day-to-day running and management of the business and operations, and implementation of the Board's policies and decisions.

The Independent Directors are independent of Management and are free from any business or other relationships that could materially interfere with the exercise of independent judgment. They provide independent and balanced assessment and unbiased views and advice to the Board's deliberation and decision making process.

1.7 Board Meetings

Board meetings for the ensuing financial year are planned and scheduled in advance by the Company Secretaries before the end of the financial year to enable all Directors to plan ahead.

The Company Secretaries ensure that the agenda and necessary information for the Board to deal with in the meeting is systematically organised. Board papers with sufficient notice are disseminated to the Board members before the Board meetings to enable the Directors to peruse and obtain further explanation and clarification on the matters to be deliberated.

The Chairman encourages active participation and full deliberation of issues brought up at the Board meetings. Senior Management and external advisors are invited to attend the meetings to brief and advise the Board and Board Committee members with the presentations, detailed explanation and clarifications on relevant agenda items to enable the Board to arrive at a considered decision. Decisions reached at the meetings normally reflect the consensus of the Board and not the views of any individual or group. At these meetings, the Company Secretaries are responsible for ensuring that all relevant procedures are complied with and that the proceedings of the Board meetings and resolutions passed are recorded properly and accurately and kept in the statutory books at the registered office of Deleum.

During the financial year ended 31 December 2014, nine (9) meetings of the Board were held. The attendance of the Directors at the Board meetings is reflected as follows:

No.	Name	No. of attendance and meetings
1	Dato' Izham bin Mahmud	9/9
2	Datuk Vivekananthan a/l M.V. Nathan	9/9
3	Nan Yusri bin Nan Rahimy	9/9
4	Datuk Ishak bin Imam Abas	9/9
5	Datuk Chin Kwai Yoong	8/9
6	Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	9/9
7	Datuk Ir (Dr) Abdul Rahim bin Hashim	8/9

The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as directors.

1.8 Supply of Information

The members of the Board have full and unrestricted access to all information pertaining to the business and affairs of the Group. Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive board papers containing information relevant to the business of the meetings. This allows the Directors to obtain further information, explanations or clarifications, where necessary, in order that deliberations at the meetings are focused and constructive to enable the Board to effectively discharge its functions. The Board is updated with an overview of the Group's financial performance and business activities at quarterly meetings.

The minutes of each Board meeting is circulated to all Directors for their perusal prior to confirmation. The Directors may raise comments or seek clarifications on the minutes prior to its confirmation. In discharging their duties, all the Directors have full access to the advice and services of the Company Secretaries and other Key Management personnel. The relevant Key Management personnel are invited to attend the Board Meetings to report on matters relating to their areas of responsibility and to brief and provide details on recommendations to assist the Directors whenever necessary so as to enable the Directors to make independent and informed decisions.

The Directors are also empowered to seek external independent professional advice at the Group's expense should they consider it necessary in the furtherance of their duties.

The Directors are apprised of all the Company's announcements to Bursa Securities. They are also apprised of the restriction in dealing with the securities of the Company at least one (1) month prior to the release of the announcement of quarterly financial results pursuant to Chapter 14 of the Listing Requirements of Bursa Securities. In addition, close periods are enforced when Directors and Key Management personnel are in possession of market sensitive information prior to that information being made available to the public.

1.9 Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries in the discharge of its duties and responsibilities and has unhindered access to their advice and services.

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures, and compliance with corporate governance matters and relevant regulatory requirements, codes, guidelines and legislations. Aside from their advisory role, they are responsible for organising and facilitating Board and Board Committee meetings, the preparation and circulation of notices, agendas and Board papers and ensuring that the deliberations at the Board and Board Committee meetings are well captured, minuted and subsequently communicated to the relevant Management for necessary action.

The appointment and removal of the Company Secretaries are decided and agreed by the Board as a whole.

2. BOARD COMMITTEES

The Board has established three (3) Board Committees namely the Audit Committee (AC), the JRNC and the Risk Committee. The Board Committees operate within their own clearly defined terms of reference in order to enhance business and operational efficacy and to assist in the effective functioning of the Board.

The Board Committees will deliberate and review matters within their Terms of Reference in greater detail and report on matters deliberated together with their recommendations to the Board. The Board is kept apprised of the activities of the Board Committees through circulation of minutes of the meetings of the Board Committees and also briefed by the Chairman of the respective Board Committees on key matters discussed on a quarterly basis, where required. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board.

2.1 Audit Committee

The composition of the AC and a summary of its activities are set out in the Report on pages 60 to 62 of this Annual Report.

2.2 Joint Remuneration and Nomination Committee

The JRNC comprises exclusively of Non-Executive Directors, the majority of whom are Independent Directors.

The JRNC is primarily responsible for the following:

i) reviewing and recommending appropriate remuneration packages for Executive Directors and Key Management personnel of Deleum to the Board;

ii) identifying and recommending new candidates to be appointed to the Board as well as Directors to the Board Committees;

iii) evaluating the effectiveness of the Board and Board Committees including reviewing the Board's required mix of skills, knowledge, expertise, experience, professionalism and other qualities and core competencies;

iv) assisting the Board in examining the size of the Board with a view to determining the impact of the number of directors on its effectiveness; and

v) reviewing the Board's succession plan by recommending the appropriate board balance and effectiveness and taking appropriate measures with regard to boardroom balance and diversity taking into account the Board's size, composition, business and operational needs.

During the financial year ended 31 December 2014, four (4) meetings of the JRNC were held. The attendance of members at the JRNC meetings is reflected as follows:

	Name	No. of attendance and meetings
Chairman :	Datuk Ir (Dr) Abdul Rahim bin Hashim	4/4
Members :	Dato' Izham bin Mahmud	4/4
	Datuk Vivekananthan a/l M.V. Nathan	4/4
	Datuk Ishak bin Imam Abas	4/4
	Datuk Chin Kwai Yoong	3/4

The Board is satisfied that the JRNC in its current function in respect of nomination and remuneration matters is in accordance with its terms of reference which is available on the Company's corporate website.

During the financial year, the following activities were undertaken by the JRNC:

(i) reviewed the remuneration package for the Group Managing Director including his annual bonus and made recommendations for the Board's approval;

(ii) reviewed the overall bonus for the employees and remuneration of Key Management personnel;

(iii) reviewed and recommended for the Board's approval the appointment of a new director to the Board and Board Committees;

(iv) reviewed the recruitment and promotion of Senior Management personnel;

(v) reviewed key performance indicators for the Group Managing Director;

(vi) conducted annual evaluation of the Board's effectiveness and performance covering the assessment of the Board as a whole, each Board Committee and independence of the Independent Directors. The findings were subsequently reported to the Board;

(vii) reviewed total rewards framework of the Group in conjunction with the Long-Term Incentive Plan (LTIP); and

(viii) reviewed the framework and grant allocation of the LTIP which aimed at driving performance as well as retention strategy for key and senior positions, which are essential for sustainability and business growth. The first grant of the LTIP to selected eligible employees has been made on 2 March 2015.

2.3 Risk Committee

The Enterprise Risk Management Policy and Enterprise Risk Management Framework ensure a proper and structured enterprise risk management process for the identification, assessment, response, monitoring and reporting of risks on an enterprise wide basis.

During the financial year ended 31 December 2014, four (4) meetings of the Risk Committee (RC) were held and attended by all members as reflected below:

	Name	No. of attendance and meetings
Chairman :	Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	4/4
Members :	Nan Yusri bin Nan Rahimy	4/4
	Datuk Vivekananthan a/l M.V. Nathan	4/4
	Datuk Chin Kwai Yoong	4/4

The RC is primarily responsible for the following:

(i) reviewing the Group's risk profile and appetite and establishing and monitoring the effectiveness of the risk management framework, systems, plans, and processes for identifying, evaluating, monitoring and reporting of risks;

(ii) identifying, reviewing and evaluating risks facing the Group and reviewing the adequacy of the Group's processes and procedures to identify and mitigate key organisational risks;

(iii) ensuring that continuous risk assessment and monitoring of key risk indicators and exposures are performed by Management based on the Group's risk profile and appetite and that adequate risk mitigation processes, action plans and controls formulated and implemented by Management are functioning effectively;

(iv) making necessary recommendations to the Board on risk management and control, where appropriate; and

(v) updating the Board on the activities of the Committee at its quarterly meetings.

The terms of reference of the RC is available on the Company's corporate website.

During the financial year ended 31 December 2014, the following activities were undertaken by the RC:

(i) reviewed the updates on corporate risk profiles and parameters at Corporate and Business Unit levels in line with the Enterprise Risk Management framework;

(ii) reviewed the risk matrices of key Business Units setting out key risks and action plans taken to mitigate the risks at each quarterly RC meeting. Risk matrices had been established for the three (3) business segments namely Power and Machinery, Oilfield Services covering Asset Integrated Solutions, Logging and Slickline, Chemical Business, and Maintenance, Repair and Overhaul, and Human Resource function; and

(iii) reviewed the options available for the purpose of quantifying the risk appetite of the Group.

3. DIRECTORS' TRAINING

The Board believes that continuous training for Directors is vital for the Directors to gain insight and be kept updated on changes and developments in the market place, state of economy and corporate regulatory framework and to enhance understanding of their roles and responsibilities and enable them to discharge their duties effectively. On a quarterly basis, the Directors are briefed and updated on the relevant amendments to the Listing Requirements of Bursa Securities as well as new statutory and regulatory requirements and corporate governance.

In addition, the Directors also attended various training programmes, seminars and conferences including those organised by the relevant regulatory authorities to be apprised, updated and to further enhance their knowledge and understanding of the business environment, regulatory requirements and corporate governance.

The Directors were also invited to attend external seminars and programmes organised by the relevant regulatory authorities. The Company Secretary keeps records of the training received by the Directors.

Among the briefings, seminars and conferences attended by one or more Directors during the financial year included:

- 'Advocacy Sessions on Corporate Disclosure for Directors';
- 'Board Chairman series – The Role of the Board Chairman';
- 'Directors' breakfast series – Great companies deserve great Boards';
- 'Nominating and Remuneration Committees - What every Director should know';
- 'Risk Appetite Workshop';
- 'Goods and Services Tax;
- 'MIRA Workshop on The Key to Enhancing Company Value: Understanding Effective Financial Management';
- 'The Inaugural Category Management Forum 2014 organised by PETRONAS';
- 'Australia - Malaysia Oil & Gas Technical Forum 2014';
- 'Offshore Northern Seas (ONS) 2014 Conference & Exhibition';

- 'GASEX 2014 Conference & Exhibition';
- '8th International Petroleum Technology Conference (IPTC)';
- 'The Engineering, Science & Technology Congress (ESTCON 2014)';
- 'UTP (Universiti Teknologi PETRONAS) Oil and Gas Seminar';
- '2nd Malaysia Oil & Gas Services Exhibition & Conference (MOGSEC 2014)';
- 'Offshore Engineering Asia 2014'; and
- '11th Oil and Gas HR Forum'.

An induction programme is organised for the newly appointed Director which include management briefings and presentations on the Group's businesses.

The Group will continually review the training and development needs of the Directors.

4. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole through a formal process as set out in the provisions of the Company's Articles of Association (the Articles) and upon the recommendation by the JRNC.

The Board appoints its members through a selection process which involves the identification of candidate for directorship, evaluation and deliberation of suitability of candidate by the JRNC and recommendation to the Board. The JRNC in recommending new appointments to the Board will assess the suitability of an individual to be appointed to the Board by giving due consideration to the individual's skills, experience, expertise, strength and core competencies which would be relevant to enhance the composition of the Board, as well as the following factors:

(a) in respect of independent directors, whether the individual meets the requirements of independence as defined in the Listing Requirements of Bursa Securities;

(b) industry experience, leadership qualities, business and commercial acumen; and

(c) the individual's character, integrity and time to effectively discharge his or her role and provide the required mix of skills and diversity to the Board taking into account the Company's business and operational needs.

Re-election or re-appointment of Directors at the Company's AGM is in accordance with the Articles and the Companies Act, 1965 (the Act).

In accordance with the Articles, at each AGM, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election.

Directors who are appointed by the Board during a financial year are subject to re-election by the shareholders at the next AGM to be held following their appointments.

All Directors, including the Group Managing Director, shall retire from office once at least in every three (3) years but shall be eligible for re-election.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment by shareholders with not less than a three-fourth (3/4) majority in accordance with Section 129(2) of the Act. At the Ninth AGM held on 27 May 2014, two (2) Directors were re-appointed pursuant to this provision.

The names and details of Directors seeking re-election and re-appointment at the forthcoming AGM are disclosed in the Notice of AGM and the profiles of the Board of Directors respectively in this Annual Report.

5. DIRECTORS' REMUNERATION

The details of Directors' remuneration for the financial year ended 31 December 2014 disclosed by categories are as follows:

Aggregate Remuneration

Remuneration	Executive (RM)	Non-Executive (RM)
Fees	-	930,000
Salaries and bonuses	1,590,000	-
Defined contribution plan	238,500	-
Estimated monetary value of benefits-in-kind	31,150	70,400
Other emoluments	23,563	144,642
Total	**1,883,213**	**1,145,042**

Analysis of Remuneration

Remuneration Band (RM)	Executive	Non-Executive
Less than RM50,000	-	-
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	-	3
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	2
RM1,850,001 – RM1,900,000	1	-

Remuneration of the Executive Director

As set out in the contract of employment of the Group Managing Director, En. Nan Yusri bin Nan Rahimy, the compensation payable to him consists of:

- Monthly Salary;
- Annual discretionary bonus based on the Group's performance and as recommended by the JRNC and approved by the Board;
- Defined contribution plan;
- Medical and insurance coverage and club subscriptions; and
- Car and driver.

Termination of the contract may be exercised by either party by giving three (3) months' notice in writing.

En. Nan Yusri bin Nan Rahimy was granted Deleum Shares under the Restricted Share Incentive Plan and Performance Share Incentive Plan of the Company's LTIP as announced on 2 March 2015.

Non-Executive Directors are entitled to directors' fees and additional fees for chairing or sitting in Board Committees except for the Chairman and Deputy Chairman who do not receive any additional fees. They are provided a car, a driver and club subscriptions. Set meeting allowances are also paid to Non-Executive Directors covering expenses incurred in the course of their duties except for the Chairman and Deputy Chairman.

The Board is of the view that the disclosure of remuneration by appropriate components and bands is sufficient to meet the objectives of the MCCG 2012.

Directors' remuneration is decided and reviewed in line with the objectives of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. The remuneration of the Executive Director is aligned to individual and corporate performance appropriate to his scale of responsibilities and performance. The JRNC makes recommendations to the Board on all elements of the Executive Director's remuneration, terms of employment, reward structure and benefits which are subject to the approval of the Board.

The Board as a whole determines the remuneration of Non-Executive Directors which is subject to the approval of the shareholders at the AGM.

Directors and Officers of the Group are indemnified under a Directors and Officers Liability insurance scheme against any liability incurred by them in their discharge of duties while in office. However, they are not indemnified if any negligence, fraud, breach of duty or trust is proven against them.

6. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board values the importance of an effective open dialogue with shareholders and investment community. In this respect, the Group is committed to maintain a high quality of disclosure with the objective of providing clear, accurate, relevant and timely information necessary for the shareholders and investment community to make informed investment decision and enjoy equal access to the information.

Information of the Group's business operations and financial performance is disseminated through various readily accessible channels including the announcements of quarterly and annual results via Bursa Securities, Annual Report, media releases and the Group's corporate website. The various disclosures are guided by the Listing Requirements of Bursa Securities and the Group's Corporate Disclosure Policy which outlines the timing and manner of disclosure of material information. The Group maintains high confidentiality measures with regard to undisclosed material information.

AGM is also an important channel for communication and dialogue with the shareholders. Shareholders are given the opportunity to ask questions and raise queries with regard to the Group's performance and prospects. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. The Company will convene its Tenth AGM on 29 April 2015.

The Group holds two (2) group analyst briefings annually and small group meetings and teleconferences regularly to provide constant updates to the investment community. These investor relations' initiatives provide an effective platform for the institutional investors, fund managers and analysts to meet with the Senior Management team and to receive a balanced and complete view of the performance and strategic development of the Group.

Deleum's corporate website at www.deleum.com provides quick access to the corporate information of the Group.

The website is regularly updated to incorporate the latest development of the Group. The Group's corporate information, financial results, governance information, statutory announcements, stock information, press release and activities are assessable via the corporate website. The portal also has an e-mail alerts service where shareholders and anyone who are interested may register to receive the latest updates on the Group via e-mail. Shareholders' and other stakeholders' queries and concerns affecting the Group can be conveyed to Datuk Ir (Dr) Abdul Rahim bin Hashim, the Senior Independent Director of Deleum who can be reached as follows:

Datuk Ir (Dr) Abdul Rahim bin Hashim
c/o Company Secretary
No. 2, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur
Tel : +603-2295 7790
Fax : +603-2295 7777
Email : AbdulRahim.Hashim@deleum.com

Shareholders and investors may also direct their queries to the following persons:

Ms. Lee Sew Bee
Senior General Manager – Group Corporate Services / Company Secretary
Tel : +603-2295 7790
Fax : +603-2295 7777
Email : SewBee.Lee@deleum.com

Ms. Anthea Wan Phooi Sze
Senior Manager – Corporate Development
Tel : +603-2295 7796
Fax : +603-2295 7777
Email : Anthea.PhooiSze.Wan@deleum.com

7. ACCOUNTABILITY AND AUDIT

7.1 Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial position, performance and prospects through the quarterly and annual financial statements released to the shareholders. It also ensures that the financial statements of the Group give a true and fair view of the state of affairs of the Group.

The Board is assisted by the AC to oversee the Group's financial reporting process, the quality of its financial reporting and also to ensure that the financial statements are drawn up following appropriate accounting policies and in accordance with the provisions of the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Act. The accounting policies, once adopted, are consistently applied and supported by reasonable judgments and estimates.

7.2 Risk Management and Internal Control

The Statement on Risk Management and Internal Control is set out on pages 57 to 59 of this Annual Report which provides an overview of the state of risk management and internal controls of the Group.

7.3 Relationship with the Auditors

The Company's External Auditors continue to report to the Company on their findings which are reported in the Company's financial reports with respect to each year of audit on the statutory financial statements and the review of the quarterly announcements. The AC and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company's External Auditors in respect of all their professional services rendered to the Group.

7.4 Statement of Directors' Responsibility

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2014, the Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- ensured compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Act and any material departures have been disclosed and explained in the financial statements;
- made estimates and judgments which are reasonable and prudent; and
- ensured the financial statements have been prepared on a going concern basis.

7.5 Compliance Statement

The Board recognises and subscribes to the importance of the principles and best practices set out in the MCCG 2012. In this respect, where practical and appropriate, the Board has applied the principles and recommendations under the MCCG 2012 for the financial year ended 31 December 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities). This is in line with the Malaysian Code on Corporate Governance (MCCG) 2012 which requires public listed companies to maintain a sound system of risk management and internal controls to provide assurance and safeguard shareholders investments, interest of customers and company assets.

BOARD RESPONSIBILITIES

The Board of Directors (the Board) of Deleum Berhad and its subsidiaries (collectively the Group) affirms its overall responsibility for reviewing the adequacy and effectiveness of the Group's risk management and internal controls processes. The processes in place are designed to ensure key risk areas are managed to an acceptable level to achieve the Group's business objectives. The Group's risk management and internal control system is an ongoing process designed to meet the Group's particular needs based on the Group's business direction and to manage the risks including system updates in line with changes to business environment, operating conditions and regulatory requirements.

The Board is aware that the risk management and internal control system can only provide reasonable and not absolute assurance against the risk of material errors, misstatement, fraud or occurrences of unforeseeable circumstances. The Board constantly reviews the adequacy and integrity of the Group's risk management and systems of internal control.

The application of these processes and procedures are not extended to the associate companies in which the Group's interests are safeguarded through board representation.

RISK MANAGEMENT

The Group is committed in the constant improvement of risk management, quantification, monitoring and review of all key risk areas to ensure sustainable business that provide steady growth to enhance stakeholders' value. The Board's commitment toward this is reflected in the establishment of the Risk Committee (RC).

The RC is chaired by a Non-Independent Non-Executive Director. The RC meets on a quarterly basis to review the reports arising from risk management activities and also to discuss new and emerging risks.

The day to day management of risks is the responsibility of the Group Managing Director (GMD) and the heads of business units are responsible in representing the GMD's obligation to all business units. The Senior Management team continuously supports the GMD in integrating risk management strategies, policies, risk tolerance, risk appetite and reviewing the application of risk management practices across the Group in line with Deleum's Enterprise Risk Management (ERM) Framework.

The RC has noted the key risks faced by the Group, the potential impact and likelihood of the risks occurring, the effectiveness of controls and the action plans being taken to manage the risks to the desired levels. These key risks are reviewed by the Board on a quarterly basis.

The duties and responsibilities of the RC are set out in the section entitled "Board Committees" in the Statement of Corporate Governance.

The Management engages regularly with employees in promoting and engendering a high risk awareness culture within the organisation. Towards this end, programmes are in place to ensure that key employees attend regular risk briefings and training. The risk profile of each business unit and the Group are shared with heads of business units and cascaded to all business units. Business units are required to present their risk matrices setting out the key risks and the action plans to mitigate the risks.

Risk Management are integrated to the Group's everyday business and risk based evaluation is incorporated into the Group's decision making process such as strategic planning and project feasibility studies. This demonstrates the emphasis placed by the Board on the risk management agenda for the Group underlining the importance for a well-managed risk management programme. Echoing the tone of the Board, the GMD and the Senior Management team had reinforced the risk management principles to the employees to ensure continuous improvement at all levels in managing risk. This included an awareness of the constituent parts of the ERM Framework and practical risk workshops on the processes for identifying, assessing, responding to, monitoring and reporting risks encountered by the Group.

The Group strives to continually improve the processes in place and will further enhance these practices based on the recommendations of MCCG 2012 and the revised guidelines on Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

In addition, Project Risk Management (PRM) has been implemented at respective business units, where projects are assessed regularly through a PRM process with a formal project risk assessment and analysis performed. Project risk assessment analysis factors such as the impact of increase in cost of material, supplier delays, industrial action and other factors, to quantify the potential financial impact of such events. The financial impact of any cost deviations from the

Group's standard terms and conditions are quantified, and a risk mitigation plan is proposed to control the risk. All the information will be documented in the respective project risk registers. The project risk registers are maintained and periodically reviewed to ensure project controls are sufficient and risks will not materialise or will be reasonably mitigated.

CONTROL STRUCTURE

The key features of the Group's control structure are as follows:

- **The Board**

  The Board provides direction and oversight and is supported by the Joint Nomination and Remuneration Committee, Audit Committee (AC) and RC. Their terms of reference and responsibilities are defined and together with the Board Charter are available for reference on the Company's corporate website.

  The specific lines of responsibility, accountability and delegation of authority as approved by the Board to facilitate the Group's daily operations rest with the GMD and the Senior Management team.

- **Strategic Business Planning, Budget and Reporting**

  A rolling strategic plan (1+3 years) and budget setting out objectives and strategies is prepared and approved by the Board in December before the commencement of the new financial year. Regular and comprehensive information is provided to Management, covering operating and financial performances, key business indicators, Quality, Health, Safety and Environment (QHSE), resource utilisation, cash flow performances, project achievement, human resource and information technology.

  Performances are monitored monthly by the GMD with follow up action being taken by the heads of business units, where necessary.

  The Board reviews the results against budget and historical results on a quarterly basis in conjunction with the public announcement of the Group's quarterly results under the Main Market Listing Requirements of Bursa Securities. At the same time, Management provides a rolling forecast of the business and any changes in plans and directions are deliberated and sanctioned by the Board accordingly.

- **Audit Committee**

  The AC evaluates the adequacy and integrity of the Group's internal control system. The AC reviews internal control matters raised by the internal and external auditors and Management. Where appropriate, the AC is briefed on matters pertaining to corporate governance, financial reporting standards, listing requirements, legal and regulatory requirements as well as key matters affecting the interim and annual financial statement.

- **Internal Audit**

  The Internal Audit function is undertaken by BDO Governance Advisory Sdn. Bhd. (BDO) to provide assurance to the AC on the adequacy and integrity of the Group's systems of internal control. Internal Audit reviews are executed based on an approved internal audit plan. The work scope which is risk based and focusses on the significant business and support units is developed in conjunction with the Management and the AC. Any revisions to the plan are presented to the AC for approval.

  The findings of the Internal Audit reviews together with Management's responses are presented to the AC on a quarterly basis. The AC after considering the findings instructs Management to rectify the weaknesses and/or lapses in internal control and to implement the recommendations made by the Internal Auditors. The status of implementation by Management and any outstanding issues are reviewed and reported to the AC in the following AC meeting to ensure the key risks and control weaknesses are properly mitigated and addressed.

- **Group Values and Code of Conduct**

  The Group's values are communicated through the Group's corporate statement and each employee is required to comprehend and observe the Group's Code of Business Conduct upon commencement of employment. The Group's Shared Values and Code of Business Conduct are available on the Group's intranet accessible by all employees.

  Furthermore, statements on Code of Conduct and/or business policies and principles from business partners and customers are communicated to all employees together with a reminder of the Group's Code of Business Conduct.

- **Authorisation Limits**

  Authorisation limits in respect of organisational requirements such as purchasing of goods and/or services, cash management and disbursements, contracting and banking transactions and human resources are clearly defined and documented. The guidelines also set out matters reserved for the Board's decision. The limits are reviewed and updated regularly to reflect the business environment, operational and structural changes.

- **Policies and Procedures**

  Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. They are reviewed regularly by Management and periodically by Internal Audit to ensure that the gaps in policies and controls are addressed and where required policies and procedures are augmented and revised to meet with the changing business dynamics. To further improve the internal policies and procedures, Management is in the process of performing a comprehensive review of these matters in conjunction with the Group wide Enterprise Resource Planning (ERP) project that is currently under way.

- **Quality Management System Audit**

  During the financial year, audits by internal and external quality auditors were carried out to ensure compliance with requirements of ISO 9001:2008 certifications. The certifications serve as an assurance to customers of the delivery of the highest quality of products and services by the Group. During the financial year, Turboservices Sdn. Bhd., Deleum Oilfield Services Sdn. Bhd., Deleum Chemicals Sdn. Bhd. and the Group's Procurement Department were audited for the said ISO.

- **Enterprise Resource Planning**

  Deleum Group embarked on the implementation of an ERP solution for the Group in 2013 and being ISO 9001 certified, the Group approached the selection process in a structured manner to ensure all critical business areas were covered. The ERP implementation will lead to automation, integration and re-engineering of business processes and will provide the Group with information on overall performance in real time. This will facilitate better management, operations procedures, and enhanced systems and processes in the Group and is expected to be completed in 2015.

- **Corporate Secretariat and Compliance**

  The Company Secretarial functions are under the stewardship of the Company Secretaries whose roles and responsibilities are discussed in the Statement of Corporate Governance set out in page 51.

  A significant part of the Group's operations are underpinned by licenses from PETRONAS. The Board and Management monitor these licenses regularly to ensure full compliance and where appropriate engage with management to ensure operations are conducted seamlessly and efficiently.

- **Compliance with Personal Data Protection Act 2010 (PDPA)**

  The Group recognises the importance of PDPA compliance and had conducted PDPA compliance review in relation to its business practices with external counsels to which key recommendations to compliance were made and fulfilled by the Group. Arising from this, the Group has established a PDPA Committee and appointed a Compliance Officer to monitor and report on the compliance of the PDPA. Personal Data and/or Sensitive Personal Data Notices to the Group's employees and identified persons have been issued accordingly.

CONCLUSION

The external and internal auditors, in the course of executing their work based on the pre-approved audit plans had highlighted their findings and recommendations for improvements and on the basis of the work conducted they have not noted any significant deficiencies in internal controls.

For the financial year under review, the Board has received Management representation by the GMD and Group Chief Financial Officer, that the risk management and internal control process are adequate to safeguard shareholders investments and the Group's assets. There were no significant internal control deficiencies or weaknesses that resulted in material losses or contingencies to the Group.

REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

This statement is made in accordance with the resolution of the Board dated 24 February 2015.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Report of the Audit Committee for the financial year ended 31 December 2014 in accordance with Paragraph 15.15 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities).

The Audit Committee provides assistance to the Board in fulfilling the Board's responsibilities to the Company and its shareholders by reviewing and monitoring integrity of the Group's financial reporting process and accounting records. The Committee also reviews the Group's management of risk, system of internal control, audit process and compliance with relevant legal and regulatory requirements.

I. CONSTITUTION

The terms of reference of the Audit Committee which is aligned to the provisions of the Listing Requirements and other best practices is published on the Company's corporate website at www.deleum.com under the 'Corporate Profile' section.

II. MEMBERSHIP AND MEETINGS

The Audit Committee comprises five (5) members of the Board with three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

During the financial year ended 31 December 2014, four (4) meetings of the Audit Committee were held. The membership of the Audit Committee and members' attendance at the Audit Committee meetings are reflected as follows:

	Name	No. of attendance and meetings
Chairman :	Datuk Ishak bin Imam Abas *(Independent Non-Executive Director)*	4/4
Members :	Datuk Chin Kwai Yoong *(Independent Non-Executive Director)*	4/4
	Dato' Izham bin Mahmud *(Non-Independent Non-Executive Director)*	4/4
	Datuk Vivekananthan a/l M. V. Nathan *(Non-Independent Non-Executive Director)*	4/4
	Datuk Ir (Dr) Abdul Rahim bin Hashim *(Senior Independent Non-Executive Director)*	3/4

By invitation, the Group Managing Director, the Group Chief Financial Officer and other relevant Senior Management personnel, external and internal auditors were also present during deliberations. Besides the external and internal auditors, Management presented their reports on the financial results and other matters that required the Audit Committee's approval. At the Board meeting, the Chairman presented the recommendations of the Audit Committee and highlighted the relevant findings and issues.

III. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2014, the Audit Committee's duties included the following:

1. Financial Results and Annual Reporting

(a) Reviewed the unaudited quarterly financial results and announcements before recommending them to the Board for consideration and approval and the release of the Group's results to Bursa Securities.

(b) Reviewed the annual audited financial statements before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were updated and in compliance with:

- Listing Requirements of Bursa Securities;
- Provisions of the Companies Act, 1965 and other relevant legal and regulatory requirements; and
- Applicable approved Malaysian Financial Reporting Standards and International Financial Reporting Standards.

(c) Reviewed the Statement of Corporate Governance, Statement on Risk Management and Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Annual Report.

The reviews ensured that the financial results and Annual Report, taken as a whole, provides true and fair view of the financial position and performance of the Group for the shareholders and other stakeholders.

AUDIT COMMITTEE REPORT (continued)

2. **External Audit**

   (a) Reviewed the External Auditors' scope of work, audit plan and audit strategy for the year to ensure appropriate focus on the key risk areas.

   (b) Reviewed the results of External Auditor's reviews of the quarterly announcement and statutory audit of the Group along with resolution of issues highlighted in their report to the Audit Committee.

   (c) Reviewed the internal control findings, system of internal control, discussed the impact on the overall soundness of the internal control procedures and processes.

   (d) Reviewed other matters relating to accounting, auditing, financial reporting practices and processes, legal, regulatory and taxation matters of the Group.

   (e) Reviewed the independence of the External Auditors during the year.

   (f) Reviewed the performance and effectiveness of the External Auditors and recommended to the Board their remuneration and fees for statutory audit.

   (g) Reviewed with the External Auditors the impact of new or proposed changes in accounting standards, regulatory requirements and the extent of compliance.

   (h) Held two meetings with the External Auditors without the presence of the executive director and employees of the Company.

3. **Internal Audit**

   (a) Reviewed and approved the Internal Audit Plan prepared by the Internal Auditors, BDO Governance Advisory Sdn. Bhd. to ensure the adequacy of the scope and coverage of the Group's activities.

   (b) Reviewed the resources, performance and competency of the Internal Auditors.

   (c) Reviewed the Internal Audit reports, audit recommendations made and Management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

   (d) Ensured that appropriate and prompt remedial actions and improved procedures were implemented by Management on the findings arising from the Internal Audit reviews and outstanding issues identified from the follow-up audits accordingly.

   (e) Held one meeting with the Internal Auditors without the presence of the executive director and employees of the Company.

4. **Related Party Transactions**

   (a) Apprised of recurrent related party transactions to ensure that the amounts transacted were within the approved shareholders' mandate obtained.

   (b) Reviewed the related party transactions of the Group to ensure that they are based on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders.

   (c) Reviewed the adequacy of procedures and processes in identifying, monitoring, reviewing and reporting of related party transactions.

   (d) Reviewed the circular to shareholders in respect of the annual shareholders' mandate for recurrent related party transactions prior to the recommendation to the Board for consideration and approval.

5. **Other Activities**

   (a) Reviewed reports of the Risk Committee.

   (b) Reviewed relevant new regulations and laws.

   (c) Reviewed adequacy of the terms of reference of the Audit Committee taking into consideration changes to applicable laws, regulations and auditing principles.

6. **Training**

   Members of the Audit Committee are encouraged to stay abreast of developments in accounting, finance and relevant regulatory matters in order to discharge their duties effectively. During the financial year, the Audit Committee members attended seminars, training sessions offered by regulators and other appropriate bodies. They were also briefed by Management and External Auditors on corporate governance practices, changes to accounting, auditing and reporting requirements.

IV. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by BDO Governance Advisory Sdn. Bhd. as the Internal Audit function (IAF) of the Group. The IAF's primary role is to provide assurance to the Audit Committee on the adequacy and integrity of the internal control and governance framework of the Group. The IAF provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal control and governance processes.

The IAF which functions independently of the activities it audits, reports directly to the Audit Committee which reviews and approves the Internal Auditors' annual audit plan.

The cost incurred for the outsourced IAF in respect of the financial year ended 31 December 2014 amounted to RM109,231.

The activities carried out by the IAF were as follows:

(a) Conducted Internal Audit engagements consistent with the annual audit plan presented and approved by the Audit Committee. The work performed included financial and operational reviews across the three main business segments, with emphasis on contract compliance and project management. Their findings together with the recommendations and Management's responses were reported to the Audit Committee on a quarterly basis.

(b) Reviewed the adequacy and integrity of the system of controls to ensure there is a systematic methodology in identifying, assessing and managing risk areas with regard to:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations and contractual obligations within the Company's governance, operations and information systems.

(c) Conducted follow up action taken by Management in implementing their recommendations within the agreed timelines.

Financial

Statements

DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group consist of the provision of gas turbines packages and related services, oilfield equipment and services, servicing of rotating equipment, integrated corrosion and inspection services, predominantly for the oil and gas industry.

There was no significant change in the nature of the activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to		
- Equity holders of the Company	59,324,189	27,437,602
- Non-controlling interest	11,327,032	0
Profit for the financial year	70,651,221	27,437,602

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2013 were as follows:

	RM
In respect of the financial year ended 31 December 2013, as shown in the Directors' report of that year, a second interim single tier dividend of 11 sen per share on 150,000,000 ordinary shares, paid on 26 March 2014	16,500,000
In respect of the financial year ended 31 December 2014, first interim single tier dividend of 2.5 sen per share on 400,000,000 ordinary shares, paid on 25 September 2014	10,000,000
	26,500,000

The Directors, had on 24 February 2015 declared a second interim single tier dividend of 5 sen per share of RM0.50 each in respect of the financial year ended 31 December 2014 totalling RM20,000,000, payable on 26 March 2015.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2014.

DIRECTORS' REPORT (continued)

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

On 17 June 2014, the issued and paid-up share capital of the Company was increased by RM50,000,000 from RM150,000,000 to RM200,000,000 by way of bonus issue of 50,000,000 new ordinary shares of RM1.00 each in the Company, credited as fully paid-up, on the basis of one (1) new ordinary share of RM1.00 each for every three (3) existing ordinary shares of RM1.00 each held by shareholders of the Company.

On the same day, the issued and paid-up share capital of every one (1) existing ordinary share of RM1.00 each was subdivided into two (2) new ordinary shares of RM0.50 each. Pursuant to the subdivision, 200,000,000 ordinary shares of RM1.00 each of the Company were subdivided into 400,000,000 ordinary shares of RM0.50 each.

The new ordinary shares allotted and issued, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions whose entitlement date precedes the allotment date of the bonus issue and share split.

OPTIONS GRANTED OVER UNISSUED SHARES

At the Annual General Meeting held on 27 May 2014, the Company's shareholders approved the establishment of a Long-Term Incentive Plan ("LTIP") of up to 10% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the LTIP for Directors of the Company acting in an executive capacity and key employees of the Group and the Company.

The salient features of the LTIP are, inter alia, as follows:

(a) Any Executive Director of the Company or key employee of the Group shall be eligible to be considered for the awards if that person meets the eligibility criteria, amongst others, holding a senior management or key position within the Group whose service has been confirmed in writing.

(b) The maximum number of LTIP shares which may be made available under the LTIP shall not be more than in aggregate 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time when the award is made during the duration of the LTIP.

(c) The total number of LTIP shares that may be awarded to any one of the selected eligible employees under the LTIP at any time shall be at the discretion of the Plan Committee in accordance with the By-Laws of the LTIP.

(d) The duration for the LTIP shall be in force for a period of 10 years commencing from 10 October 2014.

(e) The LTIP shares to be allotted and issued pursuant to the LTIP shall upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares in the Company in issue and shall be entitled to any rights, dividends, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders.

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Dato' Izham bin Mahmud
Datuk Vivekananthan a/l M.V. Nathan
Datuk Ishak bin Imam Abas
Datuk Chin Kwai Yoong
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz
Nan Yusri bin Nan Rahimy
Datuk Ir (Dr) Abdul Rahim bin Hashim
Datuk Noor Azian binti Shaari *(Appointed on 1 January 2015)*

In accordance with Article 76 of the Company's Articles of Association, Datuk Noor Azian binti Shaari retires at the forthcoming Annual General Meeting and, being eligible, offers herself for election.

In accordance with Article 78 of the Company's Articles of Association, Datuk Ishak bin Imam Abas and Nan Yusri bin Nan Rahimy retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dato' Izham bin Mahmud and Datuk Vivekananthan a/l M.V. Nathan, retire pursuant to Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and offer themselves for re-appointment in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz, who has attained the age of 70 years, will not be offering himself for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 7) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations were as follows:

	Number of ordinary shares of RM0.50* each in the Company					
	At 1.1.2014	Acquired	Sold	Bonus issue	Share split	At 31.12.2014
Direct interest						
Dato' Izham bin Mahmud	4,200,000	0	0	1,400,000	5,600,000	11,200,000
Datuk Vivekananthan a/l M.V. Nathan	15,945,000	149,300	0	5,315,000	21,260,000	42,669,300
Datuk Ishak bin Imam Abas	836,000	180,000	0	306,999	1,227,999	2,550,998
Datuk Chin Kwai Yoong	281,250	0	0	93,750	375,000	750,000
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	214,350	200,000	0	71,450	285,800	771,600
Nan Yusri bin Nan Rahimy	145,250	0	0	48,416	193,666	387,332
Indirect interest						
Dato' Izham bin Mahmud	52,014,150	160,000	(262,500)	17,270,549	69,082,199	138,264,398
Datuk Vivekananthan a/l M.V. Nathan	30,644,550	0	0	10,214,850	40,859,400	81,718,800
Nan Yusri bin Nan Rahimy	26,000	7,000	0	8,666	34,666	76,332

* The ordinary shares of RM1.00 were split into ordinary shares of RM0.50 during the financial year.

	Number of ordinary shares of RM1.00 each in a subsidiary, VSM Technology Sdn. Bhd.			
	At 1.1.2014	Acquired	Sold	At 31.12.2014
Direct interest				
Datuk Vivekananthan a/l M.V. Nathan	40,400	0	0	40,400

	Number of ordinary shares of RM1.00 each in a subsidiary, Delcom Holdings Sdn. Bhd.			
	At 1.1.2014	Acquired	Sold	At 31.12.2014
Direct interest				
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	20,000	0	0	20,000

By virtue of their interest in shares in the Company pursuant to Section 6A of the Companies Act, 1965, Dato' Izham bin Mahmud and Datuk Vivekananthan a/l M.V. Nathan are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares, options over shares and debentures of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business at their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS' REPORT (continued)

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 February 2015.

DATO' IZHAM BIN MAHMUD
DIRECTOR

NAN YUSRI BIN NAN RAHIMY
DIRECTOR

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2014

		Group		Company	
	Note	2014 RM	2013 Restated RM	2014 RM	2013 RM
Continuing operations					
Revenue	5	657,273,046	477,954,569	55,061,805	109,874,514
Cost of sales		(499,303,834)	(354,253,488)	(13,241,152)	(10,843,087)
Gross profit		157,969,212	123,701,081	41,820,653	99,031,427
Other operating income		1,973,866	2,357,365	297,410	599,491
Selling and distribution costs		(33,668,552)	(26,231,260)	0	0
Administrative expenses		(45,754,908)	(37,265,397)	(6,633,609)	(5,948,281)
Other operating gains/(losses)		1,721,395	(4,239,648)	(8,054,308)	(3,869,904)
Operating profit		82,241,013	58,322,141	27,430,146	89,812,733
Finance cost	8	(3,974,805)	(968,843)	0	0
Share of results of associates (net of tax)	16	13,727,331	15,973,351	0	0
Profit before tax	6	91,993,539	73,326,649	27,430,146	89,812,733
Tax expense	9	(21,359,076)	(16,369,832)	7,456	(2,465,458)
Profit from continuing operations		70,634,463	56,956,817	27,437,602	87,347,275
Discontinued operation					
Profit from discontinued operation (net of tax)	37	16,758	1,705,140	0	0
Profit for the year		70,651,221	58,661,957	27,437,602	87,347,275
Other comprehensive income: Item that may be subsequently reclassified to profit or loss					
Currency translation differences		301,671	1,360,235	0	0
Share based payment		(42,888)	0	0	0
Total comprehensive income for the financial year		70,910,004	60,022,192	27,437,602	87,347,275

STATEMENTS OF COMPREHENSIVE INCOME (continued)

For The Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 Restated RM	Company 2014 RM	Company 2013 RM
Profit attributable to:					
Equity holders of the Company		59,324,189	49,559,375	27,437,602	87,347,275
Non-controlling interest		11,327,032	9,102,582	0	0
		70,651,221	58,661,957	27,437,602	87,347,275
Total comprehensive income attributable to:					
Equity holders of the Company		59,373,612	49,939,962	27,437,602	87,347,275
Non-controlling interest		11,536,392	10,082,230	0	0
		70,910,004	60,022,192	27,437,602	87,347,275
Earnings per share (sen)					
- Basic (Restated)	10				
- From continuing operations		14.83	11.96		
- From discontinued operation		0.00	0.43		
		14.83	12.39		

The above statements of comprehensive income are to be read in conjunction with the significant accounting policies and notes 1 to 39 to the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	229,723,129	132,758,348	4,332,071	4,655,564
Investment properties	13	888,036	911,612	0	0
Intangible assets	14	3,234,863	2,965,243	184,965	271,333
Subsidiaries	15	0	0	165,740,455	133,740,455
Associates	16	40,644,930	43,822,710	0	0
Deferred tax assets	25	2,839,249	2,780,857	165,618	134,234
		277,330,207	183,238,770	170,423,109	138,801,586
CURRENT ASSETS					
Amounts due from subsidiaries	17	0	0	85,627,754	94,972,142
Tax recoverable		4,409,967	4,118,287	27,437	3,014,061
Inventories	18	28,302,353	20,498,915	0	0
Trade and other receivables	19	244,360,595	203,256,043	626,041	462,957
Deferred cost		8,392,993	13,829,356	0	0
Amounts due from associates	20	4,334,709	1,714,110	2,341	2,553
Cash and cash equivalents	21	75,738,796	73,723,464	9,603,965	8,381,365
		365,539,413	317,140,175	95,887,538	106,833,078
Assets classified as held for sale	37	27,266,013	0	0	0
		392,805,426	317,140,175	95,887,538	106,833,078
LESS: CURRENT LIABILITIES					
Amounts due to subsidiaries	17	0	0	15,667,841	13,586,934
Borrowings	22	50,784,444	17,914,260	26,300,000	9,800,000
Taxation		815,841	2,995,762	0	0
Dividends payable		529,510	519,677	0	0
Deferred revenue		8,244,694	20,036,090	0	0
Trade and other payables	23	182,378,417	168,149,728	3,676,278	2,493,071
Financial guarantee liabilities	24	0	0	47,946	73,679
		242,752,906	209,615,517	45,692,065	25,953,684
Liabilities classified as held for sale	37	1,984,939	0	0	0
		244,737,845	209,615,517	45,692,065	25,953,684
NET CURRENT ASSETS		148,067,581	107,524,658	50,195,473	80,879,394

STATEMENTS OF FINANCIAL POSITION (continued)

As At 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
NON-CURRENT LIABILITIES					
Deferred tax liabilities	25	15,888,113	7,786,286	0	0
Borrowings	22	104,585,998	11,730,821	0	0
		120,474,111	19,517,107	0	0
		304,923,677	271,246,321	220,618,582	219,680,980
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Ordinary shares	26	200,000,000	150,000,000	200,000,000	150,000,000
Share based payment	27	0	42,888	0	0
Retained earnings		127,843,825	145,019,636	20,618,582	69,680,980
Merger deficit	28	(50,000,000)	(50,000,000)	0	0
Foreign currency translation		(3,049,713)	(3,142,024)	0	0
Shareholders' equity		274,794,112	241,920,500	220,618,582	219,680,980
NON-CONTROLLING INTEREST		30,129,565	29,325,821	0	0
TOTAL EQUITY		304,923,677	271,246,321	220,618,582	219,680,980

The above statements of financial position are to be read in conjunction with the significant accounting policies and notes 1 to 39 to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2014

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.50 each									
	Note	Number of shares	Nominal value RM	Share based payment RM	Foreign currency translation RM	Merger deficit RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
Group										
At 1 January 2014		150,000,000	150,000,000	42,888	(3,142,024)	(50,000,000)	145,019,636	241,920,500	29,325,821	271,246,321
Profit for the financial year		0	0	0	0	0	59,324,189	59,324,189	11,327,032	70,651,221
Other comprehensive income for the financial year		0	0	(42,888)	92,311	0	0	49,423	209,360	258,783
Total comprehensive income for the financial year		0	0	(42,888)	92,311	0	59,324,189	59,373,612	11,536,392	70,910,004
Bonus issue	26	50,000,000	50,000,000	0	0	0	(50,000,000)	0	0	0
Share split	26	200,000,000	0	0	0	0	0	0	0	0
Dividends	11	0	0	0	0	0	(26,500,000)	(26,500,000)	(10,732,648)	(37,232,648)
At 31 December 2014		400,000,000	200,000,000	0	(3,049,713)	(50,000,000)	127,843,825	274,794,112	30,129,565	304,923,677

The above consolidated statement of changes in equity is to be read in conjunction with the significant accounting policies and notes 1 to 39 to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For The Financial Year Ended 31 December 2014

		Attributable to equity holders of the Company								
		Issued and fully paid ordinary shares of RM1.00 each								
	Note	Number of shares	Nominal value RM	Share based payment RM	Foreign currency translation RM	Merger deficit RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
Group										
At 1 January 2013		150,000,000	150,000,000	10,931	(3,522,611)	(50,000,000)	119,460,261	215,948,581	30,347,013	246,295,594
Profit for the financial year		0	0	0	0	0	49,559,375	49,559,375	9,102,582	58,661,957
Other comprehensive income for the financial year		0	0	0	380,587	0	0	380,587	979,648	1,360,235
Total comprehensive income for the financial year		0	0	0	380,587	0	49,559,375	49,939,962	10,082,230	60,022,192
Share based payment		0	0	31,957	0	0	0	31,957	0	31,957
Dividends	11	0	0	0	0	0	(24,000,000)	(24,000,000)	(11,103,422)	(35,103,422)
At 31 December 2013		150,000,000	150,000,000	42,888	(3,142,024)	(50,000,000)	145,019,636	241,920,500	29,325,821	271,246,321

The above consolidated statement of changes in equity is to be read in conjunction with the significant accounting policies and notes 1 to 39 to the Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2014

		Issued and fully paid ordinary shares of RM0.50/RM1.00 each		Distributable	
	Note	Number of shares	Nominal value RM	Retained earnings RM	Total RM
Company					
At 1 January 2014		150,000,000	150,000,000	69,680,980	219,680,980
Total comprehensive income for the financial year		0	0	27,437,602	27,437,602
Bonus issue	26	50,000,000	50,000,000	(50,000,000)	0
Share split	26	200,000,000	0	0	0
Dividends	11	0	0	(26,500,000)	(26,500,000)
At 31 December 2014		400,000,000	200,000,000	20,618,582	220,618,582
At 1 January 2013		150,000,000	150,000,000	6,333,705	156,333,705
Total comprehensive income for the financial year		0	0	87,347,275	87,347,275
Dividends	11	0	0	(24,000,000)	(24,000,000)
At 31 December 2013		150,000,000	150,000,000	69,680,980	219,680,980

The above statement of changes in equity is to be read in conjunction with the significant accounting policies and notes 1 to 39 to the Financial Statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		614,711,161	455,820,819	6,308,700	7,223,261
Cash payments to suppliers		(454,338,421)	(292,136,914)	0	0
Cash payments to employees and for operating expenses		(106,876,467)	(98,990,189)	(16,067,597)	(23,945,752)
		53,496,273	64,693,716	(9,758,897)	(16,722,491)
Tax (paid)/refunded		(15,835,890)	(18,670,281)	2,962,696	0
Interest paid		(4,112,736)	(1,034,666)	0	0
Net cash generated from/(used in) operating activities		33,547,647	44,988,769	(6,796,201)	(16,722,491)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,156,804	1,260,309	135,906	397,715
Purchase of property, plant and equipment	12	(131,594,925)	(41,304,930)	(369,734)	(259,499)
Deposit and prepayment for purchase of property, plant and equipment		0	(5,885,756)	0	0
Proceeds from disposal of property, plant and equipment		18,304	302,075	0	75,500
Purchase of intangible assets	14	(1,108,165)	(1,052,848)	(909,601)	(271,333)
Proceeds from reduction in share capital in associate	16	0	4,560,000	0	0
Amounts due from associates		3,459	(3,609)	212	0
Dividends received from subsidiaries		0	0	19,654,205	25,979,986
Dividends received from associates		14,555,979	15,416,199	0	0
Advances to subsidiaries		0	0	(492,187)	(6,548,909)
Net cash (used in)/generated from investing activities		(116,968,544)	(26,708,560)	18,018,801	19,373,460

STATEMENTS OF CASH FLOWS (continued)

For The Financial Year Ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Term loan:					
- drawn down		113,002,855	9,996,287	0	0
- repayments		(2,091,879)	(5,748,745)	0	0
Revolving credit:					
- drawn down		16,500,000	6,000,000	16,500,000	0
Finance lease liabilities					
- repayments		(32,883)	(22,149)	0	0
Dividends paid to:					
- shareholders		(26,500,000)	(24,000,000)	(26,500,000)	(24,000,000)
- non-controlling interest		(10,722,815)	(11,103,422)	0	0
Increase in restricted cash		(197,001)	(2,659)	0	0
Net cash generated from/(used in) financing activities		89,958,277	(24,880,688)	(10,000,000)	(24,000,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		6,537,380	(6,600,479)	1,222,600	(21,349,031)
FOREIGN CURRENCY TRANSLATION		981,809	(495,615)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		73,197,636	80,293,730	8,381,365	29,730,396
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		80,716,825	73,197,636	9,603,965	8,381,365
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR FROM CONTINUING OPERATIONS	21	75,015,967	73,197,636	9,603,965	8,381,365
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR FROM DISCONTINUED OPERATION	37	5,700,858	0	0	0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		80,716,825	73,197,636	9,603,965	8,381,365

The above statements of cash flows are to be read in conjunction with the significant accounting policies and notes 1 to 39 to the Financial Statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For The Financial Year Ended 31 December 2014

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention, except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the financial statements are disclosed in Note 3.

(a) Amendments to published standards that are effective and applicable to the Group and the Company

The amendments to published standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2014 are as follows:

Amendment to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

There is no material impact upon adoption of the above Amendments to MFRSs.

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards and amendments to published standards in the following periods:

(i) Financial year beginning on or after 1 January 2015

- Annual Improvements to MFRS 2010 – 2012 Cycle (Amendments to MFRS 2 Share Based Payment, MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures and MFRS 138 Intangible Assets)
- Annual Improvements to MFRS 2011 – 2013 Cycle (Amendments to MFRS 3 Business Combination, MFRS 13 Fair Value Measurement and MFRS 140 Investment Property)
- Amendment to MFRS 119 Defined Benefits Plans: Employee Contributions

The adoption of the above Annual Improvements and Amendments to MFRSs do not have a material impact to the Group for the financial year ending 31 December 2015.

A BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the new standards and amendments to published standards in the following periods (continued):

(ii) Financial year beginning on or after 1 January 2016

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

(iii) Financial year beginning on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

(iv) Financial year beginning on or after 1 January 2018

- MFRS 9 Financial instruments

The Group and the Company are in the process of assessing the financial effects on the adoption of the standards in the year of initial application.

The initial application of the abovementioned accounting standards and amendments to published standards are not expected to have any material impacts to the financial statements of the Group and of the Company except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 Revenue and MFRS 111 Construction contracts and related interpretations.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

B CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method of accounting except for certain business combinations which were accounted for using the predecessor basis of accounting as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 “Accounting for Acquisitions and Mergers”, the generally accepted accounting principles prevailing at that time
- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in MASB 21 “Business Combinations”
- internal group reorganisations, as defined in MASB 21, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:
  - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
  - the minorities’ share of net assets of the Group is not altered by the transfer
- combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006

The Group has taken advantage of the transitional provision provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Transitional provisions of MASB 21, FRS 3 and FRS 3 (revised) that were previously applied and disclosed in the prior year (FRS) financial statements are not relevant in the first set of MFRS financial statements. These provisions were applied to Deleum Services Sdn. Bhd.. Deleum Services Sdn. Bhd., a wholly-owned subsidiary company, is consolidated using the merger method of accounting as the internal group reorganisation took place on/after 1 April 2002 and with agreement dates before 1 January 2006, and where the ultimate shareholders remain the same, and the rights of each such shareholder relative to the others, are unchanged and the non-controlling interests’ share of net assets of the Group is not altered by the transfer.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

B CONSOLIDATION (CONTINUED)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Refer to accounting policy Note C(a) on goodwill.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as a non-distributable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in merger deficit.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in profit or loss attributable to the parent.

The Group determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount in the statement of comprehensive income.

B CONSOLIDATION (CONTINUED)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition (see accounting policy Note C(a)), net of any accumulated impairment loss. Carrying amount of the investment is reduced by dividends receivable from associates when the Group's right to receive payment is established. Dividends receivable is presented within amount due from associate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

B CONSOLIDATION (CONTINUED)

(d) Associates (continued)

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

(e) Transactions with non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the statement of comprehensive income as an allocation of the profit or loss on the total comprehensive income for the year between non-controlling interests and owners of the Company.

C INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the acquisition date fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill (inclusive of impairment losses recognised in a previous interim period) are not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segments (see accounting policy Note J on impairment of non-financial assets).

Any excess of the Group's share of the identifiable net assets at the date of acquisition over the cost of acquisition is recognised immediately in the statement of comprehensive income.

Goodwill on acquisitions of associates is included in investments in associates. Such goodwill is tested for impairment as part of the overall balance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For The Financial Year Ended 31 December 2014

C INTANGIBLE ASSETS (CONTINUED)

(b) Contracts

Customer contracts acquired as part of the business combination have finite useful life which ranges between one to two years and are capitalised at fair value at acquisition date and amortised using the straight line basis over their contractual periods or estimated useful lives, whichever is shorter. Customer contracts are carried at cost less accumulated amortisation and is tested for impairment whenever indication of impairment exists.

(c) Distributorship agreement

Distributorship agreement acquired as part of the business combination is capitalised at fair value at the acquisition date and amortised using the straight line basis over the duration of the agreement. Distributorship agreement is carried at cost less accumulated amortisation and is tested for impairment whenever indication of impairment exists.

(d) Software costs

Software costs are recognised when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use, its intention to complete and its ability to use, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software costs recognised as assets are amortised using the straight line basis over their estimated useful lives, which does not exceed five years.

Computer software costs for assets in progress are not amortised until they are ready for their intended use.

D INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see accounting policy Note J on impairment of non-financial assets). Impairment losses are charged to profit or loss.

On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

E PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note R on borrowings).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease (refer to accounting policy Note H on leases) is amortised in equal instalments over the period of the respective leases that range from 60 to 99 years. Other property, plant and equipment are depreciated on the straight line basis to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Freehold building	2%
Long term leasehold buildings	2% - 5%
Office equipment, furniture and fittings	10% - 33 1/3%
Renovations	10% - 20%
Plant, machinery and other equipment	6 2/3% - 33 1/3%
Motor vehicles	16 2/3% - 20%

Assets under construction are not depreciated until they are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted where appropriate at the end of the reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy Note J on impairment of non-financial assets).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

F INVESTMENT PROPERTIES

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives at the rate of 2% per annum.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For The Financial Year Ended 31 December 2014

F INVESTMENT PROPERTIES (CONTINUED)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment property is de-recognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

Useful lives of investment properties are reviewed, and are adjusted if appropriate at the end of the reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the investment property is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy Note J on impairment of non-financial assets).

G INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Goods purchased for resale are stated at cost. For other inventories, the cost comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

H LEASES

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting by lessee

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

H LEASES (CONTINUED)

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

I CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, cash and cash equivalents comprises cash on hand, deposits held at call with banks and short-term, highly liquid investments (less than 3 months maturity) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

J IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss. Any subsequent increase in recoverable amount is recognised in profit or loss. Impairment losses on goodwill are not reversed.

K FINANCIAL ASSETS

(a) Classification

The Group classifies all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's and the Company's loans and receivables comprise 'amounts due from subsidiaries', 'trade and other receivables (excluding prepayments)', 'amounts due from associates' and 'cash and cash equivalents' in the statements of financial position (Notes 17, 19, 20 and 21).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For The Financial Year Ended 31 December 2014

K FINANCIAL ASSETS (CONTINUED)

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

(c) Subsequent measurement – gains and losses

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(d) Subsequent measurement - Impairment of financial assets

<u>Assets carried at amortised cost</u>

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

K FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement - Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

L FINANCIAL LIABILITIES

(a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS139, are recognised in the statement of financial positions when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group classifies all its financial liabilities as other financial liabilities. The Group's and the Company's other financial liabilities comprise 'amounts due to subsidiaries', 'borrowings', 'trade and other payables (excluding statutory obligations)' and 'financial guarantee liabilities' in the statements of financial position (Notes 17, 22, 23 and 24).

(b) Recognition and initial measurement

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

L FINANCIAL LIABILITIES (CONTINUED)

(c) De-recognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of comprehensive income.

M OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

N FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 “Provisions, contingent liabilities and contingent assets” and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

O SHARE CAPITAL

(a) Classification

Ordinary shares are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity. Other share issue costs are charged to profit or loss.

(c) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period. Upon the dividend becoming payable, it will be accounted as a liability.

P TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Q PAYABLES

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

R BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production or qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

S REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and service tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenues are measured at the fair value of the consideration received or receivable by the Group. In arrangements whereby the criteria set out below are not met, the marketing fee earned on the sale is recognised as revenue:

- the Group has latitude to set transaction terms with customers including selling price and payment terms;
- part of the integrated specialised services provided to customers are rendered by the Group; and
- the Group assumes risks associated with ownership, such as price risks, credit risks, inventory risks and contractual risks.

Sale of equipment is recognised upon delivery and customer acceptance, net of sales taxes and discounts, and after eliminating sales within the Group. Revenue arising from provision of services is recognised upon performance of services and customer acceptance.

S REVENUE RECOGNITION (CONTINUED)

Revenue associated with performance milestones are recognised based on achievement of the deliverables as defined in the respective agreements as accrued revenue. Upfront payments for which there are subsequent deliverables are initially reported as deferred revenue and are recognised as revenue only when the deliverables are completed and accepted by the customers. Cost incurred for work performed for which performance milestones have yet to be achieved is initially recorded as deferred cost and recognised as cost of sales only when the deliverables are completed and accepted by customers.

Dividend income earned by the Company is classified as revenue.

Management fee earned by the Company is recognised upon performance of services.

Other operating income earned by the Group is recognised on the following basis:

(i) Interest income – using the effective interest method.
(ii) Rental income – on a straight-line basis over the lease term.
(iii) Dividend income – when the Group's right to receive payment is established.

T EMPLOYEE BENEFITS

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into the Kumpulan Wang Simpanan Pekerja fund.

The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

U CURRENT AND DEFERRED INCOME TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For The Financial Year Ended 31 December 2014

U CURRENT AND DEFERRED INCOME TAXES (CONTINUED)

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group’s share of income taxes of associates are included in the Group’s share of results of associates.

V FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Group’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘other (losses)/gains – net’.

V FOREIGN CURRENCIES (CONTINUED)

(b) Transactions and balances (continued)

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

(c) Group companies

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially sold or disposed of, exchange differences that were recorded in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

W SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment has been identified as the Group Managing Director who makes strategic decisions.

X CONTINGENT LIABILITIES

The Group does not recognise contingent liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

Y NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE / DISCONTINUED OPERATIONS

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

When the Group is committed to a sale plan involving loss of control of a subsidiary, it shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out below had been met.

- Asset available for immediate sale in its present condition;
- Sale is highly probable to occur within one year;
- Management commits to a plan to sell.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

1 GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group consist of the provision of gas turbines packages and related services, oilfield equipment and services, servicing of rotating equipment, integrated corrosion and inspection services, predominantly for the oil and gas industry.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is:

No. 2, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur

2 FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial risks from its operations including market risk, credit risk and liquidity risk. The Group's overall financial risk management objectives are to ensure that the Group creates value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's businesses. The Group operates within clearly defined guidelines that are approved by the Board and seeks to minimise potential adverse effects on its financial performance. Such guidelines are reviewed periodically to ensure that the Group's policy guidelines are complied with.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Market risk

Market risk refers to the risk that changes in market prices such as foreign exchange rates, interest rates and prices will affect the Group's financial position and cash flows.

(i) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into currencies other than their functional currency. The Group's policy is to minimise the exposure of transaction risk by matching foreign currency receivables against foreign currency payables.

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Market risk (continued)

(i) Foreign currency exchange risk (continued)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currencies are as follows:

	Group			
	2014		2013	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
US Dollar	**174,386,118**	**116,506,010**	135,543,314	132,253,927
Others	**96,419**	**333,231**	458,189	2,117,796
	174,482,537	**116,839,241**	136,001,503	134,371,723

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the US Dollar against Ringgit Malaysia. 10% sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted, based on the translation value at the period end, for a 10% change in foreign currency rates.

If the relevant foreign currency weakens/strengthens by 10% against the functional currency, the profit before tax will (decrease)/increase by:

	Group	
	2014 RM	2013 RM
Weaken by 10% impact to profit or loss		
US Dollar	**(5,788,011)**	(328,939)
Strengthen by 10% impact to profit or loss		
US Dollar	**5,788,011**	328,939

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Market risk (continued)

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate borrowings and deposits with short term tenure.

Interest rate sensitivity

This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. At the reporting date, if interest rates had been 100 basis points lower, with all other variables held constant, the Group's profit before tax would increase by RM1,552,991 (2013: RM264,363). Similarly, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's profit before tax would decrease by a similar amount.

(iii) Price risk

The Group is not materially affected by price fluctuation and does not have exposure to price risk.

The Group does not have exposure to share price risk as it does not hold investment in quoted equity instruments.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statement of financial position.

(i) Receivables

The Group's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limits, regular monitoring and follow up procedures.

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

(i) Receivables (continued)

The Group's customers are mainly from the oil and gas industry. The Group considers the material loss in the event of non-performance by a customer to be low.

The credit quality of trade receivables can be assessed by reference to historical information about counterparty default rates:

	Group	
	2014 RM	2013 RM
Neither past due nor impaired: Counterparties without external credit rating		
- New customers during the year	5,457,360	6,798,042
- Existing customers with no defaults in the past	190,886,300	158,717,358
Total unimpaired trade receivables	196,343,660	165,515,400
Past due but not impaired: Counterparties without external credit rating		
- New customers during the year	1,032,132	1,103,946
- Existing customers with no defaults in the past	31,130,580	17,080,724
Total past due but not impaired trade receivables	32,162,712	18,184,670
Past due and impaired: Counterparties without external credit rating		
- Existing customers	1,922,108	1,490,265
Total past due and impaired trade receivables	1,922,108	1,490,265

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

(ii) Amounts due from associates and subsidiaries

The Company provides unsecured loans and advances to subsidiaries. The amounts due from associates are in relation to dividends receivable and operating expenses. The Company monitors the results of the associates and subsidiaries regularly. As at 31 December 2014, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that amounts due from associates and subsidiaries are stated at the realisable values. As at 31 December 2014, there was no indication that the loans and advances extended to the subsidiaries and amounts due from associates are not recoverable.

(iii) Bank balances

Bank balances are with approved financial institutions with credit ratings of AA and above.

As at the end of the reporting period, the maximum exposure to credit risk arising from cash and bank balances is represented by the carrying amounts in the statement of financial position.

Management does not expect any counterparties to fail to meet their obligations. The credit qualities of the financial institutions in respect of bank balances are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
AAA	81,369,054	73,664,456	9,582,649	8,360,269
AA	31,959	31,564	21,120	20,685

The credit quality of the above bank balances are assessed by reference to RAM Ratings Services Berhad.

(iv) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

The maximum exposure to credit risk for the Company amounts to RM1,653,879 (2013: RM3,744,611), representing the outstanding banking facilities of the subsidiaries as at end of reporting period. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group or the Company has sufficient cash and bank balances and maintains standby credit lines to ensure availability of funding to meet operational requirements. The Group's and the Company's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

					2014
	On demand or within one year RM	One to two years RM	Two to five years RM	More than five years RM	Total RM
Group					
Financial liabilities					
Trade and other payables (excluding statutory obligations)	179,533,842	0	0	0	179,533,842
Borrowings	56,140,912	30,369,429	81,348,879	6,205,307	174,064,527
Total undiscounted financial liabilities	235,674,754	30,369,429	81,348,879	6,205,307	353,598,369
Company					
Financial liabilities					
Amounts due to subsidiaries	15,667,841	0	0	0	15,667,841
Borrowings	26,300,000	0	0	0	26,300,000
Other payables and accruals (excluding statutory obligations)	3,411,931	0	0	0	3,411,931
Total undiscounted financial liabilities	45,379,772	0	0	0	45,379,772

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risk (continued)

					2013
	On demand or within one year RM	One to two years RM	Two to five years RM	More than five years RM	Total RM
Group					
Financial liabilities					
Trade and other payables (excluding statutory obligations)	162,643,037	0	0	0	162,643,037
Borrowings	18,074,190	2,243,756	7,141,090	2,499,072	29,958,108
Total undiscounted financial liabilities	180,717,227	2,243,756	7,141,090	2,499,072	192,601,145
Company					
Financial liabilities					
Amounts due to subsidiaries	13,586,934	0	0	0	13,586,934
Borrowings	9,800,000	0	0	0	9,800,000
Other payables and accruals (excluding statutory obligations)	1,514,055	0	0	0	1,514,055
Total undiscounted financial liabilities	24,900,989	0	0	0	24,900,989

The maximum exposure to the Company in relation to the financial guarantee contracts amounts to RM1,653,879 (2013: RM3,744,611), representing the outstanding banking facilities of the subsidiaries at the end of the reporting period. At the reporting date, the counterparty to the financial guarantees has no right to demand cash as no default has occurred.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates

The Group makes estimates concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Taxation

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

(ii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Revenue recognition

The Group is a party to contractual agreements, which can involve upfront and milestone payments that may occur over several years. These agreements may also involve certain future obligations. Revenue is only recognised when, in management's judgment, the significant risks and rewards of ownership have been transferred or when the obligation has been fulfilled. For some transactions, this can result in cash receipts being initially recognised as deferred revenue and then recognised as revenue over subsequent periods on the basis that the performance of the deliverables as specified in the agreements are met.

(iv) Impairment of non-financial assets

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

(b) Critical judgment in applying the Group's accounting policies

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. There are no critical judgment which may materially affect the reported results and financial position of the Group.

4 SEGMENTAL REPORTING

The Group Managing Director is the Group's Chief Operating Decision-Maker ("CODM"). Management has determined the operating segments based on the information reviewed by the Group Managing Director for the purposes of allocating resources and assessing performance. The Group is now primarily engaged in the following segments, by nature of business activities:

- Power and Machinery – 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 – Mainly consists of:-
  - Provision of slickline equipment and services;
  - Provision of integrated wellhead maintenance services;
  - Provision of oilfield chemicals, and
  - Provision of drilling equipment and services and other oilfield products and technical services.

- Maintenance, Repair and Overhaul – Mainly consists of:-
  - Repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps; and
  - Provision of integrated corrosion and inspection services, blasting technology and services for tanks, vessels, structures and piping.

Segment operating profit or loss is derived from the segment revenue less cost of sales and operating expenses directly attributed to the respective segments and including other income.

Unallocated income comprised mainly interest income earned by the Group. These income are not allocated to the business segments, as these types of activities are driven by the Group treasury function, which manages the cash position of the Group.

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

Tax expenses and results of associates are not allocated to the business segments as they are measured at the entity level.

Unallocated corporate assets represent the Group's corporate assets including property, plant and equipment, investment properties, intangible assets, investment in 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments

	Power and machinery RM	Oilfield services RM	Maintenance, repair and overhaul RM	Group RM
Financial year ended 31 December 2014				
SEGMENT REVENUE				
External revenue	476,916,663	146,472,807	33,883,576	657,273,046
SEGMENT RESULTS				
Segment operating profit/(loss)	67,881,145	28,300,787	(5,297,577)	90,884,355
Profit from operations				90,884,355
Unallocated income				175,003
Unallocated corporate expenses				(12,793,150)
Share of results of associates				13,727,331
Profit before tax				91,993,539
Tax expense				(21,359,076)
Profit from continuing operations				70,634,463
Profit from discontinued operation (net of tax)				16,758
Profit for the year				70,651,221
Other information:				
Depreciation and amortisation	2,142,600	14,926,259	1,354,884	18,423,743
Other material non-cash items				
Impairment for doubtful debts	9,900	0	918,746	928,646
Write back of impairment for doubtful debts	0	0	(496,803)	(496,803)
Allowance for slow moving inventories	147,038	0	0	147,038
Reversal of allowance for slow moving inventories	(92,440)	0	0	(92,440)
Provision for liquidated damages	151,465	0	0	151,465
Revenue contributed by major customers which individually contributed to more than 10% of the Group's total revenue:				
– Customer A	(198,133,630)	(61,599,434)	0	(259,733,064)
– Customer B	(68,894,314)	(2,100,858)	0	(70,995,172)
– Customer C	(19,661,275)	(48,010,610)	0	(67,671,885)
– Customer D	(23,621,262)	0	0	(23,621,262)

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Maintenance, repair and overhaul RM	Group RM
Financial year ended 31 December 2014				
Segment assets	236,574,570	303,991,217	27,797,596	568,363,383
Unallocated corporate assets				74,506,237
Assets classified as held for sale				27,266,013
Total assets				670,135,633
Segment liabilities	133,087,280	201,573,198	7,533,868	342,194,346
Unallocated corporate liabilities				21,032,671
Liabilities classified as held for sale				1,984,939
Total liabilities				365,211,956

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery Restated RM	Oilfield services RM	Maintenance, repair and overhaul RM	Group Restated RM
Financial year ended 31 December 2013				
SEGMENT REVENUE				
External revenue	375,460,358	75,200,862	27,293,349	477,954,569
SEGMENT RESULTS				
Segment operating profit	61,783,092	7,286,026	1,869,388	70,938,506
Profit from operations				70,938,506
Unallocated income				413,899
Unallocated corporate expenses				(13,999,107)
Share of results of associates				15,973,351
Profit before tax				73,326,649
Tax expense				(16,369,832)
Profit from continuing operations				56,956,817
Profit from discontinued operation (net of tax)				1,705,140
Profit for the year				58,661,957
Other information:				
Depreciation and amortisation	432,948	9,171,387	937,916	10,542,251
Other material non-cash items				
Impairment for doubtful debts	0	0	768,970	768,970
Write back of impairment for doubtful debts	(973,303)	(403,156)	(84,904)	(1,461,363)
Allowance for slow moving inventories	225,131	0	0	225,131
Reversal of allowance for slow moving inventories	(11,385)	0	0	(11,385)
Provision for liquidated damages	157,381	0	0	157,381
Write back of provision for liquidated damages	(260,105)	0	0	(260,105)

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery Restated RM	Oilfield services RM	Maintenance, repair and overhaul RM	Group Restated RM
Financial year ended 31 December 2013				
Revenue contributed by major customers which individually contributed to more than 10% of the Group's total revenue:				
- Customer A	(120,293,156)	(52,997,258)	0	(173,290,414)
- Customer B	(46,916,538)	(4,702,883)	0	(51,619,421)
- Customer C	(34,839,506)	(1,000,929)	0	(35,840,435)
- Customer D	(29,212,971)	0	0	(29,212,971)
Segment assets	252,326,740	141,891,441	24,363,643	418,581,824
Unallocated corporate assets				81,797,121
Total assets				500,378,945
Segment liabilities	139,158,200	58,131,057	8,185,220	205,474,477
Unallocated corporate liabilities				23,658,147
Total liabilities				229,132,624

(b) Geographical information

The Group's transactions are principally conducted in one geographical segment, Malaysia, as such no segmental information by geographical segment has been disclosed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

5 REVENUE

	Group		Company	
	2014 RM	2013 Restated RM	2014 RM	2013 RM
Sale of equipment	182,013,636	152,922,629	0	0
Rendering of services	459,937,867	299,065,159	0	0
Marketing fee	15,321,543	25,966,781	0	0
Dividend income	0	0	41,154,205	98,482,714
Management fee	0	0	13,907,600	11,391,800
	657,273,046	477,954,569	55,061,805	109,874,514

6 PROFIT BEFORE TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
The following items have been charged/ (credited) in arriving at profit before tax:				
Purchase of products, parts and consumables	296,369,829	218,007,929	0	0
Cost of services purchased	113,911,994	72,844,259	0	0
Inter-company interest income	0	0	(96,800)	(126,868)
Impairment for doubtful debts:				
- Trade receivables				
- impairment made	928,646	768,970	0	0
- write back of impairment	(496,803)	(1,461,363)	0	0
- Other receivables				
- impairment made	0	3,800,000	0	3,800,000
Amortisation of intangible assets	690,880	100,213	28,244	0
Depreciation:				
- property, plant and equipment	21,152,040	15,607,793	692,167	659,484
- investment properties	23,576	23,613	0	0
Fees to PricewaterhouseCoopers Malaysia:				
- statutory audit services				
- current year	374,920	366,140	121,100	120,000
- under/(over) provision in prior year	5,270	(25,800)	0	(25,800)
- audit related services	142,930	265,630	142,930	256,630
- non-audit related services	331,331	359,550	51,350	255,555
Statutory audit fees to other auditors				
- current year	64,300	62,928	0	0
- under provision in prior year	0	8,000		
Gain on disposal of property, plant and equipment	(16,670)	(117,406)	0	(15,536)

6 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
The following items have been charged/ (credited) in arriving at profit before tax (continued):				
Impairment loss on investment in subsidiaries	**0**	0	**8,000,000**	0
(Gain)/loss on foreign exchange:				
- realised	**(414,172)**	(1,057,311)	**(3,639)**	10,654
- unrealised	**(3,121,441)**	1,190,188	**0**	0
Allowance for slow moving inventories	**147,038**	225,131	**0**	0
Reversal of allowance for slow moving inventories	**(92,440)**	(11,385)	**0**	0
Write off:				
- property, plant and equipment	**55,210**	58,899	**1,060**	0
Provision for liquidated damages	**151,465**	157,381	**0**	0
Write back of provision for liquidated damages	**0**	(260,105)	**0**	0
Interest income	**(1,156,804)**	(1,260,309)	**(135,906)**	(397,715)
Rental income	**(647,391)**	(458,852)	**0**	0
Rental expense:				
- business premises	**3,071,617**	2,376,085	**0**	0
- equipment	**6,932,382**	1,468,745	**0**	0
Staff cost (including executive directors' remuneration as disclosed in Note 7)				
- Wages, salaries and others	**75,190,712**	56,712,689	**11,471,165**	9,824,238
- Defined contribution plan	**8,006,138**	6,097,024	**1,277,259**	1,105,574

NOTES TO THE
FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

7 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors of the Company during the financial year were as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive Directors:				
- salaries and bonuses	2,255,000	1,814,643	1,590,000	1,314,000
- defined contribution plan	372,834	273,390	238,500	197,100
- other emoluments	66,183	57,224	23,563	15,224
- estimated monetary value of benefits-in-kind	31,150	31,150	31,150	31,150
Non-executive Directors:				
- fees	930,000	924,475	930,000	924,475
- other emoluments	144,642	121,222	144,642	121,222
- estimated monetary value of benefits-in-kind	70,400	70,400	70,400	70,400
	3,870,209	3,292,504	3,028,255	2,673,571

8 FINANCE COST

	Group	
	2014 RM	2013 Restated RM
Interest on revolving credit facility	768,590	541,692
Interest on term loans	3,193,374	257,374
Interest on finance lease	4,328	3,808
Bank charges	0	31,560
Amortisation cost on financial liabilities	8,513	134,409
	3,974,805	968,843

The finance cost incurred during the year of RM768,590 (2013: RM541,692) at the Company level had been re-charged to its subsidiaries for the utilisation of the revolving credit facility.

9 TAX EXPENSE

	Group		Company	
	2014 RM	2013 Restated RM	2014 RM	2013 RM
Income tax expense on continuing operations				
Current tax:				
- Malaysian tax	**13,339,207**	16,885,153	**0**	2,017,523
(Over)/Under provision in prior years:				
- Malaysian tax	**(7,898)**	(20,598)	**23,928**	1,017,969
Deferred tax (Note 25):				
- Origination and reversal of temporary differences	**8,027,767**	(494,723)	**(31,384)**	(570,034)
	21,359,076	16,369,832	**(7,456)**	2,465,458

Current income tax is calculated at the statutory rate of 25% of the assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's statutory rate of 25% effective year of assessment 2016. The computation of the deferred tax as at 31 December 2013 and 2014 has reflected this change.

The explanation of the relationship between tax expense and profit before tax is as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate				
Malaysian tax rate	**25**	25	**25**	25
Tax effects of:				
- expenses not deductible for tax purposes	**2**	3	**10**	2
- under provision in prior years	**0**	0	**0**	1
- associates results reported net of tax	**(4)**	(5)	**0**	0
- income not subject to tax	**0**	0	**(35)**	(25)
- change in statutory tax rate	**0**	(1)	**0**	0
Effective tax rate	**23**	22	**0**	3

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

10 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014 RM	2013 Restated RM
Profit from continuing operations attributable to equity holders of the Company	59,307,431	47,854,235
Profit from discontinued operation attributable to equity holders of the Company	16,758	1,705,140
Profit for the financial year attributable to equity holders of the Company	59,324,189	49,559,375
Number of ordinary shares at the beginning of the year	150,000,000	150,000,000
Effect of bonus issue	50,000,000	50,000,000
Effect of share split	200,000,000	200,000,000
Adjusted weighted average number of ordinary shares	400,000,000	400,000,000
Basic earnings per share (sen)		
- From continuing operations	14.83	11.96
- From discontinued operation	0.00	0.43
	14.83	12.39

The earnings per share for the prior period had been adjusted retrospectively due to the bonus issue and share split which occurred during the financial year ended 31 December 2014 as described in Note 26.

11 DIVIDENDS

The dividends paid or declared by the Company during the financial year are as set out below.

	2014		2013	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
In respect of the financial year ended 31 December 2012				
Second interim single tier dividend, on 150,000,000 ordinary shares, paid on 25 March 2013	0	0	10.0	15,000,000
In respect of the financial year ended 31 December 2013				
First interim single tier dividend, on 150,000,000 ordinary shares, paid on 25 September 2013	0	0	6.0	9,000,000
Second interim single tier dividend, on 150,000,000 ordinary shares, paid on 26 March 2014	11.0	16,500,000	0	0
In respect of the financial year ended 31 December 2014				
First interim single tier dividend, on 400,000,000 ordinary shares, paid on 25 September 2014	2.5	10,000,000	0	0
		26,500,000		24,000,000

The Directors had on 24 February 2015 declared a second interim single tier dividend of 5.0 sen per share of RM0.50 each in respect of the financial year ended 31 December 2014, totalling RM20,000,000, payable on 26 March 2015.

Total dividend for the financial year ended 31 December 2014 is 7.5 sen (2013: 17.0 sen) based on ordinary shares of 400,000,000 (2013: 150,000,000).

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold building RM	Long term leasehold land RM	Long term leasehold buildings RM	Office equipment, furniture & fittings and renovations RM	Plant, machinery and other equipment RM	Motor vehicles RM	Assets under construction RM	Total RM
Group									
Year ended 31 December 2014									
Net book value									
At 1 January 2014	1,040,000	8,271,145	3,554,671	4,197,082	8,693,831	79,554,293	2,667,852	24,779,474	132,758,348
Additions	0	0	0	0	2,827,721	52,446,665	339,850	81,866,445	137,480,681
Written off	0	0	0	0	(21,462)	(33,748)	0	0	(55,210)
Transfer	0	0	0	0	742,894	61,982,440	0	(62,725,334)	0
Disposals	0	0	0	0	(434)	(1,200)	0	0	(1,634)
Depreciation charge	0	(183,625)	(87,758)	(180,906)	(2,695,991)	(16,986,049)	(1,017,711)	0	(21,152,040)
Transfer to assets held for sale (Note 37)	(1,040,000)	(8,087,520)	0	0	(2,930,705)	(7,248,791)	0	0	(19,307,016)
At 31 December 2014	0	0	3,466,913	4,016,176	6,615,854	169,713,610	1,989,991	43,920,585	229,723,129
At 31 December 2014									
Cost	0	0	4,387,284	6,152,947	21,831,047	231,570,185	5,377,926	43,920,585	313,239,974
Accumulated depreciation	0	0	(920,371)	(2,136,771)	(15,215,193)	(61,856,575)	(3,387,935)	0	(83,516,845)
Net book value	0	0	3,466,913	4,016,176	6,615,854	169,713,610	1,989,991	43,920,585	229,723,129
At 31 December 2013									
Cost	1,040,000	9,240,008	4,387,284	6,152,947	28,243,972	133,249,801	5,133,692	24,779,474	212,227,178
Accumulated depreciation	0	(968,863)	(832,613)	(1,955,865)	(19,550,141)	(53,695,508)	(2,465,840)	0	(79,468,830)
Net book value	1,040,000	8,271,145	3,554,671	4,197,082	8,693,831	79,554,293	2,667,852	24,779,474	132,758,348

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Freehold building RM	Long term leasehold land RM	Long term leasehold buildings RM	Office equipment, furniture & fittings and renovations RM	Plant, machinery and other equipment RM	Motor vehicles RM	Assets under construction RM	Total RM
Group									
Year ended 31 December 2013									
Net book value									
At 1 January 2013	1,040,000	8,455,945	3,642,417	4,377,988	8,363,575	65,390,586	3,133,782	2,749,452	97,153,745
Additions	0	0	0	0	3,300,569	8,332,975	579,471	39,762,949	51,975,964
Written off	0	0	0	0	(35,096)	(23,803)	0	0	(58,899)
Transfer	0	0	0	0	169,300	17,563,627	0	(17,732,927)	0
Reclassification to intangible assets	0	0	0	0	0	(520,000)	0	0	(520,000)
Disposals	0	0	0	0	(11,312)	(113,393)	(59,964)	0	(184,669)
Depreciation charge	0	(184,800)	(87,746)	(180,906)	(3,093,205)	(11,075,699)	(985,437)	0	(15,607,793)
At 31 December 2013	1,040,000	8,271,145	3,554,671	4,197,082	8,693,831	79,554,293	2,667,852	24,779,474	132,758,348
At 31 December 2013									
Cost	1,040,000	9,240,008	4,387,284	6,152,947	28,243,972	133,249,801	5,133,692	24,779,474	212,227,178
Accumulated depreciation	0	(968,863)	(832,613)	(1,955,865)	(19,550,141)	(53,695,508)	(2,465,840)	0	(79,468,830)
Net book value	1,040,000	8,271,145	3,554,671	4,197,082	8,693,831	79,554,293	2,667,852	24,779,474	132,758,348
At 31 December 2012									
Cost	1,040,000	9,240,008	4,387,284	6,152,947	26,100,155	108,555,121	5,166,537	2,749,452	163,391,504
Accumulated depreciation	0	(784,063)	(744,867)	(1,774,959)	(17,736,580)	(43,164,535)	(2,032,755)	0	(66,237,759)
Net book value	1,040,000	8,455,945	3,642,417	4,377,988	8,363,575	65,390,586	3,133,782	2,749,452	97,153,745

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long term leasehold land RM	Long term leasehold buildings RM	Office equipment, furniture & fittings and renovations RM	Motor vehicles RM	Assets under construction RM	Total RM
Company						
Year ended 31 December 2014						
Net book value						
At 1 January 2014	2,204,230	1,152,360	293,051	992,169	13,754	4,655,564
Additions	0	0	369,734	0	0	369,734
Transfer	0	0	13,754	0	(13,754)	0
Written off	0	0	(1,060)	0	0	(1,060)
Depreciation charge	(48,892)	(26,190)	(171,568)	(445,517)	0	(692,167)
At 31 December 2014	2,155,338	1,126,170	503,911	546,652	0	4,332,071
At 31 December 2014						
Cost	2,444,000	1,309,500	5,068,730	2,227,587	0	11,049,817
Accumulated depreciation	(288,662)	(183,330)	(4,564,819)	(1,680,935)	0	(6,717,746)
Net book value	2,155,338	1,126,170	503,911	546,652	0	4,332,071
At 31 December 2013						
Cost	2,444,000	1,309,500	4,686,302	2,227,587	13,754	10,681,143
Accumulated depreciation	(239,770)	(157,140)	(4,393,251)	(1,235,418)	0	(6,025,579)
Net book value	2,204,230	1,152,360	293,051	992,169	13,754	4,655,564

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long term leasehold land RM	Long term leasehold buildings RM	Office equipment, furniture & fittings and renovations RM	Motor vehicles RM	Assets under construction RM	Total RM
Company						
Year ended 31 December 2013						
Net book value						
At 1 January 2013	2,253,110	1,178,550	811,981	1,515,658	0	5,759,299
Additions	0	0	259,499	0	0	259,499
Reclassification to intangible assets	0	0	(520,000)	0	0	(520,000)
Re-charge to subsidiaries	0	0	(137,540)	0	13,754	(123,786)
Disposal	0	0	0	(59,964)	0	(59,964)
Depreciation charge	(48,880)	(26,190)	(120,889)	(463,525)	0	(659,484)
At 31 December 2013	2,204,230	1,152,360	293,051	992,169	13,754	4,655,564
At 31 December 2013						
Cost	2,444,000	1,309,500	4,686,302	2,227,587	13,754	10,681,143
Accumulated depreciation	(239,770)	(157,140)	(4,393,251)	(1,235,418)	0	(6,025,579)
Net book value	2,204,230	1,152,360	293,051	992,169	13,754	4,655,564
At 31 December 2012						
Cost	2,444,000	1,309,500	5,291,927	2,737,731	0	11,783,158
Accumulated depreciation	(190,890)	(130,950)	(4,479,946)	(1,222,073)	0	(6,023,859)
Net book value	2,253,110	1,178,550	811,981	1,515,658	0	5,759,299

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2014 RM	2013 RM
Net book value of property, plant and equipment of the Group pledged as security:		
- freehold land	1,040,000	1,040,000
- freehold building	8,087,520	8,271,145
- long term leasehold land	1,311,577	1,350,443
- long term leasehold buildings	1,687,610	1,811,345
- office equipment, furniture & fittings and renovations	1,648,503	1,418,033
- plant, machinery and other equipment	159,867,211	66,013,912
- motor vehicles	449,671	377,890
- assets under construction	40,912,522	24,213,634
	215,004,614	104,496,402
Classified under assets held for sale	(9,509,476)	0
	205,495,138	104,496,402

The property, plant and equipment above have been pledged as security for borrowings as disclosed in Note 22 and the unutilised banking facilities as at financial year end.

The net book value of motor vehicles acquired under hire purchase arrangement amounted to RM83,922 (2013: RM118,192).

The Group and the Company acquired plant and equipment by the following means:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash *	137,480,681	51,905,964	369,734	259,499
Finance lease	0	70,000	0	0
	137,480,681	51,975,964	369,734	259,499

* During the financial year, the Group acquired plant and equipment amounting to RM137,480,681 (2013: RM51,905,964) of which RM5,885,756 (2013: RM10,601,034) had been paid upfront in the previous financial year.

13 INVESTMENT PROPERTIES

	Group	
	2014 RM	**2013 RM**
Net book value		
At 1 January	**911,612**	935,225
Depreciation charge	**(23,576)**	(23,613)
At 31 December	**888,036**	911,612
Cost	**1,178,764**	1,178,764
Accumulated depreciation	**(259,265)**	(235,689)
Accumulated impairment loss	**(31,463)**	(31,463)
	888,036	911,612
Fair value of investment properties	**1,079,750**	1,118,313

The investment properties have been pledged as security for the unutilised banking facilities as at financial year end.

The fair value of the investment properties was estimated by Directors using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for difference in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The Group measures the fair value using the level 3 fair value hierarchy. This level represents unobservable inputs to valuation techniques used to measure fair value.

Description	Valuation technique	Unobservable input	Unobservable input	Relationships of unobservable inputs to fair value
Office lot – Mutiara Bangsar	Sales comparison approach	Price per square metre	RM350	The higher the price per square metre, the higher fair value

14 INTANGIBLE ASSETS

	Goodwill RM	Contracts RM	Software costs RM	Software costs for assets in progress RM	Total RM
Group					
2014					
At 1 January	108,997	1,290,630	137,381	1,428,235	2,965,243
Additions	0	0	198,564	909,601	1,108,165
Transfer	0	0	1,345,815	(1,345,815)	0
Amortisation	0	(430,210)	(260,670)	0	(690,880)
Transfer to assets held for sale (Note 37)	0	0	(135,495)	(12,170)	(147,665)
At 31 December	108,997	860,420	1,285,595	979,851	3,234,863
Cost	108,997	3,953,810	1,524,354	979,851	6,567,012
Accumulated amortisation	0	(3,093,390)	(238,759)	0	(3,332,149)
At 31 December	108,997	860,420	1,285,595	979,851	3,234,863
2013					
At 1 January	108,997	1,510,019	0	0	1,619,016
Additions	0	0	92,613	960,235	1,052,848
Reclassification from property, plant and equipment	0	0	52,000	468,000	520,000
Fair value adjustment (Note 35)					
- Contracts	0	(975,774)	0	0	(975,774)
- Distributorship agreement	0	849,366	0	0	849,366
Amortisation	0	(92,981)	(7,232)	0	(100,213)
At 31 December	108,997	1,290,630	137,381	1,428,235	2,965,243
Cost	108,997	3,953,810	144,613	1,428,235	5,635,655
Accumulated amortisation	0	(2,663,180)	(7,232)	0	(2,670,412)
	108,997	1,290,630	137,381	1,428,235	2,965,243

14 INTANGIBLE ASSETS (CONTINUED)

	Software costs RM	Software costs for assets in progress RM	Total RM
Company			
2014			
At 1 January	0	271,333	271,333
Additions	0	909,601	909,601
Transfer	271,930	(271,930)	0
Re-charge to subsidiaries	(126,720)	(841,005)	(967,725)
Amortisation	(28,244)	0	(28,244)
At 31 December	116,966	67,999	184,965
Cost	145,210	67,999	213,209
Accumulated amortisation	(28,244)	0	(28,244)
	116,966	67,999	184,965
2013			
At 1 January	0	0	0
Additions	0	1,052,848	1,052,848
Reclassification from property, plant and equipment	0	520,000	520,000
Re-charge to subsidiaries	0	(1,301,515)	(1,301,515)
Amortisation	0	0	0
At 31 December	0	271,333	271,333
Cost	0	271,333	271,333
Accumulated amortisation	0	0	0
	0	271,333	271,333

15 SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares at cost	**173,740,455**	133,740,455
Less: Impairment loss	**(8,000,000)**	0
	165,740,455	133,740,455

During the financial year, the Company increased its investment in its subsidiaries by RM40,000,000 through capitalisation of debts.

Details of subsidiaries, the Company's effective interest, principal activities and country of incorporation are set out in Note 31 to the financial statements.

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Penaga Dresser Sdn. Bhd.	Delcom Utilities (Cambodia) Limited	Turboservices Sdn. Bhd.	Other individually immaterial subsidiaries	Total
In RM					
Year ended 31 December 2014					
NCI percentage of ownership interest and voting interest	**49%**	**40%**	**26%**		
Carrying amount of NCI	**15,047,627**	**5,660,525**	**4,357,526**	**5,063,887**	**30,129,565**
Year ended 31 December 2013					
NCI percentage of ownership interest and voting interest	49%	40%	26%		
Carrying amount of NCI	11,088,633	9,855,798	3,658,152	4,723,238	29,325,821

15 SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material NCI

Summarised statements of comprehensive income

	Penaga Dresser Sdn. Bhd. For the financial year ended 31 December		Delcom Utilities (Cambodia) Limited For the financial year ended 31 December		Turboservices Sdn. Bhd. For the financial year ended 31 December	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	52,294,207	41,621,084	13,974,747	12,679,559	406,118,749	304,041,890
Profit before tax	18,847,082	11,159,482	13,973,231	12,640,348	3,510,014	2,104,535
Tax expense	(4,767,501)	(2,825,409)	0	0	(820,113)	(502,584)
Profit for the year	14,079,581	8,334,073	13,973,231	12,640,348	2,689,901	1,601,951
Other comprehensive income						
Currency translation differences	0	0	248,472	563,950	0	0
Total comprehensive income for the financial year	14,079,581	8,334,073	14,221,703	13,204,298	2,689,901	1,601,951
Total comprehensive income allocated to NCI	6,898,995	4,083,696	5,688,681	5,281,719	699,374	416,507
Dividends paid to NCI	2,940,000	4,900,000	7,180,648	5,036,392	0	147,030

15 SUBSIDIARIES (CONTINUED)

Summarised statements of financial position

	Penaga Dresser Sdn. Bhd. As at 31 December		Delcom Utilities (Cambodia) Limited As at 31 December		Turboservices Sdn. Bhd. As at 31 December	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Current						
Assets	**37,759,131**	27,288,804	**1,506,912**	4,788,264	**163,420,947**	160,084,408
Liabilities	**(8,991,579)**	(6,550,979)	**(1,212,124)**	(515,986)	**(148,439,618)**	(148,322,954)
Total current net assets	**28,767,552**	20,737,825	**294,788**	4,272,278	**14,981,329**	11,761,454
Non-current						
Assets	**1,978,621**	1,963,340	**4,217,148**	3,969,576	**1,778,388**	2,308,362
Liabilities	**(36,727)**	(71,299)	**0**	0	**0**	0
Total non-current net assets	**1,941,894**	1,892,041	**4,217,148**	3,969,576	**1,778,388**	2,308,362
Net assets	**30,709,446**	22,629,866	**4,511,936**	8,241,854	**16,759,717**	14,069,816

15 SUBSIDIARIES (CONTINUED)

Summarised statements of cash flows

	Penaga Dresser Sdn. Bhd. For the financial year ended 31 December		Delcom Utilities (Cambodia) Limited For the financial year ended 31 December		Turboservices Sdn. Bhd. For the financial year ended 31 December	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Cash flows from operating activities						
Cash generated from/ (used in) operations	21,655,019	14,949,805	(449,698)	335,788	3,447,962	(275,688)
Tax paid	(4,371,493)	(3,180,276)	0	0	(1,537,875)	(498,837)
Interest (paid)/received	(4,328)	(42,090)	0	0	331,565	157,783
Net cash generated from/ (used in) operating activities	17,279,198	11,727,439	(449,698)	335,788	2,241,652	(616,742)
Net cash (used in)/generated from investing activities	(314,184)	(233,847)	13,974,747	17,239,559	(130,370)	(64,582)
Net cash used in financing activities	(6,032,884)	(10,022,149)	(17,951,621)	(12,590,979)	(1,275,546)	(2,212,883)
Net increase/(decrease) in cash and cash equivalents	10,932,130	1,471,443	(4,426,572)	4,984,368	835,736	(2,894,207)
Foreign currency translation	170,790	35,566	900	(571,225)	474,629	(4,706)
Cash and cash equivalents at beginning of the financial year	13,400,219	11,893,210	4,740,594	327,451	9,948,560	12,847,473
Cash and cash equivalents at end of the financial year	24,503,139	13,400,219	314,922	4,740,594	11,258,925	9,948,560

16 ASSOCIATES

	Group	
	2014 RM	2013 RM
Group's share of net assets of associates	**40,644,930**	43,822,710

In the opinion of the Directors, Malaysian Mud and Chemicals Sdn. Bhd. ("MMC") and Cambodia Utilities Pte. Ltd. ("CUPL") are material associates to the Group. The Group's effective equity interest in the associates, the nature of the relationship and country of incorporation are set out in Note 31 to the financial statements. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Both associates are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

The power generating facility operated by CUPL under a build, operate and transfer agreement with Electricite Du Cambodge expires in May 2015. Upon its expiration, the Company will continue to equity account for the results of CUPL until it ceases to be an associate. The Company's interest in CUPL at that date will be represented by current assets which are expected to be liquidated and returned to the Company in the form of cash. The share of results from this associate and its contribution to the profit attributable to the shareholders of the Company in the financial year ended 31 December 2014 amounted to RM6,946,848 (2013: RM6,958,328) and RM4,168,109 (2013: RM4,174,997) respectively.

16 ASSOCIATES (CONTINUED)

Summarised statements of comprehensive income

	MMC For the financial year ended		CUPL For the financial year ended		Total For the financial year ended	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Revenue	**73,845,734**	75,843,998	**76,078,281**	96,600,455	**149,924,015**	172,444,453
Depreciation	**(16,522,400)**	(15,169,435)	**(159,639)**	(152,900)	**(16,682,039)**	(15,322,335)
Interest expense	**(1,114,525)**	(390,816)	**(13,362)**	(17,431)	**(1,127,887)**	(408,247)
Interest income	**0**	0	**772,379**	1,640,059	**772,379**	1,640,059
Profit before tax	**28,398,732**	36,893,013	**38,169,495**	38,232,164	**66,568,227**	75,125,177
Tax expense	**(7,209,722)**	(8,721,065)	**(3,435,254)**	(3,440,524)	**(10,644,976)**	(12,161,589)
Profit for the year	**21,189,010**	28,171,948	**34,734,241**	34,791,640	**55,923,251**	62,963,588
Other comprehensive income						
Currency translation differences	**0**	0	**274,926**	1,885,170	**274,926**	1,885,170
Total comprehensive income for the financial year	**21,189,010**	28,171,948	**35,009,167**	36,676,810	**56,198,177**	64,848,758
Interest in associates (32%; 20%)						
Share of results	**6,780,483**	9,015,023	**6,946,848**	6,958,328	**13,727,331**	15,973,351
Dividends received from associate	**1,708,160**	2,721,360	**12,847,819**	12,694,839	**14,555,979**	15,416,199

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

16 ASSOCIATES (CONTINUED)

Summarised statements of financial position

	MMC As at 31 December		CUPL As at 31 December		Total As at 31 December	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Current						
Cash and cash equivalents	4,602,369	11,503,450	20,844,457	36,864,418	25,446,826	48,367,868
Other current assets (excluding cash)	52,992,781	47,259,947	14,397,011	24,002,398	67,389,792	71,262,345
Total current assets	57,595,150	58,763,397	35,241,468	60,866,816	92,836,618	119,630,213
Financial liabilities (excluding trade payables)	(9,707,729)	(7,375,142)	(3,191,827)	(1,359,058)	(12,899,556)	(8,734,200)
Other current liabilities (including trade payables)	(30,134,851)	(23,973,452)	(7,756,594)	(2,887,785)	(37,891,445)	(26,861,237)
Total current liabilities	(39,842,580)	(31,348,594)	(10,948,421)	(4,246,843)	(50,791,001)	(35,595,437)
Non-current						
Assets	113,685,279	98,509,389	1,226,831	2,751,028	114,912,110	101,260,417
Financial liabilities	(7,850,000)	(14,919,531)	(122,995)	(182,801)	(7,972,995)	(15,102,332)
Other liabilities	(12,445,493)	(11,051,315)	0	0	(12,445,493)	(11,051,315)
Total non-current liabilities	(20,295,493)	(25,970,846)	(122,995)	(182,801)	(20,418,488)	(26,153,647)
Net assets	111,142,356	99,953,346	25,396,883	59,188,200	136,539,239	159,141,546

16 ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

	MMC		CUPL		Total	
	2014 RM	2013 RM	**2014 RM**	2013 RM	**2014 RM**	2013 RM
Opening net assets						
1 January	**99,953,346**	82,117,398	**59,188,200**	101,244,906	**159,141,546**	183,362,304
Profit for the year	**21,189,010**	28,171,948	**34,734,241**	34,791,640	**55,923,251**	62,963,588
Other comprehensive income	**0**	0	**274,926**	1,885,170	**274,926**	1,885,170
Foreign exchange differences	**0**	0	**1,099,704**	(10,504,321)	**1,099,704**	(10,504,321)
Exchange difference from reduction in share capital	**0**	0	**0**	(4,755,000)	**0**	(4,755,000)
Dividends	**(10,000,000)**	(10,336,000)	**(69,900,188)**	(63,474,195)	**(79,900,188)**	(73,810,195)
Closing net assets	**111,142,356**	99,953,346	**25,396,883**	59,188,200	**136,539,239**	159,141,546
Interest in associates (32%; 20%)	**35,565,554**	31,985,071	**5,079,376**	11,837,639	**40,644,930**	43,822,710
Carrying value	**35,565,554**	31,985,071	**5,079,376**	11,837,639	**40,644,930**	43,822,710

During the previous financial year, CUPL reduced its issued and fully paid share capital from USD12,000,000 to USD6,000,000. Following the completion of the share capital reduction, the Group's equity holding in the associate is maintained at 20% and the Group recorded a gain on exchange difference of RM951,000. The proceeds from reduction in share capital of RM4,560,000 was received during the previous financial year. The Group continues to equity account the associate as it has retained significant influence over the financial and operating policy of the associate through representation on the associate's board of directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

17 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Current		
Amounts due from subsidiaries	85,627,754	94,972,142
Amounts due to subsidiaries	(15,667,841)	(13,586,934)

Included in amounts due from subsidiaries are amounts due from a subsidiary amounting to RM2,200,000 (2013: RM2,200,000) in relation to finance the purchase of equipment. These amounts are unsecured, charged interest at 4.4% per annum (2013: 4.4% per annum) and are repayable on demand.

Except as mentioned above, the amounts due from/(to) subsidiaries are unsecured, interest free and are repayable/payable on demand.

Amounts due from/(to) subsidiaries are denominated in Ringgit Malaysia.

18 INVENTORIES

	Group	
	2014 RM	2013 RM
At cost:		
Raw material	1,214,942	1,569,843
Finished goods	27,400,190	19,187,253
	28,615,132	20,757,096
Less: Allowance for slow moving inventories	(459,249)	(312,211)
Add: Reversal of allowance for slow moving inventories	146,470	54,030
	28,302,353	20,498,915

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Retention sum	69,564	851,275	0	0
Accrued revenue	96,385,269	76,045,443	0	0
Trade receivables	132,134,526	108,293,617	0	0
	228,589,359	185,190,335	0	0
Less: Impairment for doubtful debts	(1,922,108)	(1,490,265)	0	0
Trade receivables, net	226,667,251	183,700,070	0	0
Other receivables	15,868,714	11,756,293	3,817,056	3,803,188
Less: Impairment for doubtful debts	(3,800,000)	(3,800,000)	(3,800,000)	(3,800,000)
	12,068,714	7,956,293	17,056	3,188
Deposits	1,260,096	8,145,425	31,447	82,152
Prepayments	4,364,534	3,454,255	577,538	377,617
	17,693,344	19,555,973	626,041	462,957
	244,360,595	203,256,043	626,041	462,957

The currency profile of trade receivables is as follows:

	Group	
	2014 RM	2013 RM
- Ringgit Malaysia	68,570,650	59,869,457
- US Dollar	158,096,601	123,693,150
- Euro	0	87,004
- Singapore Dollar	0	50,459
	226,667,251	183,700,070

Credit terms of trade receivables range from 30 to 60 days (2013: 30 to 60 days) and trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

62% of the Group's trade receivables as at 31 December 2014 (2013: 60%) relates to 6 (2013: 5) main customers while the remaining balance is spread over a large number of customers. The major customers are primarily players in the oil and gas industry.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing Analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2014 RM	2013 RM
Neither past due nor impaired	**194,504,538**	165,515,400
1 to 30 days past due not impaired	**13,126,631**	5,474,581
31 to 60 days past due not impaired	**8,532,427**	3,586,635
61 to 90 days past due not impaired	**3,731,557**	4,676,323
91 to 120 days past due not impaired	**5,917,020**	2,177,052
More than 121 days past due not impaired	**855,078**	2,270,079
Past due and impaired:		
More than 121 days	**1,922,108**	1,490,265
	228,589,359	185,190,335
Less: Impairment for doubtful debts	**(1,922,108)**	(1,490,265)
	226,667,251	183,700,070

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM32,162,713 (2013: RM18,184,670) 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.

Movement in impairment for doubtful debts is as follows:

	Group	
	2014 RM	2013 RM
Trade receivables		
At 1 January	**1,490,265**	2,183,612
Impairment made during the year	**928,646**	768,970
Written off during the year	**0**	(954)
Reversal of impairment losses	**(496,803)**	(1,461,363)
At 31 December	**1,922,108**	1,490,265

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in impairment for doubtful debts is as follows (continued):

	Group	
	2014 RM	2013 RM
Other receivables		
At 1 January	3,800,000	0
Impairment made during the year	0	3,800,000
At 31 December	3,800,000	3,800,000

All impaired trade receivables are individually determined. These impaired receivables are from customers who are in financial difficulties and have defaulted on payments. These receivables are not secured by collateral or credit enhancements.

The trade receivables of subsidiaries totalling RM80,930,926 (2013: RM34,596,965) have been pledged as security for borrowings as disclosed in Note 22 and the unutilised banking facilities as at financial year end.

The impaired other receivables relate to earnest deposit paid for the proposed subscription for new shares in a group of companies. The proposed subscription had been terminated during the previous financial year. The entire sum of the earnest deposit was impaired in view of the uncertainty on the collectability of the amount.

20 AMOUNTS DUE FROM ASSOCIATES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amounts due from associates	4,334,709	1,714,110	2,341	2,553

The amounts due from associates are non-trade in nature, unsecured, interest free, repayable on demand and are denominated in Ringgit Malaysia.

The amounts due from associates are in relation to payments made on behalf for operating expenses. As at the financial year ended 31 December 2014, the amount includes dividends receivable of RM4,323,218 (2013: RM1,708,160).

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits with licensed banks	57,098,543	57,103,424	9,400,000	8,190,000
Cash and bank balances	18,640,253	16,620,040	203,965	191,365
Total cash and bank balances	75,738,796	73,723,464	9,603,965	8,381,365
Less:				
Cash held in trust for dividends	(33,291)	(25,323)	0	0
Cash held in a designated account	(689,538)	(500,505)	0	0
Cash and cash equivalents	75,015,967	73,197,636	9,603,965	8,381,365

The currency profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
- Ringgit Malaysia	59,352,860	61,552,574	9,603,965	8,381,365
- US Dollar	16,289,517	11,850,164	0	0
- Euro	879	227,472	0	0
- Singapore Dollar	78,846	77,370	0	0
- Hong Kong Dollar	16,694	15,884	0	0
	75,738,796	73,723,464	9,603,965	8,381,365

The range of interest rate (per annum) and maturity periods of the deposits are as follows:

	Group		Company	
	2014	2013	2014	2013
Interest rate (%)	0.07 – 3.00	0.10 – 2.32	2.00 – 3.00	2.00 – 2.32
Maturities (days)	1 - 44	1 - 40	1 - 30	1 - 40

Cash held in a designated account is required by the terms of the term loans undertaken by a subsidiary company (Note 22).

22 BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Revolving credits	32,300,000	15,800,000	26,300,000	9,800,000
Finance lease liabilities	71,300	104,183	0	0
Term loans	122,999,142	11,274,946	0	0
Islamic term financing long term non-interest bearing facilities	0	2,465,952	0	0
	155,370,442	29,645,081	26,300,000	9,800,000
Less: amount repayable within 12 months				
Revolving credits	(32,300,000)	(15,800,000)	(26,300,000)	(9,800,000)
Finance lease liabilities	(34,573)	(32,884)	0	0
Term loans	(18,449,871)	(1,278,659)	0	0
Islamic term financing long term non-interest bearing facilities	0	(802,717)	0	0
	(50,784,444)	(17,914,260)	(26,300,000)	(9,800,000)
Amount repayable after 12 months	104,585,998	11,730,821	0	0

22 BORROWINGS (CONTINUED)

(a) Term loans (secured)

The above term loans were structured as follows:

	Group 2014 RM	Group 2013 RM
(i) Term loan 1	0	640,000
(ii) Term loan 2	0	638,659
(iii) Term loan 3	122,999,142	9,996,287
	122,999,142	11,274,946

On 29 October 2013, a subsidiary of the Group drew down a term loan ("Term loan 3") to part finance the purchase of slickline equipment and tools. The total draw down as of 31 December 2014 is RM122,999,142. The term loan is secured by an "all monies" first legal charge over machinery of slickline equipment and tools of the subsidiary as disclosed in Note 12 and corporate guarantee for RM123,000,000 furnished by another subsidiary of the Group.

Term loan 1 carried an interest of 5.54% per annum (2% per annum above the bank's cost of funds of 3.54%) (2013: 5.54% per annum). Term loan 2 carried a fixed interest rate of 5.40% per annum (2013: 5.40% per annum). Term loans 1 and 2 were repayable by way of 47 monthly principal instalments of RM416,000 per month and a final principal instalment of RM448,000. The first instalment commenced on the 13th month from the date of the first drawdown. The tenure of the loans was 5 years. Term loans 1 and 2 were fully repaid during the financial year.

Term loan 3 carries an interest of 5.03% per annum (1.15% per annum above the bank's cost of funds of 3.88%) (2013: 4.69%). The loan is repayable by way of 60 monthly principal instalments of RM2,050,000. The first instalment commences on the 18th month from the date of the first drawdown or the 6th month from the date of the full drawdown, whichever is earlier. The tenure of the loan is 5 years.

The fair value of the term loan approximates its carrying amount due to floating rate instruments.

Under the loan covenant, the subsidiary is to open an escrow account under its own name. A minimum of one instalment (principal and interest) must be maintained at all time in that account. The balance in the escrow account as at 31 December 2014 is RM689,538 (2013: RM500,505) (Note 21). The term loans are secured by an "all monies" debenture creating charge over all the fixed and floating assets of the subsidiary as disclosed in Notes 12 and 19, and corporate guarantee for RM20,000,000 furnished by the Company.

22 BORROWINGS (CONTINUED)

(a) Term loans (secured) (continued)

The periods in which the term loans of the Group attain maturity are as follows:

	Group 2014 RM	Group 2013 RM
Not later than 1 year	18,449,871	1,278,659
Later than 1 year but not later than 2 years	24,599,828	1,499,443
Later than 2 years but not later than 5 years	73,799,485	5,997,772
Later than 5 years	6,149,958	2,499,072
	122,999,142	11,274,946

(b) Islamic term financing long term non-interest bearing facilities (secured)

	Group 2014 RM	Group 2013 RM
Not later than 1 year	610,675	802,717
Later than 1 year but not later than 2 years	610,675	610,675
Later than 2 years but not later than 5 years	432,529	1,052,560
	1,653,879	2,465,952
Transfer to liabilities held for sale (Note 37)	(1,653,879)	0
	0	2,465,952

The Islamic term financing long term non-interest bearing facilities are repayable in the following manner:

- 120 equal monthly instalments of RM26,415 each commencing 11 May 2007;
- 120 equal monthly instalments of RM32,510 each commencing 13 October 2007; and
- 84 equal monthly instalments of RM20,823 each commencing 27 January 2008.

The facilities bear profit sharing margins of 6.55% to 7.00% per annum (2013: 6.55% to 7.00% per annum) as at the financial year end and are secured by a first party fixed charge on the property and a debenture over the equipment of the respective subsidiary as disclosed in Notes 12 and 37 and corporate guarantee for RM7,000,000 furnished by the Company.

The fair value amount of the Islamic term financing long term non-interest bearing facilities at the end of reporting date was RM1,648,136 (2013: RM2,637,183).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

22 BORROWINGS (CONTINUED)

(c) Revolving credit (unsecured)

The revolving credit facility was draw down to part finance the purchase of additional slickline equipment and tools and for working capital requirements. The amount was rolled-over on a monthly basis at an average rate of 4.95% (1.25% per annum above the bank's cost of fund). The interest is fixed at the date of each draw down and subsequently revised at the commencement of each roll-over period. No securities have been pledged under this facility.

The fair value of the revolving credit approximates its carrying amount due to it being a floating rate instruments.

(d) Finance lease liabilities

	Group	
	2014 RM	2013 RM
Future minimum lease payments		
Not later than 1 year	37,212	37,212
Later than 1 year but not later than 2 years	26,753	37,212
Later than 2 years but not later than 5 years	11,212	37,965
	75,177	112,389
Less: Future finance charges	(3,877)	(8,206)
Present value of finance lease liabilities	71,300	104,183
Analysis of present value of finance lease liabilities		
Not later than 1 year	34,573	32,884
Later than 1 year but not later than 2 years	25,685	34,573
Later than 2 years but not later than 5 years	11,042	36,726
	71,300	104,183

The finance lease liabilities bear interests of 2.55% to 2.56% per annum (2013: 2.55% to 2.56% per annum).

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables	135,440,908	146,616,257	0	0
Other payables	22,460,563	11,412,054	794,972	795,379
Staff related accruals	13,301,296	6,961,185	2,396,863	1,066,351
Other accruals	11,175,650	3,160,232	484,443	631,341
	24,476,946	10,121,417	2,881,306	1,697,692
	46,937,509	21,533,471	3,676,278	2,493,071
	182,378,417	168,149,728	3,676,278	2,493,071

The currency profile of trade payables is as follows:

	Group	
	2014 RM	2013 RM
- Ringgit Malaysia	18,601,667	12,244,534
- US Dollar	116,506,010	132,253,927
- Singapore Dollar	280,999	652,832
- Great Britain Pound	0	29,796
- Euro	52,232	779,207
- Japanese Yen	0	655,961
	135,440,908	146,616,257

Credit terms of payment granted by the suppliers of the Group are 30 to 45 days (2013: 30 to 45 days).

24 FINANCIAL GUARANTEE LIABILITIES

	Company	
	2014 RM	2013 RM
Financial guarantee contracts	47,946	73,679

The financial guarantee amount relates to corporate guarantees provided by the Company to a bank for term loans and Islamic term financing long term non-interest bearing facilities taken by subsidiary companies (Note 22).

25 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

Deferred tax assets are recognised for tax losses carried forward to the extent the realisation of the benefit through future taxable profit are probable.

The following amounts, determined after appropriate offsetting, are shown on the statements of financial position:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets	2,839,249	2,780,857	165,618	134,234
Deferred tax liabilities	(15,888,113)	(7,786,286)	0	0

25 DEFERRED TAX (CONTINUED)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	(5,005,429)	(4,974,288)	134,234	(435,800)
Acquisition of subsidiary (Note 35)				
- Effect of fair value adjustment on completion of purchase price allocation	0	34,246	0	0
(Charged)/credited to profit or loss (Note 9)				
- property, plant and equipment	(6,842,813)	(1,575,415)	28,550	434,972
- unutilised tax losses	1,277,533	794,407	0	0
- deferred cost	1,250,867	(2,730,921)	0	0
- deferred revenue	(2,955,968)	3,266,669	0	0
- intangible assets*	106,914	22,465	0	0
- others	(864,300)	157,408	2,834	135,062
	(8,027,767)	(65,387)	31,384	570,034
Included in discontinued operation and disposal group held for sale (Note 37)				
- property, plant and equipment	639,571	0	0	0
- unutilised tax losses	(655,239)	0	0	0
	(13,048,864)	(5,005,429)	165,618	134,234
Deferred tax assets (before offsetting)				
Property, plant and equipment	3,866,093	4,037,164	213,319	124,172
Unutilised tax losses	2,346,540	1,724,246	0	0
Deferred revenue	2,441,759	5,397,727	0	0
Fair value adjustment on completion of purchase price allocation	0	34,246	0	0
Others	2,649,119	1,262,677	12,896	10,062
	11,303,511	12,456,060	226,215	134,234
Less: Offsetting	(8,464,262)	(9,675,203)	(60,597)	0
Deferred tax assets (after offsetting)	2,839,249	2,780,857	165,618	134,234

25 DEFERRED TAX (CONTINUED)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(18,936,964)	(12,904,793)	60,597	0
Deferred cost	(2,478,834)	(3,729,701)	0	0
Intangible assets*	(213,880)	(355,040)	0	0
Others	(2,722,697)	(471,955)	0	0
	(24,352,375)	(17,461,489)	60,597	0
Less: Offsetting	8,464,262	9,675,203	(60,597)	0
Deferred tax liabilities (after offsetting)	(15,888,113)	(7,786,286)	0	0

* This includes intangible assets arising from acquisition of subsidiary as disclosed in Note 35.

26 SHARE CAPITAL

	Group/Company	
	2014 RM	2013 RM
Authorised ordinary shares of RM0.50/RM1.00 each:		
At 1 January/31 December	500,000,000	500,000,000
Issued and fully paid ordinary shares of RM0.50/RM1.00 each:		
At 1 January	150,000,000	150,000,000
Bonus issue	50,000,000	0
At 31 December	200,000,000	150,000,000

On 17 June 2014, the issued and paid-up share capital of the Company was increased by RM50,000,000 from RM150,000,000 to RM200,000,000 by way of bonus issue of 50,000,000 new ordinary shares of RM1.00 each in the Company, credited as fully paid-up, on the basis of one (1) new ordinary share of RM1.00 each for every three (3) existing ordinary shares of RM1.00 each held by shareholders of the Company.

On the same day, the issued and paid-up share capital of every one (1) existing ordinary share of RM1.00 each was subdivided into two (2) new ordinary shares of RM0.50 each. Pursuant to the subdivision, 200,000,000 ordinary shares of RM1.00 each of the Company were subdivided into 400,000,000 ordinary shares of RM0.50 each.

The new ordinary shares allotted and issued, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions whose entitlement date precedes the allotment date the of bonus issue and share split.

27 SHARE BASED PAYMENT

	Group	
	2014 **RM**	**2013** **RM**
Arising from acquisition of Deleum Primera Sdn. Bhd. in respect of employees' services	**0**	42,888

Arising from the acquisition of a subsidiary, Deleum Primera Sdn. Bhd., the vendors remained as employees of the entity. Based on the contractual terms, the Group has a right of first refusal over the shares of the entity held by these employees, at a 10% discount of the fair value of the share price at the point of termination, should these employees resign within a period of two years.

The transaction is accounted for as an equity-settled share based payment. The fair value of the employee services received in exchange for the grant is recognised as an expense. The fair value of the share based payment is assessed at grant date.

28 MERGER DEFICIT

	Group	
	2014 **RM**	**2013** **RM**
Arising from the Company's business combination with Deleum Services Sdn. Bhd.	**50,000,000**	50,000,000

Merger deficit represents the excess of the nominal value of the shares of the Company being allotted of RM60,000,000 over the nominal value of the share capital of Deleum Services Sdn. Bhd. acquired of RM10,000,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

29 FINANCIAL INSTRUMENTS

Financial instruments by category

Year ended 31 December 2014

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group			
Assets			
Trade and other receivables (excluding prepayments)	242,038,018	0	242,038,018
Amounts due from associates	4,334,709	0	4,334,709
Cash and cash equivalents	81,439,654	0	81,439,654
	327,812,381	0	327,812,381
Liabilities			
Trade and other payables (excluding statutory obligations)	0	179,533,842	179,533,842
Borrowings	0	157,024,321	157,024,321
	0	336,558,163	336,558,163
Company			
Assets			
Trade and other receivables (excluding prepayments)	48,503	0	48,503
Amounts due from subsidiaries	85,627,754	0	85,627,754
Amounts due from associates	2,341	0	2,341
Cash and cash equivalents	9,603,965	0	9,603,965
	95,282,563	0	95,282,563
Liabilities			
Other payables and accruals (excluding statutory obligations)	0	3,411,931	3,411,931
Amounts due to subsidiaries	0	15,667,841	15,667,841
Borrowings	0	26,300,000	26,300,000
Financial guarantee liabilities	0	47,946	47,946
	0	45,427,718	45,427,718

29 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Year ended 31 December 2013

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group			
Assets			
Trade and other receivables (excluding prepayments)	199,801,788	0	199,801,788
Amounts due from associates	1,714,110	0	1,714,110
Cash and cash equivalents	73,723,464	0	73,723,464
	275,239,362	0	275,239,362
Liabilities			
Trade and other payables (excluding statutory obligations)	0	162,643,037	162,643,037
Borrowings	0	29,645,081	29,645,081
	0	192,288,118	192,288,118
Company			
Assets			
Trade and other receivables (excluding prepayments)	85,340	0	85,340
Amounts due from subsidiaries	94,972,142	0	94,972,142
Amounts due from associates	2,553	0	2,553
Cash and cash equivalents	8,381,365	0	8,381,365
	103,441,400	0	103,441,400
Liabilities			
Other payables and accruals (excluding statutory obligations)	0	1,514,055	1,514,055
Amounts due to subsidiaries	0	13,586,934	13,586,934
Borrowings	0	9,800,000	9,800,000
Financial guarantee liabilities	0	73,679	73,679
	0	24,974,668	24,974,668

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

30 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

(a) The following transactions are with subsidiaries of the Company

	Company	
	2014 RM	2013 RM
- Management fees	13,907,600	11,391,800
- Dividend income	41,154,205	98,482,714
- Inter-company interest income	96,800	126,868
- Re-charge of expenses	4,537,820	6,233,276

(b) The following transactions are with a party related to a corporate shareholder of a subsidiary, Turboservices Sdn. Bhd.

	Group	
	2014 RM	2013 RM
Solar Turbines International Company		
- Purchases	319,743,818	242,050,313
- Technical fees	1,782,282	1,070,876

Significant outstanding balance arising from the above transactions during the financial year is as follows:

	Group	
	2014 RM	2013 RM
Amount due to Solar Turbines International Company	48,040,188	81,845,902

30 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) The following transactions are with the corporate shareholder and affiliate companies of a corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

	Group	
	2014 RM	2013 RM
Sales to related parties of Dresser Italia S.R.L	0	(1,532)
Purchases from Dresser Italia S.R.L	128,884	443,714
Purchases from related parties of Dresser Italia S.R.L	19,144,667	17,242,544
	19,273,551	17,684,726

Significant outstanding balance arising from the above transactions during the financial year is as follows:

	Group	
	2014 RM	2013 RM
Amount due to related parties of Dresser Italia S.R.L	3,555,414	3,841,126

(d) The remuneration of key management personnel during the financial year are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors' fees	930,000	924,475	930,000	924,475
Salaries and bonuses	8,116,968	8,964,272	1,571,000	2,173,950
Defined contribution plans	1,053,545	1,160,401	224,298	309,222
Other remuneration	720,122	670,805	170,760	178,259
Estimated monetary value of benefits-in-kind	497,577	608,789	192,195	188,000
	11,318,212	12,328,742	3,088,253	3,773,906

The above are inclusive of directors' remuneration as disclosed in Note 7 to the financial statements.

31 CORPORATIONS IN THE GROUP

The Group's effective equity interest in the subsidiaries and associates, their respective principal activities and country of incorporation are as follows:

Name of Company	Country of incorporation	Group's effective equity interest 2014 %	2013 %	Principal activities
SUBSIDIARIES:				
Deleum Services Sdn. Bhd.	Malaysia	100	100	Provision of gas turbines packages, maintenance and technical services, combined heat and power plants, and production related equipment and services predominantly for the oil and gas industry.
Deleum Services Holdings Limited *	Hong Kong	100	100	Investment holding.
Turboservices Overhaul Sdn. Bhd.	Malaysia	100	100	Provision of gas turbine overhaul and maintenance services.
Delflow Solutions Sdn. Bhd.	Malaysia	100	100	Dormant.
Subsidiaries of Deleum Services Sdn. Bhd.				
Deleum Oilfield Services Sdn. Bhd.	Malaysia	100	100	Provision of slickline equipment and services, integrated wellhead maintenance services, oilfield chemicals, drilling equipment and services, and other oilfield related products and services for the oil and gas industry.
Turboservices Sdn. Bhd.	Malaysia	74	74	Provision of gas turbine overhaul and technical services and supply of gas turbine parts to the oil and gas industry.
VSM Technology Sdn. Bhd.	Malaysia	90	90	Dormant.
Deleum Chemicals Sdn. Bhd.	Malaysia	100	100	Development and provision of solid deposit removal solutions for enhancement of crude oil production and the supply of oilfield chemicals and services to the oil and gas industry.

31 CORPORATIONS IN THE GROUP (CONTINUED)

Name of Company	Country of incorporation	Group's effective equity interest 2014 %	Group's effective equity interest 2013 %	Principal activities
SUBSIDIARIES (CONTINUED):				
Subsidiaries of Deleum Services Sdn. Bhd. (continued)				
Wisteria Sdn. Bhd.	Malaysia	100	100	Dormant.
Delcom Holdings Sdn. Bhd.	Malaysia	80	80	Investment holding.
Deleum Rotary Services Sdn. Bhd.	Malaysia	100	100	Servicing, repair and maintenance of motors, generators, transformers, pumps and valves.
Sledgehammer Malaysia Sdn. Bhd.	Malaysia	100	100	Dormant.
Deleum Primera Sdn. Bhd.	Malaysia	60	60	Provision of integrated corrosion and inspection services, blasting technology and services for tanks, vessels, structures and piping.
Subsidiaries of Delcom Holdings Sdn. Bhd.				
Penaga Dresser Sdn. Bhd. *	Malaysia	41	41	Supply, repair, maintenance and installation of valves and flow regulators for the oil and gas industry.
Subsidiaries of Deleum Services Holdings Limited				
Delcom Utilities (Cambodia) Limited *	British Virgin Islands	60	60	Investment holding.
Delcom Power (Cambodia) Limited *	British Virgin Islands	60	60	Dormant.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For The Financial Year Ended 31 December 2014

31 CORPORATIONS IN THE GROUP (CONTINUED)

Name of Company	Country of incorporation	Group's effective equity interest 2014 %	Group's effective equity interest 2013 %	Nature of the relationship
ASSOCIATES:				
Associate of Deleum Services Sdn. Bhd.				
Malaysian Mud and Chemicals Sdn. Bhd. *	Malaysia	32	32	Operation of a bulking installation, offering dry and liquid bulking services to offshore oil and gas companies.
Associate of Delcom Utilities (Cambodia) Limited				
Cambodia Utilities Pte. Ltd. ^	Cambodia	12@	12@	Maintain and operate a power plant in Cambodia in line with the power generation business.

^ Audited by member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

* Corporations not audited by PricewaterhouseCoopers Malaysia or member firm of PricewaterhouseCoopers International Limited

@ Deemed as associate as significant influence is exercised by the Group by virtue of the 20% voting rights held by the Group and Board representation.

32 OPERATING LEASE COMMITMENTS

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

	Group	
	2014 RM	2013 RM
Within one year	660,028	751,432
Between two to five years	432,000	198,000
More than five years	117,000	0

33 CAPITAL COMMITMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Authorised and contracted for at the end of the reporting period but not yet incurred				
- Plant and machinery	14,180,638	75,157,062	0	0
- Others	464,785	655,345	0	0
Authorised but not contracted for at the end of the reporting period				
- Plant and machinery	37,812,600	105,530,689	0	0
- Land and building	10,800,000	11,000,000	9,000,000	10,000,000
- Others	9,949,326	4,464,100	8,130,326	2,609,790
	73,207,349	196,807,196	17,130,326	12,609,790

34 CONTINGENT LIABILITIES

In the ordinary course of business, the Group has given guarantees amounting to RM26,149,073 (2013: RM21,371,894) to third parties in respect of operational requirements, utilities and maintenance contracts.

In addition, the Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries which amounts to RM1,653,879 (2013: RM3,744,611), representing the outstanding banking facilities of the subsidiaries as at end of reporting period.

35 ACQUISITION IN THE PREVIOUS FINANCIAL YEAR

The purchase price allocation on the acquisition of Deleum Primera Sdn. Bhd. on 5 October 2012 was determined provisionally in the financial year ended 31 December 2012. The fair value exercise and purchase price allocation in respect of the said acquisition was completed on 31 March 2013. The effect of the fair value adjustment during the financial year ended 31 December 2013 was as follow:

	Group
	2013 RM
Provisional goodwill as at 31 December 2012	0
Effect of fair value adjustment:	
- Contracts adjustment	975,774
- Distributorship agreement adjustment	(849,366)
- Deferred tax arising from revaluation of contracts and distributorship agreement	(34,246)
- Purchase consideration	(92,162)
Goodwill after fair value adjustment and purchase price allocation	0

The fair value adjustments have not been retrospectively adjusted as the effects are not material in the context of the Group financial statements.

36 CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividends, return capital to shareholders or issue new shares and debts.

The capital structure for the Group and the Company consists of borrowings, cash and cash equivalents and total equity, comprising issued share capital as follows:

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Cash and cash equivalents	**75,015,967**	73,197,636	**9,603,965**	8,381,365
Less: Total borrowings	**(155,370,442)**	(29,645,081)	**(26,300,000)**	(9,800,000)
	(80,354,475)	43,552,555	**(16,696,035)**	(1,418,635)
Total equity	**304,923,677**	271,246,321	**220,618,582**	219,680,980

The borrowings of the Group and the Company are subject to the bank's covenants, which include liquidity and solvency ratios, for which the Group and the Company have complied with.

37 DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

An overhaul facility within the power and machinery operating segment is presented as a disposal group held for sale following the commitment of the Group's management to a plan to enter into a subscription agreement with a corporate shareholder of another subsidiary within the Group. Upon completion of the proposed subscription, which is expected to be completed within a year, the Group will lose control over the said subsidiary and it will become a jointly controlled entity of the Group. The segment was not a discontinued operation or classified as held for sale as at 31 December 2013 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

	2014 RM	2013 RM
Revenue	4,558,953	6,729,329
Expenses	(4,522,398)	(4,464,272)
Profit before tax	36,555	2,265,057
Tax expense	(19,797)	(559,917)
Profit for the financial year/Total comprehensive income for the financial year	16,758	1,705,140

The profit from discontinued operation of RM16,758 (2013: RM1,705,140) is attributable entirely to the owners of the Company.

	2014 RM	2013 RM
Net cash generated from operating activities	2,528,631	4,542,797
Net cash used in investing activities	(1,175,134)	(518,521)
Net cash (used in)/generated from financing activities	(810,535)	714,428
Effect on cash flows	542,962	4,738,704

37 DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE (CONTINUED)

	2014 RM
Assets classified as held for sale	
Property, plant and equipment	19,307,016
Intangible assets	147,665
Deferred tax assets	39,503
Trade and other receivables	2,070,971
Cash and cash equivalents	5,700,858
	27,266,013
Liabilities classified as held for sale	
Trade and other payables	320,408
Borrowings	1,653,879
Provision for taxation	10,652
	1,984,939

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to current assets. Property, plant and equipment with a net book value of RM9,509,476 have been pledged as security for borrowings as disclosed in Note 22.

38 CHANGES IN ACCOUNTING POLICY

On 1 January 2014, the Group changed its accounting policy with respect to the inventory valuation from first-in-first-out to weighted average cost method. The Group believes the weighted average cost method is more appropriate to the Group's businesses. The adoption of this new policy had no material effect on the amounts reported by the Group for the current financial year or prior financial years.

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 February 2015.

40 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Total retained profits of the Group and its subsidiaries:				
Realised	**125,592,863**	132,994,494	**20,452,964**	69,546,746
Unrealised	**(11,313,190)**	(6,574,105)	**165,618**	134,234
	114,279,673	126,420,389	**20,618,582**	69,680,980
Total share of retained profits from associate companies:				
Realised	**42,458,379**	45,429,025	**0**	0
Unrealised	**(4,021,537)**	(3,539,477)	**0**	0
	38,436,842	41,889,548	**0**	0
Less: Consolidation adjustments	**(24,872,690)**	(23,290,301)	**0**	0
	13,564,152	18,599,247	**0**	0
Total Group's and Company's retained profits	**127,843,825**	145,019,636	**20,618,582**	69,680,980

The determination of realised and unrealised profits is based on the Guidance of Special Matter No 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Dato' Izham bin Mahmud and Nan Yusri bin Nan Rahimy, being two of the Directors of Deleum Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 64 to 157 are drawn up in accordance with the provisions of Companies Act, 1965 and the Malaysian Financial Reporting Standards, and International Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of its financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 on page 158 have been prepared in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 February 2015.

DATO' IZHAM BIN MAHMUD
DIRECTOR

NAN YUSRI BIN NAN RAHIMY
DIRECTOR

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Jayanthi a/p Gunaratnam, the officer primarily responsible for the financial management of Deleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 157 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

JAYANTHI A/P GUNARATNAM

Subscribed and solemnly declared by the abovenamed Jayanthi a/p Gunaratnam.

At : Kuala Lumpur
On : 24 February 2015

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To The Members Of Deleum Berhad (Incorporated in Malaysia) (Company No. 715640-T)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Deleum Berhad on pages 64 to 157 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on notes 1 to 39.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (continued)

To The Members Of Deleum Berhad (Incorporated in Malaysia) (Company No. 715640-T)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 31 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in note 40 on page 158 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. I, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SUBATHRA A/P GANESAN
(No. 3020/08/16 (J))
Chartered Accountant

Kuala Lumpur
24 February 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of DELEUM BERHAD (the Company) will be held at Ballroom 3, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 29 April 2015 at 10.00 a.m., for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. (Please refer to Note (i)).

2. To re-elect the following Directors who retire by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   (a) Datuk Ishak bin Imam Abas — **Ordinary Resolution 1**

   (b) Nan Yusri bin Nan Rahimy — **Ordinary Resolution 2**

3. To re-elect Datuk Noor Azian binti Shaari who retires pursuant to Article 76 of the Company's Articles of Association and being eligible, offers herself for re-election. — **Ordinary Resolution 3**

4. To approve the payment of the Directors' fees of RM930,000 in respect of the financial year ended 31 December 2014. [2013: RM924,475] — **Ordinary Resolution 4**

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

6. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:

   "**THAT** Dato' Izham bin Mahmud, being over the age of 70 years and retiring in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." — **Ordinary Resolution 6**

   "**THAT** Datuk Vivekananthan a/l M.V. Nathan, being over the age of 70 years and retiring in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." — **Ordinary Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING (continued)

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Resolutions:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 8**

"**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and any other governmental/regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to allot and issue not more than ten percent (10%) of the issued and paid-up share capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT UNDER SECTION 2.5(1) OF THE CIRCULAR TO SHAREHOLDERS DATED 7 APRIL 2015** **Ordinary Resolution 9**

"**THAT** approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(1) of the Circular to Shareholders dated 7 April 2015 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not to the detriment of minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

(a) the conclusion of the next Annual General Meeting (AGM) of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT UNDER SECTION 2.5(2) OF THE CIRCULAR TO SHAREHOLDERS DATED 7 APRIL 2015** **Ordinary Resolution 10**

"**THAT** approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(2) of the Circular to Shareholders dated 7 April 2015 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not to the detriment of minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

(a) the conclusion of the next Annual General Meeting (AGM) of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

BY ORDER OF THE BOARD

LEE SEW BEE (MAICSA 0791319)
LIM HOOI MOOI (MAICSA 0799764)
Company Secretaries
Kuala Lumpur

7 April 2015

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes:

i. The Agenda Item 1 is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 (the Act) and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting (AGM). As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

ii. A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply.

iii. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same AGM. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in respect of the number of ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or the hand of its duly authorised officer.

v. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

vi. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 22 April 2015 and only a depositor whose name appears on this Record shall be entitled to attend this AGM.

Explanatory Notes on Special Business:

a. For Agenda Item 7
Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The Company had at the Ninth Annual General Meeting held on 27 May 2014, obtained its shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 132D of the Act. The Company however did not issue any new shares pursuant to this mandate obtained as at the date of this notice.

The proposed Ordinary Resolution 8 is a renewal mandate for the issue of shares under Section 132D of the Act. If passed, it will give the Directors of the Company from the date of this AGM, authority to allot and issue shares from the unissued capital of the Company but not exceeding 10% of the issued and paid-up share capital of the Company.

A renewal of this general mandate is to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions and/or for issuance of shares as settlement of purchase consideration.

b. For Agenda Items 8 and 9
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Sections 2.5(1) and 2.5(2) of the Circular to Shareholders dated 7 April 2015

Please refer to the Circular to Shareholders dated 7 April 2015 accompanying the Company's Annual Report for the financial year ended 31 December 2014 for detailed information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no person seeking election as Director of the Company at this Annual General Meeting.

ADDITIONAL COMPLIANCE INFORMATION

1. SHARE BUYBACKS

During the financial year ended 31 December 2014, there were no share buybacks by the Company.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had not issued any options, warrants or convertible securities during the financial year ended 31 December 2014.

3. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2014.

4. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 December 2014.

5. NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 December 2014 was RM474,261 which consisted of professional fees in connection with the review of quarterly announcements on the Main Market of Bursa Malaysia Securities Berhad, taxation and other advisory services.

6. VARIATION IN RESULTS

The Company did not release any profit estimate, forecast or projection for the financial year ended 31 December 2014. There was no significant variance between results for the financial year and the unaudited results previously released by the Company.

7. PROFIT GUARANTEE

The Company did not receive any profit guarantee during the financial year ended 31 December 2014.

8. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors and major shareholders during the financial year ended 31 December 2014.

LIST OF PROPERTIES

No	Company	Address	Brief Description	Existing Use	Land Area/ Built up Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31/12/14	Revaluation, if any	Date of Acquisition
1	Deleum Berhad (Corporate Head Office)	No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia	6-storey corner shop office	Office	350.00 sq metres/ 2,049.56 sq metres	Leasehold/ 03/12/2085	16 years	3,281,508		02/05/2006
2	Deleum Services Sdn. Bhd.	No. 42, Jalan Bangsar Utama 1, Bangsar Utama, 59000 Kuala Lumpur, Malaysia	5-storey corner shop office	Office	237.00 sq metres/ 1,080.90 sq metres	Leasehold/ 03/12/2085	26 years	504,614		19/09/1988
3	Deleum Services Sdn. Bhd.	No. 40, Jalan Bangsar Utama 1, Bangsar Utama, 59000 Kuala Lumpur, Malaysia	5-storey shop office	Office	168.00 sq metres/ 822.65 sq metres	Leasehold/ 03/12/2085	26 years	502,940		28/09/1988
4	Deleum Services Sdn. Bhd.	Unit No. 8-11-3, Menara Mutiara Bangsar, Jalan Liku Off Jalan Bangsar, 59100 Kuala Lumpur, Malaysia	Office Lot	Office	-/ 139.72 sq metres	Freehold	12 years	433,130		03/02/1997
5	Deleum Services Sdn. Bhd.	Unit No. 8-11-4, Menara Mutiara Bangsar, Jalan Liku Off Jalan Bangsar, 59100 Kuala Lumpur, Malaysia	Office Lot	Office	-/ 146.87 sq metres	Freehold	12 years	455,595		03/02/1997
6	Deleum Services Sdn. Bhd. (Miri Office)	Lot 1315, Block 9, Miri Concession Land District Miri Waterfront Commercial Centre, Jalan Bendahara 98008 Miri, Sarawak Malaysia	4-storey corner shop office	Office	186.70 sq metres/ 891.84 sq metres	Leasehold/ 30/09/2066	10 years	936,000		20/08/2004
7	Deleum Services Sdn. Bhd. (Operations)	Asian Supply Base, Ranca Ranca Industrial Estate, P.O. Box 81730, 87027 Labuan Federal Territory, Malaysia	Warehouse	Warehouse	5,700.00 sq metres/ 1,776.43 sq metres	Leasehold/ 30/09/2024	14 years	900,001		-
8	Deleum Services Sdn. Bhd. (Operations)	Kemaman Supply Base Warehouse 28 24007 Kemaman Terengganu Darul Iman Malaysia	Warehouse	Warehouse	4,341.00 sq metres/ 1,456.00 sq metres	Leasehold/ 30/09/2016	6 years	98,121		-
9	Turboservices Overhaul Sdn. Bhd. (Operations)	Lot 26197, Kawasan Perindustrian Tuanku Jaafar 71450 Seremban Negeri Sembilan Darul Khusus Malaysia	Integrated service centre	Turboservices: Solar Integrated Service Centre	14,495.00 sq metres/ 2,735.90 sq metres	Freehold	17 years	9,127,520		30/12/2005
10	Penaga Dresser Sdn. Bhd. (Operations)	No. A1-A2, Kawasan MIEL Jakar Phase III 24000 Kemaman Terengganu Darul Iman Malaysia	2 units of semi-detached factory	Assembly Plant	A1-1723 sq metres/ A2-1229 sq metres	Leasehold/ 19/04/2053	22 years	1,020,415	04/11/2009	12/04/2004
11	Deleum Services Sdn. Bhd.	Unit E-P 17, Bayu Beach Resort, Port Dickson, 71050 Negeri Sembilan Darul Khusus Malaysia	Apartment	Apartment	-/ 143.53 sq metres	Leasehold/ 12/06/2092	20 years	155,632		24/02/1992

ANALYSIS OF SHAREHOLDINGS

As At 27 February 2015

Authorised share capital	:	RM500,000,000
Issued and paid-up capital	:	RM200,000,000
No. of shareholders	:	3,613
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	% of Holdings
less than 100 shares	163	5,848	0.00
100 to 1,000 shares	436	286,719	0.07
1,001 to 10,000 shares	2,025	10,048,408	2.51
10,001 to 100,000 shares	786	24,191,125	6.05
100,001 to less than 5% of issued shares	199	168,693,682	42.17
5% and above of issued shares	4	196,774,218	49.20
Total	**3,613**	**400,000,000**	**100.00**

TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Lantas Mutiara Sdn. Bhd.	81,718,800	20.43
2.	Amsec Nominees (Tempatan) Sdn. Bhd. Amara Investment Management Sdn. Bhd. for Hartapac Sdn. Bhd.	48,165,418	12.04
3.	Datuk Vivekananthan a/l M.V. Nathan	42,530,000	10.63
4.	IM Holdings Sdn. Bhd.	24,360,000	6.09
5.	Datin Che Bashah @ Zaiton binti Mustaffa	19,024,000	4.76
6.	Dato' Izham bin Mahmud	11,200,000	2.80
7.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (DLR 065 – Margin)	9,866,666	2.47
8.	Chandran Aloysius Rajadurai	9,804,932	2.45
9.	Datin Che Bashah @ Zaiton binti Mustaffa	7,741,600	1.94
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. AmTrustee Berhad for CIMB Islamic Dali Equity Theme Fund	6,124,500	1.53

ANALYSIS OF SHAREHOLDINGS (continued)

As At 27 February 2015

No.	Name of Shareholders	No. of Shares	Percentage (%)
11.	Goh Thong Beng	3,860,000	0.97
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chandran Aloysius Rajadurai (PB)	3,818,800	0.95
13.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Datin Che Bashah @ Zaiton binti Mustaffa (PBCL-0G0054)	3,700,000	0.93
14.	Dilip Manharlal Gathani	2,936,800	0.73
15.	DYMM Tuanku Syed Sirajuddin Putra Jamalullail	2,901,066	0.73
16.	Neoh Choo Ee & Company, Sdn. Berhad	2,749,332	0.69
17.	Hj. Abd Razak bin Abu Hurairah	2,691,946	0.67
18.	Lee Sew Bee	2,560,000	0.64
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Am Inv)	2,517,200	0.63
20.	Saudah binti Hashim	2,500,000	0.63
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Universal Trustee (Malaysia) Berhad for CIMB-Principal Equity Fund	2,186,266	0.55
22.	Datuk Ishak bin Imam Abas	2,164,332	0.54
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (MM0804)	2,133,332	0.53
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Vcam Equity FD)	1,869,400	0.47
25.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datin Che Bashah @ Zaiton binti Mustaffa (CEB)	1,700,000	0.43
26.	Tan Swee Leong	1,660,000	0.42
27.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd. for Pertubuhan Keselamatan Sosial (CIMB-P 6939-404)	1,651,466	0.41
28.	Celine D'Cruz a/p Francis D'Cruz	1,630,000	0.41
29.	Citigroup Nominees (Tempatan) Sdn. Bhd. Bank Negara Malaysia National Trust Fund (CIMB)	1,575,400	0.39
30.	Cartaban Nominees (Tempatan) Sdn. Bhd. SSBT AIS Fund Saeu for AmMetLife Ins Bhd. Ac 1 Par Par	1,315,000	0.33

As At 27 February 2015

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Lantas Mutiara Sdn. Bhd.	81,718,800	20.43	0	0
Hartapac Sdn. Bhd.	48,165,418	12.04	0	0
Datuk Vivekananthan a/l M.V. Nathan	42,669,300	10.67	81,718,800 (1)	20.43
Datin Che Bashah @ Zaiton binti Mustaffa	32,185,598	8.05	0	0
IM Holdings Sdn. Bhd.	24,360,000	6.09	0	0
Dato' Izham bin Mahmud	11,200,000	2.80	138,264,398 (2)	34.57
Datin Sian Rahimah Abdullah	0	0	48,165,418 (3)	12.04
Faye Miriam Abdullah	0	0	48,165,418 (3)	12.04
Hugh Idris Abdullah	0	0	48,165,418 (3)	12.04
Farid Riza Izham	0	0	24,360,000 (4)	6.09
Faidz Raziff Izham	0	0	24,360,000 (4)	6.09
Hana Sakina Izham	0	0	24,360,000 (4)	6.09

Notes:

(1) Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 (the Act).

(2) Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Act and shares held by his spouse.

(3) Deemed interested by virtue of his/her shareholdings in Hartapac Sdn. Bhd. pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of his/her shareholdings in IM Holdings Sdn. Bhd. pursuant to Section 6A of the Act.

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Dato' Izham bin Mahmud	11,200,000	2.80	138,264,398 (1)	34.57
Datuk Vivekananthan a/l M.V. Nathan	42,669,300	10.67	81,718,800 (2)	20.43
Datuk Ishak bin Imam Abas	2,550,998	0.64	0	0
Datuk Chin Kwai Yoong	750,000	0.19	0	0
Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz	771,600	0.19	0	0
Nan Yusri bin Nan Rahimy	387,332	0.10	76,332 (3)	0.02

Notes:

(1) Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Act and shares held by his spouse.

(2) Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of shares held by his spouse.

CORPORATE DIRECTORY

HEAD OFFICE

Deleum Berhad and its subsidiaries:
Deleum Services Sdn. Bhd.
Deleum Oilfield Services Sdn. Bhd.
Deleum Chemicals Sdn. Bhd.
Turboservices Sdn. Bhd.
No. 2, Jalan Bangsar Utama 9
Bangsar Utama, 59000 Kuala Lumpur
Malaysia
Tel : +603-2295 7788
Fax : +603-2295 7777
Email : info@deleum.com

BRANCH OFFICE

Miri
Lot 1315, Miri Waterfront
Commercial Centre
98008 Miri, Sarawak
Malaysia
Tel : +6085-413 528/417 020
Fax : +6085-418 037
Email : info@deleum.com

Kota Kinabalu
Unit No. J-55-3A, 4th Floor, Block J
KK Times Square, Off Coastal Highway
88100 Kota Kinabalu, Sabah
Malaysia
Tel : +6088-485 189
Email : info@deleum.com

SUBSIDIARIES

Turboservices Overhaul Sdn. Bhd.
(Turboservices: Solar Turbines Integrated Service Centre)
Lot 26197, Kawasan Perindustrian
Tuanku Jaafar, 71450 Seremban
Negeri Sembilan Darul Khusus
Malaysia
Tel : +606-6798 270/207
Fax : +606-6798 267
Email : info@deleum.com

Deleum Rotary Services Sdn. Bhd.
No. 3, Jalan P4/8, Seksyen 4
Bandar Teknologi Kajang
43500 Kajang
Selangor Darul Ehsan
Malaysia
Tel : +606-8723 7070
Fax : +606-8723 3070
Email : info@deleum.com

Deleum Primera Sdn. Bhd.
No. 26-2, Jalan Tasik Utama 5
Medan Niaga Tasik Damai
Sungai Besi, 57100 Kuala Lumpur
Malaysia
Tel : +603-9054 4441
Fax : +603-9054 4442
Email : info@deleum.com

Penaga Dresser Sdn. Bhd.
Business Suite, 19A-9-1, Level 9
UOA Centre, No. 19, Jalan Pinang
50450 Kuala Lumpur
Malaysia
Tel : +603-2163 2322
Fax : +603-2161 8312
Email : sales@penagadresser.com

OPERATIONS AND SUPPLY BASES

Kemaman
Kemaman Supply Base
Warehouse 28, 24007 Kemaman
Terengganu Darul Iman
Malaysia
Tel : +609-863 1407/1408
Fax : +609-863 1379
Email : info@deleum.com

Labuan
Asian Supply Base
Rancha Rancha Industrial Estate
87000 Labuan
Malaysia
Tel : +6087-413 935/583 205
Fax : +6087-425 694
Email : info@deleum.com

SERVICE CENTRES/FACILITIES

Deleum Rotary Services Sdn. Bhd.
Bintulu Service Facility
Lot 3955, Block 32
Jalan Sungai Nyigu
97000 Bintulu
Sarawak
Malaysia
Tel : +6086-339 964
Fax : +6086-339 984
Email : info@deleum.com

Deleum Rotary Services Sdn. Bhd.
Kemaman Service Facility
No. 17410, Jalan Mak Lagam
Kawasan Industri Jakar 3
24000 Chukai, Kemaman
Terengganu Darul Iman
Malaysia
Tel : +609-868 3650
Fax : +609-868 3667
Email : info@deleum.com

Penaga Dresser Sdn. Bhd.
Kemaman Office & Service Centre
Lot A1-A2, Kawasan Miel
Jakar Phase III, 24000 Kemaman
Terengganu Darul Iman
Malaysia
Tel : +609-868 6799
Fax : +609-868 3453
Email : sales@penagadresser.com

Penaga Dresser Sdn. Bhd.
Miri Office & Service Centre
Lot 1401, Ground Floor
Centre Point Commercial Centre
Phase 2, Jalan Kubu
98000 Miri, Sarawak
Malaysia
Tel : +6085-419 126
Fax : +6085-412 127
Email : sales@penagadresser.com

OTHER FACILITIES

Research & Development Facility
No. 26-G, Block I, Tingkat G
Jalan PJS 5/28
Pusat Perdagangan Petaling Jaya Selatan
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603-7773 0166
Email : info@deleum.com

Integrated Workshop Facility
Lot 4019, Kawasan Industri Teluk Kalong
24007 Kemaman
Terengganu Darul Iman
Malaysia

ASSOCIATES

Malaysian Mud And Chemicals Sdn. Bhd.
Asian Supply Base
Rancha Rancha Industrial Estate
87000 Labuan
Malaysia
Tel : +6087-415 922
Fax : +6087-415 921
Email : mc2@tm.net.my

Cambodia Utilities Pte. Ltd.
Power Plant #2
Route 2 Chak Angre District
Khan Meanchey, Phnom Penh
Kingdom of Cambodia
Tel : +855-23 425 592
Fax : +855-23 425 050
Email : administrationcupl@cupl.com.kh

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DELEUM

Deleum Berhad
(Company No. 715640-T)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

CDS Account No.	No. of Shares Held

I/We ____
(Full name in block letters)

I.C/Passport/Company No. ____

of ____
(Address in full)

being a member of **DELEUM BERHAD** hereby appoint ____
(Full name in block letters)

I.C/Passport No. ____

of ____
(Address in full)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at **Ballroom 3, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia** on **Wednesday, 29 April 2015** at **10:00 a.m.** and at any adjournment thereof.

No.	Resolutions	For	Against
	Ordinary Business		
1.	To re-elect Datuk Ishak bin Imam Abas as Director.		
2.	To re-elect Nan Yusri bin Nan Rahimy as Director.		
3.	To re-elect Datuk Noor Azian binti Shaari as Director.		
4.	To approve the payment of Directors' fees of RM930,000 in respect of the financial year ended 31 December 2014. (2013: RM924,475)		
5.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To re-appoint Dato' Izham bin Mahmud as Director.		
7.	To re-appoint Datuk Vivekananthan a/l M.V. Nathan as Director.		
	Special Business		
8.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.5(1) of the Circular to Shareholders dated 7 April 2015.		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.5(2) of the Circular to Shareholders dated 7 April 2015.		

Please indicate with an "x" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote as he or she thinks fit, or abstain from voting at his or her discretion.

Date this __________ day of ____________ 2015.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

____
Signature/Common Seal of Shareholder(s)

Notes:

i. A member of the Company entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

ii. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same AGM. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in respect of the number of ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or the hand of its duly authorised officer.

iv. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

v. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 22 April 2015 and only a depositor whose name appears on this Record shall be entitled to attend this AGM.

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The Company Secretary

DELEUM BERHAD
(Co. No. 715640-T)
(Incorporated in Malaysia)

No. 2, Jalan Bangsar Utama 9

Bangsar Utama, 59000 Kuala Lumpur, Malaysia

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DELEUM BERHAD

(Co. No. 715640-T)
No. 2, Jalan Bangsar Utama 9, Bangsar Utama,
59000 Kuala Lumpur, Malaysia.
Tel : 603-2295 7788   Fax : 603-2295 7777

www.deleum.com

COVER RATIONALE

DELIVERING through Synergy

This cover places the spotlight on the synergistic strength of our three (3) core business segments, namely Power and Machinery, Oilfield Services and Maintenance, Repair and Overhaul – represented by using silhouettes of three employees to convey the growth of our organisation through the collaborative efforts of our workforce.

The light from the sunrise projects Deleum as a forward thinking, future-focused organisation. Together, with the commitment and collaborative efforts of our workforce, we are always on the lookout for new growth opportunities to power our progress and deliver lasting value to all our shareholders and stakeholders.

CONTENTS