



Headline : Deleum to buy remaining 20% of subsidiary
Media : The Star / Business
Day/Date : 20 August 2015
Page : 3
Links :

Deleum to buy remaining 20% of subsidiary

PETALING JAYA: Oil and gas (O&G) services provider Deleum Bhd is buying the remaining 20% stake in its indirect subsidiary, Delcom Holdings Sdn Bhd, for RM3.17mil.

That would value Delcom at RM15.85mil.

For the financial year ended Dec 31, 2014 (FY14), Delcom's net profit had jumped 69.2% to RM14.06mil from RM8.31mil a year earlier.

Revenue for FY14 was at RM52.29mil, which was 25.6% higher compared with FY13.

The current owner of the 20% stake is Tan Sri Abdul Ghani Abdul Aziz.

Delcom is an investment holding

company that owns 51% in Penaga Dresser Sdn Bhd, which is involved in the supply, repair, maintenance and installation of valves and flow regulators for the O&G industry.

Upon completion of the deal, expected in the third quarter, Delcom will be a wholly owned indirect subsidiary of Deleum.

"The proposed acquisition will enable Deleum to consolidate the full potential future earnings of Delcom based on the 100% equity interest in Delcom," said Deleum in a Bursa Malaysia announcement.

The purchase is also expected to provide additional recurring and sustainable income to the group, it

added.

But it does not expect material effect on the group's earnings for FY15.

For Deleum's second quarter ended June 30, revenue jumped 12% to RM181.94mil year-on-year (y-o-y), while net profit climbed 7.2% to RM17.09mil.

The power and machinery segment recorded an increase in revenue of RM4.6mil y-o-y, mainly due to a higher revenue contribution from exchange engines of RM13.9mil. But it was offset by a lower retrofit revenue of RM10.7mil.

The oilfield services segment experienced a revenue increase of

RM5.3mil in the current quarter, largely due to improvement from slickline activities of RM5.6mil on account of the Pan-Malaysia Slickline contracts.

The revenue contribution from the integrated corrosion solution segment was an increase of RM9.4mil compared to a year earlier due to the improved work orders for corrosion protection and maintenance.

For the first-half, topline for the group came in 20.44% higher at RM317.8mil, whereas its net profit was marginally lower at RM25.32mil.

The company has declared a two-sen interim dividend for every Deleum share held.