DELEUM

ACCELERATE GROWTH

ANNUAL REPORT 2023

OUR MISSION

To Achieve Superior Growth and Returns for our Stakeholders and to be the Best in Class

OUR VISION

To be the Premier Malaysian Service Company in the Energy Industry and to grow our regional footprint

OUR CORE VALUES

Service Quality
—
Competence
Done Right
Excellence

Health, Safety & Environment
—
Prevention
Adherence
Preparedness

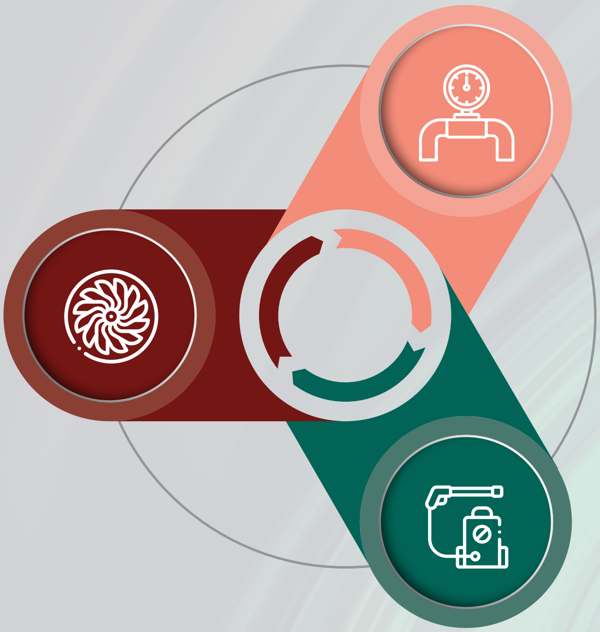
Integrity
—
Honesty
Ethics
Trust
Compliance

Sustainability

OUR CORE BUSINESS

POWER AND MACHINERY

- Provision of Gas Turbine Generator & Compressor new packages, after-sales support and services, and Cogeneration solutions for Industrial Power Generation.
- Provision of Printed Circuit Heat Exchanger, operational spares, spares & services.
- Provision of Multi-Phase Pump solutions, after sales services and spares.
- Provision of Submersible Motor, Sea Water Lift Pump packages, after sales services and spares.
- Provision of Absorbent for sulphur and mercury removal for Sulphur Removal Unit & Mercury Removal Unit application.
- Provision of Heat & Thermal Engineering products and solutions.
- Supply, installation, repair and maintenance of valves and flow regulators.



OILFIELD SERVICES

- Slickline and Well Services
- Asset Integrated Solutions
- Chemical Research and Development
- Pumping Well Stimulation
- Solid Control Equipment and Services

INTEGRATED CORROSION SOLUTION

- Provision of low dust, environmentally friendly blasting technology for surface preparation.
- Painting and Coating Services.
- Coating removal by controlled induction heating.
- Passive fire protection services.
- Integrated maintenance, construction, and modification services for offshore and onshore facilities.
- Oil spillage combat equipment and services.

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FINANCIAL HIGHLIGHTS

For the Financial Years Ended 31 December 2019-2023

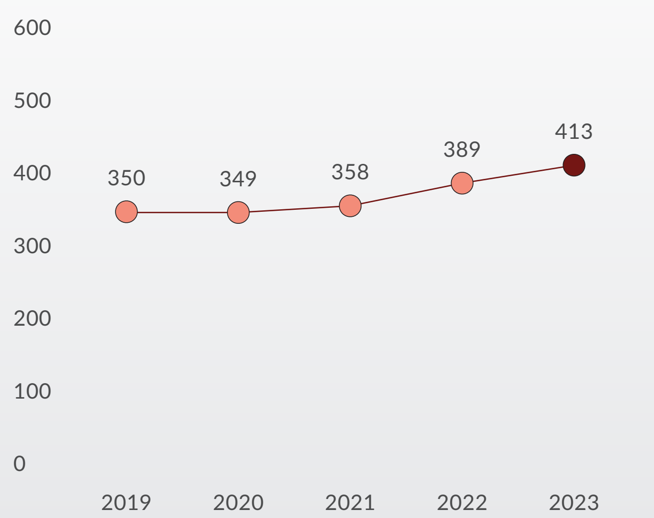
	2019 (RM'000)	2020 (RM'000) (Restated)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)
Revenue	868,299	587,424	558,367	698,049	791,991
Gross profit	143,616	110.145	107,388	143,717	165,282
Earnings before interest, tax, depreciation and amortisation	89,970	66,715	66,405	99,735	112,993
Share of associates' results	4,757	5,007	5,633	5,308	4,643
Share of joint venture's results	1,374	512	1,345	1,147	1,064
Profit before tax	55,073	29,756	32,152	67,891	84,917
Profit after tax	44,004	15,362	23,767	51,242	63,351
Non-controlling interest	(10,856)	(7,933)	(6,699)	(9,100)	(17,616)
Profit after tax and non-controlling interest	33,148	7,429	17,068	42,142	45,735
Number of shares ('000)	401,554	401,554	401,554	401,554	401,554

FINANCIAL RATIOS	2019	2020	2021	2022	2023
Return on equity (%)	9.5	2.1	4.8	10.8	11.1
Return on total assets (%)	4.4	1.1	2.8	5.9	7.4
Gearing ratio (%)	25.4	22.5	8.5	2.3	0.6
Net asset per share (RM)	0.87	0.87	0.89	0.97	1.03
Dividend per share (Sen)	4.40	1.00	2.20	5.25	5.70
Dividend yield (%)	4.6	1.6	4.4	5.8	6.0

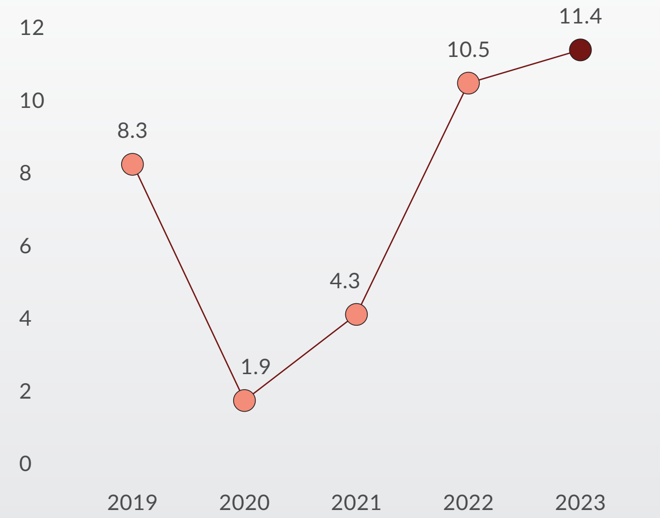
PROPERTY, PLANT AND EQUIPMENT
(RM MILLION)

NET CURRENT ASSETS
(RM MILLION)

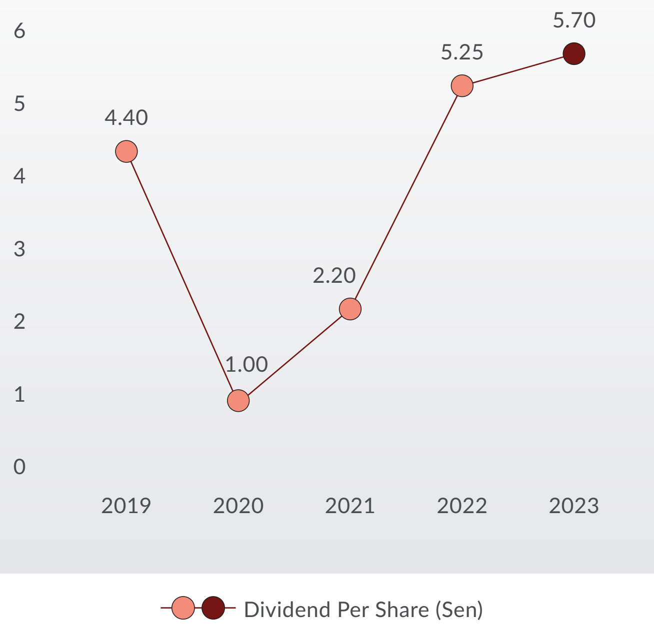
SHAREHOLDERS' EQUITY
(RM MILLION)

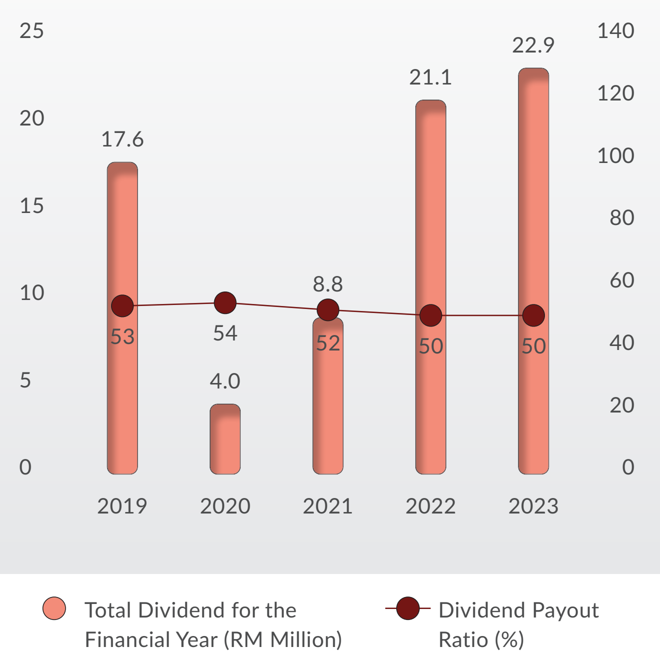


EARNINGS PER SHARE
(SEN)



DIVIDEND





BOARD OF DIRECTORS

Tan Sri Dato' Seri Shamsul Azhar bin Abbas
Independent Non-Executive Chairman

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

Ramanrao bin Abdullah
Group Chief Executive Officer

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

Lee Yoke Khai
Senior Independent Non-Executive Director

Datuk Manharlal a/l Ratilal
Independent Non-Executive Director

Datin Aisah Eden
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Manharlal a/l Ratilal
(Chairman)

Lee Yoke Khai

Datin Aisah Eden

JOINT REMUNERATION AND NOMINATION COMMITTEE

Lee Yoke Khai
(Chairman)

Datuk Vivekananthan a/l M.V. Nathan

Datuk Manharlal a/l Ratilal

Datin Aisah Eden

BOARD RISK COMMITTEE

Datin Aisah Eden
(Chairperson)

Datuk Vivekananthan a/l M.V. Nathan

Lee Yoke Khai

COMPANY SECRETARIES

Suliana binti Rosli
(SSM PC No. 202008000912)
(MAICSA 7057610)

Mohd Shahid bin Zainol Abidin
(SSM PC No. 202008003065)
(MAICSA 7069754)

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

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
Tel : 603-7890 4700
Fax : 603-7890 4670

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code: 5132

AUDITORS

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

PRINCIPAL BANKERS

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

GROUP CORPORATE STRUCTURE

As At 31 March 2024

DELEUM

- 100% DELEUM SERVICES SDN. BHD.
  - 100% DELEUM OILFIELD SERVICES SDN. BHD.
  - 100% DELEUM CHEMICALS SDN. BHD.
  - 100% DELCOM HOLDINGS SDN. BHD.
    - 26.67% DELEUM TECHNOLOGY SOLUTIONS SDN. BHD.
  - 100% DELEUM ROTARY SERVICES SDN. BHD.
  - 90% DELEUM SERVICES (SARAWAK) SDN. BHD.
  - 74% TURBOSERVICES SDN. BHD.
  - 60% DELEUM TECHNOLOGY SOLUTIONS SDN. BHD.
  - 51% PENAGA DRESSER SDN. BHD.
  - 49% DELEUM OILFIELD SOLUTIONS (THAILAND) CO. LTD.
  - 32% MALAYSIAN MUD AND CHEMICALS SDN. BHD.
- 100% DEFLOW SOLUTIONS SDN. BHD.
- 80.55% TURBOSERVICES OVERHAUL SDN. BHD.

Subsidiary
Associate
Joint Venture

TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS

Independent Non-Executive Chairman

Gender	Age	Nationality	Number of Board Meetings Attended
	71		11/11

Board Committees
None

Tan Sri Dato' Seri Shamsul Azhar bin Abbas was appointed to the Board on 9 June 2022. He was subsequently redesignated as Senior Independent Non-Executive Director on 1 January 2023, and further redesignated as Independent Non-Executive Chairman on 1 June 2023.

He joined Petroliam Nasional Berhad ("PETRONAS") in 1975 and served in various capacities during his 40 years tenure with the organisation including his last held position as President and Chief Executive Officer of PETRONAS from 2010 to 2015.

During the tenure of his leadership, he guided PETRONAS in undertaking strategic landmark projects (both for PETRONAS and Malaysia), such as the Pengerang Integrated Refinery and Petrochemical Project (RAPID), the Bintulu Train 9 project, the construction of 2 PETRONAS Floating Liquified Natural Gas (LNG) facilities and Malaysia's first Regasification terminal in Malacca.

He was the President/Chief Executive Officer of MISC Berhad from 1 July 2004 until 31 December 2008 and was its Chairman from February 2010 to August 2011. He also served as Pro-Chancellor of Universiti Teknologi PETRONAS, a member of the Board of Trustees of the Razak School of Government and the Chairman of the National Trust Fund of Malaysia. He was the Chairman of MMC Corporation Berhad and MMC Ports Holdings Sdn. Bhd. from 16 July 2015 to 31 August 2020. He retired as the Chairman of Sapura Energy Berhad on 7 May 2022.

Other than the Company, he is also a Senior Independent Non-Executive Director of Enra Group Berhad.

He has no conflicts of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.

DATUK VIVEKANANTHAN A/L M.V. NATHAN

Non-Independent Non-Executive Deputy Chairman

Gender	Age	Nationality	Number of Board Meetings Attended
	82		10/11

Board Committees
Joint Remuneration and Nomination Committee; Board Risk Committee

Datuk Vivekananthan a/l M.V. Nathan 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 is an Honorary Member of the Malaysian Gas Association since May 2016 after having served as its Council Member from 2004 until May 2016. Previously, he also served as a Director of Malaysian Philharmonic Orchestra and a member of the Board of Trustees of Dewan Filharmonik PETRONAS since November 2014 until his resignation on 15 July 2022.

Other than the Company, he is not a Director of any other public company or listed issuer.

He has no conflicts of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.

PROFILES OF DIRECTORS

RAMANRAO BIN ABDULLAH

Group Chief Executive Officer

Gender	Age	Nationality	Number of Board Meetings Attended
Male	60	Malaysian	11/11

Board Committees
None

Mr Ramanrao bin Abdullah was appointed as Group Chief Executive Officer of Deleum on 1 July 2021 and appointed as Director to the Board on 8 July 2021.

He holds a Bachelor of Accounting from University of Malaya and a Master in Business Administration from University of Leicester, United Kingdom. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

Mr Ramanrao has built a career in the oil and gas industry spanning more than 26 years, all of which have been with Halliburton. His various roles in the company included those in the Finance, Business Development and Operation workstreams before assuming the position of Chief Executive Officer of Halliburton Asia Pacific in 2014. Following this, he was appointed to a newly created role as Vice President of Business Development for Asia Pacific and Asian National Oil Companies for their Global Operations in 2018.

Prior to his career in the energy sector, he was a practicing accountant in an audit firm in Bath, England for six years.

A leading figure in the industry, Mr Ramanrao previously served on the Research Advisory Council (RAC) of Universiti Teknologi PETRONAS (UTP) and continues his association with the university as an Adjunct Lecturer since 2019. He previously also served as a member of the Advisory Council for Society of Petroleum Engineers (SPE) Asia Pacific.

Mr Ramanrao also currently serves as a Council Member of Malaysian Gas Association (MGA), an Executive Committee Member of the International Petroleum Technology Conference (IPTC) 2025 and an Advisory Committee Member for Offshore Technology Conference (OTC) Asia 2024.

Mr Ramanrao's extensive experience in both the corporate and regulatory framework of the oil and gas industry, not just in Malaysia and regionally but also globally, as well as his training as a chartered accountant, has equipped him with a comprehensive range of diverse competencies relevant to this sector.

Other than the Company, he is not a Director of any other public company or listed issuer.

Mr Ramanrao is the father of Zoena binti Raman Rao and Reshad Rao bin Ramanrao, major shareholders of the Company. He has no conflict of interest with the Company, has not been convicted for any offences (other than traffic offences, if any) within the past 5 years, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

DATO' IZHAM BIN MAHMUD

Non-Independent Non-Executive Director

Gender	Age	Nationality	Number of Board Meetings Attended
Male	83	Malaysian	11/11

Board Committees
None

Dato' Izham bin Mahmud was appointed to the Board on 21 December 2005. On 1 June 2023, he was redesignated from Chairman of the Board to Non-Independent Non-Executive Director of the Company.

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"), 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 previously also served on the Boards of RHB Capital Berhad, RHB Bank Berhad, Renong Berhad, Opus Berhad, AMMB Holdings Berhad and AmInvestment Bank Berhad.

Other than the Company, he is not a Director of any other public company or listed issuer.

Dato' Izham is the husband of Datin Che Bashah @ Zaiton binti Mustaffa and the father of Farid Riza Izham, Faidz Raziff Izham and Hana Sakina Izham, who are major shareholders of the Company. He has no conflict of interest with the Company, has not been convicted for any offences (other than traffic offences, if any) within the past 5 years, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

LEE YOKE KHAI

Senior Independent Non-Executive Director

Gender	Age	Nationality	Number of Board Meetings Attended
	66		11/11

Board Committees
Joint Remuneration and Nomination Committee (Chairman); Audit Committee; Board Risk Committee

Mr Lee Yoke Khai was appointed to the Board on 15 March 2019. On 1 June 2023, he was redesignated as Senior Independent Non-Executive Director and Chairman of Joint Remuneration and Nomination Committee of the Company.

He is a Fellow of the Institute of Chartered Accountants Australia and a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

He holds a Bachelor of Economics (Accounting) from Monash University, Australia. Mr Lee started his career with Price Waterhouse Melbourne, Australia as an Audit Assistant in 1978 and joined Price Waterhouse Malaysia (currently known as PricewaterhouseCoopers PLT) ("PwC") in 1981. He was an Audit Partner of PwC from 1991 until his retirement in 2018.

During his tenure with PwC, he was the partner responsible for the East Malaysian practice, and involved in the listing of various companies on Bursa Malaysia Securities Berhad. He was the Risk Management Partner in 2006 until 2012, responsible for the overall risk management strategy for the firm. In 2012, he was elected to the Oversight Board with oversight over the management of the firm and served until 2016.

Mr Lee was also the Leader of the Technology group and Emerging Markets group during his career with PwC. In 1999, he was appointed Leader of the Global Risk Management unit for Malaysia and led a number of significant assignments in risk management and internal audit for large corporations.

Mr Lee has extensive experience within the audit profession covering a wide range of industrial and commercial operations in Malaysia and Australia. He served as an Engagement Leader on large multinational corporations in various sectors including plantations, upstream and downstream oil and gas, information technology, construction and property development, manufacturing and services industries. In addition, he has experience in investigations, share valuations and due diligence.

He previously also served as the Senior Independent Non-Executive Director of Cycle & Carriage Bintang Berhad until his resignation on 30 September 2022.

Other than the Company, he is not a Director of any other public company or listed issuer.

He has no conflicts of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.

DATUK MANHARLAL A/L RATILAL

Independent Non-Executive Director

Gender	Age	Nationality	Number of Board Meetings Attended
	64		11/11

Board Committees
Audit Committee (Chairman); Joint Remuneration and Nomination Committee

Datuk Manharlal a/l Ratilal was appointed to the Board on 1 October 2020. He was appointed as Senior Independent Non-Executive Director on 10 March 2022 and redesignated as Independent Non-Executive Director on 1 January 2023.

He holds a Master in Business Administration from Aston University in Birmingham, United Kingdom and a Bachelor of Arts (Honours) in Accountancy from the City of Birmingham Polytechnic (now known as Birmingham City University).

Datuk Manharlal was attached with RHB Investment Bank Berhad for 18 years, concentrating in corporate finance, where he was involved in advisory work in mergers and acquisitions, and the capital markets. He served as the Executive Vice President and Group Chief Financial Officer of PETRONAS, a member of the Board and Executive Leadership Team of PETRONAS, and sat on the boards of several subsidiaries of PETRONAS until his retirement in late 2018.

Other than the Company, he is also an Independent Non-Executive Director of Hong Leong Investment Bank Berhad, Hong Leong Bank Berhad and Genting Berhad.

He has no conflicts of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.

DATIN AISAH EDEN

Independent Non-Executive Director

Gender	Age	Nationality	Number of Board Meetings Attended
	64		11/11

Board Committees
Board Risk Committee (Chairperson); Joint Remuneration and Nomination Committee, and Audit Committee

Datin Aisah Eden was appointed to the Board on 30 June 2022. On 1 June 2023, she was redesignated as Chairperson of the Board Risk Committee and appointed as a member of the Audit Committee of the Company.

Datin Aisah holds a Master in Business Administration from University of Exeter in Exeter, United Kingdom and a Bachelor of Law (Honours) from Chelmer Institute of Higher Education (now known as Anglia Ruskin University, Essex, United Kingdom). She is a Barrister at Law. She was called to the Bar at Lincoln's Inn, London in 1986.

Datin Aisah joined Sarawak Electricity Supply Corporation (SESCO) in 1984 and served in various capacities during her tenure with the organisation including her last held position as an Executive Vice President, Corporate Services of Sarawak Energy Berhad from 2015 to August 2019.

During the tenure of her leadership, she led and drove Sarawak Energy Berhad's focus on the social and environmental impact of hydro power development towards the global best practices viz the International Hydropower Association Sustainability Assessment Protocol. She also served as the Deputy President of the United Nation Global Compact Malaysia Steering Committee from 2018 to June 2019.

Datin Aisah has extensive corporate services experience covering a wide range of board, corporate-legal, strategic human resource, retail, shared services, sustainability and corporate social responsibility (CSR), government relations to managing brand and reputation.

Other than the Company, she is not a Director of any other public company or listed issuer.

She has no conflicts of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. She has not been convicted of any offences (other than traffic offences, if any) within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the year.

JAYANTHI A/P GUNARATNAM

Group Chief Financial Officer

Gender Age Nationality

51

Date of Appointment:
1 January 2015

Academic/Professional Qualifications
- Bachelor of Accountancy (Honours) Universiti Utara Malaysia
- Member of Malaysian Institute of Accountants (MIA)

Working Experience
Joined Deleum in 2001, and has held various positions, the last being General Manager of Finance, Administration and Procurement.

AZMAN BIN JEMAAT @ HASSAN

Chief Executive Officer
Penaga Dresser Sdn. Bhd.

Gender Age Nationality

56

Date of Appointment:
1 March 2018

Academic/Professional Qualifications
- Bachelor of Mechanical Engineering, University of Wollongong, Australia

Working Experience
Joined Penaga Dresser Sdn. Bhd. in 2013 as General Manager and the last position held was the Chief Operating Officer of Penaga Dresser Sdn. Bhd.

IMRAN HAKIM BIN ABDUL AZIZ

Chief Executive Officer
Deleum Oilfield Services Sdn. Bhd.

Gender Age Nationality

49

Date of Appointment:
20 September 2021

Academic/Professional Qualifications
- Bachelor of Engineering, Manufacturing Engineering, Leeds Metropolitan University, United Kingdom

Working Experience
- Joined Deleum Oilfield Services Sdn. Bhd. in 2021 as Chief Executive Officer.
- Prior to joining Deleum Oilfield Services Sdn. Bhd., he worked as the Technical Sales Manager SEA at Halliburton Energy Services.

MOHAMMAD KAMAL BIN MD YOSOF

Chief Executive Officer
Deleum Technology Solutions Sdn. Bhd.

Gender | Age 58 | Nationality

Date of Appointment:
1 July 2022

Academic/Professional Qualifications
- Bachelor of Civil Engineering Southern Illinois University, USA

Working Experience
- Joined Deleum Technology Solutions Sdn. Bhd. in 2021 as Chief Operating Officer.
- Prior to joining Deleum Technology Solutions Sdn. Bhd., he had more than 30 years working experience in Oil & Gas industry.

NURUZZATULAIN BINTI SAHAMAH

Senior General Manager
Turboservices Sdn. Bhd.

Gender | Age 51 | Nationality

Date of Appointment:
1 August 2012

Academic/Professional Qualifications
- Bachelor of Engineering (Mechanical) Monash University, Melbourne

Working Experience
Joined Deleum on 1 June 1998 as Application Engineer and the last position held was the Senior Manager - Operations Support.

SULIANA BINTI ROSLI

Senior General Manager
Group Corporate Services/
Company Secretary

Gender | Age 49 | Nationality

Date of Appointment:
7 November 2022

Academic/Professional Qualifications
- Bachelor of Laws, University of Hull, United Kingdom
- Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

Working Experience
- Joined Deleum in June 2022 as General Manager - Group Corporate Services.
- Prior to joining Deleum, she served as the Senior Legal Manager and Company Secretary for HSS Engineers Berhad.

None of the Key Senior Management members above have:

- Any directorship in public companies and listed issuers in Malaysia.
- Any family relationship with any Director and/or major shareholder of Deleum Berhad.
- Any conflict of interest with Deleum Berhad.
- Any conviction for offences within the past five (5) years other than traffic offences.
- Any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2023.

Dear Valued Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of Deleum Berhad (“Deleum” or “the Group”) for the financial year ended 31 December 2023 (“FY2023”).

During the year, conditions in the oil and gas (“O&G”) industry continued to be uncertain due to high interest rates and spiralling inflation, as well as persistent geopolitical tensions. The situation was further exacerbated with the tight O&G supply and heightened price volatility.

Nevertheless, as we weathered the market volatility, the year concluded with both financial and operational success, buoyed by the ramped-up activities in the upstream O&G industry. This noteworthy financial performance not only highlights our resilience in the face of challenges but also underscores our ability to seize opportunities amidst uncertainty.

FINANCIAL HIGHLIGHTS

In FY2023, Deleum recorded revenue of RM792.0 million, a rise by 13.5% or RM94.0 million as compared to RM698.0 million in the previous year, on the back of robust contributions from the Power and Machinery (“P&M”) segment.

The Group also recorded a steady profit after tax of RM63.4 million, mainly attributable to improved operating profits achieved in the P&M segment, net gain on foreign exchange, fair value gain on forward foreign exchange contracts and lower other operating expenses incurred in the Integrated Corrosion Solution segment.

A comprehensive analysis of the Group’s overall and segmental operational and financial performance can be found in the Management Discussion and Analysis section of this Annual Report.

OPERATIONAL HIGHLIGHTS

Deleum continues to focus on products and services that contribute sustainable returns as a strategic priority. This steadfast approach aligns with our mission to provide for the evolving needs of our customers and to compete within the dynamic market landscape.

During the year, P&M remained the driving force behind the Group’s overall growth performance, and we hope it will continue to provide baseline profit contribution in the future, while the Group aims to enhance profits from the other segments, as well as explore new business opportunities.

The Oilfield Services segment secured multiple contracts in the previous year for the provision of solid control and drilling waste management services worth approximately RM107.0 million. As the industry persists to acknowledge the crucial role of efficient drilling fluid management, there is a noticeable surge in demand for solid control solutions. Hence, we feel optimistic on the prospects for this new business area and will continue to invest in its growth.

EMBRACING SUSTAINABILITY

Sustainability has long been assimilated into Deleum’s culture and our commitment to build a sustainable future has only grown stronger. The Board, working through the Board Risk Committee oversees that Environmental, Social, and Governance (“ESG”) considerations are integrated into our strategies and decision-making processes. Our primary focus is to strengthen our sustainability platform through robust governance, accountability, and various initiatives. We are resolute in preparing the Group with the necessary tools and resources to manage the expectations of our stakeholders on sustainability material matters within our businesses.

We invite you to explore the Sustainability Statement section in this Annual Report that provides an informative overview of how we integrate sustainable practices into our operations, offering the Group’s perspective of our sustainability journey.

AWARDS AND RECOGNITION

Deleum has again garnered recognition, achieving the accolade for "Highest Return on Equity Over Three Years" in the Energy Sector at The Edge Malaysia Centurion Club Corporate Awards 2023 event in September 2023. This accomplishment demonstrates our continuous dedication in generating consistent returns for our shareholders.

On the ESG front, we remain committed to advancing efforts in this essential area. As evidence of our passion, Deleum secured the gold award in the Energy Sector at The Edge ESG Awards 2023 event held in November 2023. Additionally, we are proud to share that Deleum has upheld its position on both the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index for the review period of financial year of 2023.

NAVIGATING TOWARDS SUSTAINABLE EXCELLENCE

In our pursuit of sustainable growth, Deleum is committed to enhancing financial performance while propelling the Group forward. Rooted in transparency, good governance, safe operations, and ethical conduct, our vision is to achieve excellence and sustainability in all aspects of our business.

To realise this vision, we are investing in people and technology, fostering a skilled workforce and driving operational efficiency. We are streamlining processes to cultivate an environment for better decision-making, enhancing our reputation and facilitating further growth.

In line with good corporate governance, we promote transparency and accountability throughout the organisation, guided by rigorous monitoring and responsible decision making.

We develop appropriate KPIs to promote autonomy and collaboration across business units, ensuring each unit contributes to the Group's overall success. Surplus resources are allocated to strategic investments, reinforcing our commitment to sustained growth.

DIVIDENDS

In respect of FY2023, Deleum declared and paid a total of 5.70 sen per ordinary share as dividends, comprising a first interim single-tier dividend of 2.00 sen per ordinary share paid on 29 September 2023 and a second interim single-tier dividend of 3.70 sen per ordinary share paid on 29 March 2024.

The total dividend distribution for FY2023 is RM22.9 million, equivalent to a dividend payout of 50.0%, meeting our dividend policy of distributing at least 50% of attributable earnings for this financial year. Deleum has cumulatively paid out a total of RM280.0 million in dividends since our listing on Bursa Malaysia in 2007.

CONCLUSION AND APPRECIATION

Deleum had a good year in 2023, defined by steady growth, and I am confident that our strong business foundation has positioned us well for continued success in the future. Our accomplishments thus far are testament to the great individuals we have within the Group, as well as their passion, resilience, and hard work.

I extend my heartfelt appreciation to the esteemed members of the Board of Deleum for their invaluable leadership and guidance. Special thanks to Dato' Izham Mahmud, whose insights and dedication have been instrumental in our success during his tenure as Chairman of the Board.

A note of gratitude goes to our senior management and employees whose commitment and dedication have been unwavering in navigating a challenging business environment. Their contributions are integral to the success we have achieved.

Finally, I want to thank all our stakeholders—our valued shareholders, esteemed customers, dedicated suppliers, reliable business partners, supportive financiers, and other collaborators. Your support and trust have been fundamental in our journey, and we are truly thankful for the enduring relationships that contribute to our shared success.

As we forge ahead, we have plans lined up for FY2024 to accelerate growth and strengthen our position in the industry. We are dedicated to capitalising on new opportunities, optimising our resources, and encouraging innovation to propel Deleum towards greater success.

Tan Sri Dato' Seri Shamsul Azhar bin Abbas
Chairman of the Board
31 March 2024

The year 2023 unfolded amidst a complex web of global challenges, impeding economic recovery and significant volatility across markets. Nevertheless, Deleum is poised to not only navigate these challenges adeptly but also to proactively identify and capitalise on emerging opportunities within this evolving landscape. We hold the belief that the fundamental reality is that the world is predicted to sustain a need for oil and gas in the foreseeable future, serving as a crucial source of energy and essential building blocks for numerous everyday products.

With a strategic vision geared towards aligning with industry trends and leveraging on its expertise, the Group anticipates positive financial performance in 2024, fuelled by a combination of resilience, adaptability, and a proactive approach to the evolving energy landscape.

OVERVIEW OF OPERATIONS

Deleum's core business operations are centered on the upstream activities of the oil and gas sector, with a particular focus on exploration and production activities. Drawing from over four decades of extensive experience, the Group has solidified its position as a reliable partner, capable of delivering comprehensive solutions that contribute to the success and efficiency of exploration and production activities.

Our core business segments continue to be Power and Machinery ("P&M"), Oilfield Services ("OS"), and Integrated Corrosion Solution ("ICS"). The detailed performance write-up by segments is in the 'Segmental Performance' section of this report.

FINANCIAL INDICATORS

In FY2023, the Group achieved a revenue of RM792.0 million, a 13.5% or RM94.0 million increase from RM698.0 million a year ago, driven by the exceptional growth in the P&M segment, offsetting the decreased contribution from both the OS and ICS segments.

The Group's profit attributable to equity holders for FY2023 rose 8.6% or RM3.6 million to RM45.7 million from RM42.1 million previously, attributable to improved performance from the P&M segment, net gain on foreign exchange, fair value gain on forward foreign exchange contracts and lower other operating expenses incurred in the ICS segment.

At the same time, the contribution from the Group's joint venture engaged in the overhaul and repairs of gas turbines decreased marginally due to higher operating expenses incurred during the financial year.

Deleum reported RM4.6 million from the share of results of its associate, which was 13.2% or RM0.7 million lower than RM5.3 million a year ago, mainly attributable to the lower throughput achieved from its liquid mud and dry bulk businesses.

The P&M segment has consistently been the main revenue generator, and the Group is pleased with the exceptional growth it brought in this year. However, Deleum remains steadfast in its commitment to intensify efforts to further enhance contributions from the OS and ICS segments. This ongoing dedication reflects our determination to diversify revenue streams, ensuring a more resilient and well-balanced portfolio poised for sustained growth in the future.

LIQUIDITY AND CAPITAL RESOURCES

The Group recorded a positive cash inflow of RM78.8 million from its operating activities, which led to a strong cash balance of RM215.9 million as at 31 December 2023, comparing favourably to RM178.0 million recorded at the end of the previous year.

This financial strength gives us the flexibility and resources we need to pursue strategic initiatives, capitalise on emerging opportunities, and to further cement our market position.

GEARING RATIO

The Group's gearing ratio has reduced to 0.6%, in comparison to 2.2% in FY2022. This is upon the full repayment of its term loans and revolving credits during the financial year.

This strategic financial management demonstrates our commitment to maintaining a cautious and sustainable capital structure, thereby improving overall financial resilience and flexibility for future ventures.

Details of the borrowings and maturity profile of such borrowings are disclosed accordingly in the Financial Statements for FY2023.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any contingent liabilities or assets except for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts of RM35.5 million (FY2022: RM13.1 million).

CAPITAL MANAGEMENT

The Group's capital management goal is to optimise cash flow efficiency through the creation of a sound capital structure that enables us to fulfil the Group's operational expenses, as well as short and long-term financial obligations. Accordingly, the Group will balance capital requirements and return to shareholders to sustain our forward looking business activities.

CAPITAL COMMITMENTS AND FUNDING SOURCES

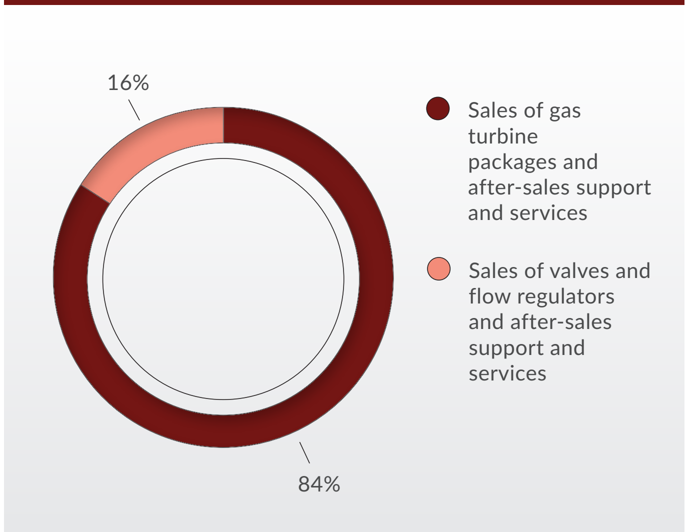
As at 31 December 2023, Deleum's total capital commitments authorised for property, plant and equipment stood at RM61.5 million (FY2022: RM24.1 million), of which RM7.1 million (FY2022: RM2.7 million) of capital commitments have been contracted for but not incurred.

The remaining capital commitments of RM53.5 million (FY2022: RM20.1 million) relate to capital expenditure that have been authorised but not contracted for and share of capital commitment of a joint venture of RM0.9 million (FY2022: RM1.3 million). The capital commitments that have been authorised and contracted for relate to general contractual requirements and the purchase of equipment for current operations.

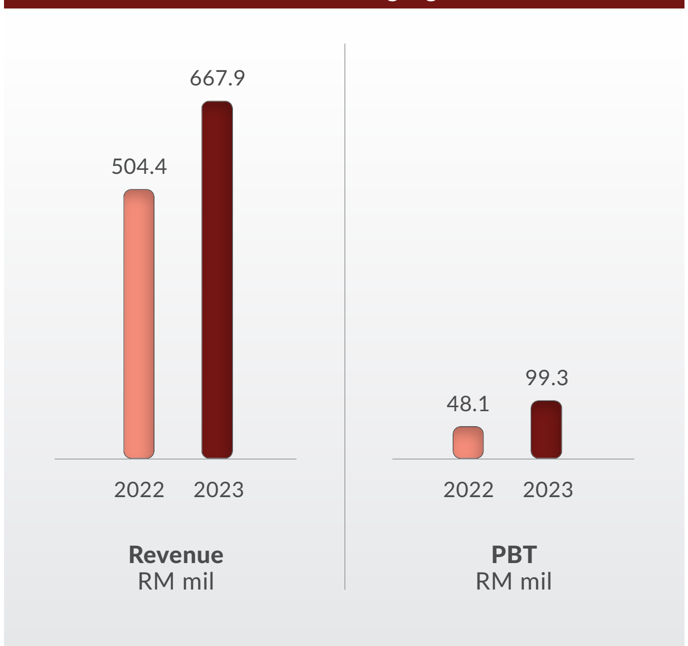
SEGMENTAL PERFORMANCE

Power and Machinery ("P&M")

FY2023 Revenue Breakdown



Performance Highlights



The P&M segment operates primarily via Deleum Services Sdn. Bhd. ("DSSB"), Turboservices Sdn. Bhd. ("TSSB"), and Penaga Dresser Sdn. Bhd. ("PDSB").

In FY2023, the P&M segment's revenue surged 32.4% or RM163.5 million to RM667.9 million from RM504.4 million previously. The significant increase was due to higher sales and volume of exchange engines delivered, higher revenue from the control and safety valves and flow regulators services, sales of turbine parts and repairs, and the contribution from its mechanical and processes projects.

Simultaneously, profit before tax ("PBT") rose 106.4% or RM51.2 million to RM99.3 million, compared to RM48.1 million a year ago in tandem with the higher revenue recorded. The segment also reported a foreign exchange gain and fair value gain on forward foreign currency exchange contracts.

DSSB, together with its technical partner, secured the Global Frame Agreement ("GFA") for a duration of 7+3 years in September 2023. Under the GFA, DSSB facilitated the procurement of 3 new units of Gas Turbines Generator and Compressors. During the year, DSSB also secured orders for 14 new units of Printed Circuit Heat Exchanger, as well as parts and service orders for various projects under Mechanical and Process unit within P&M segment.

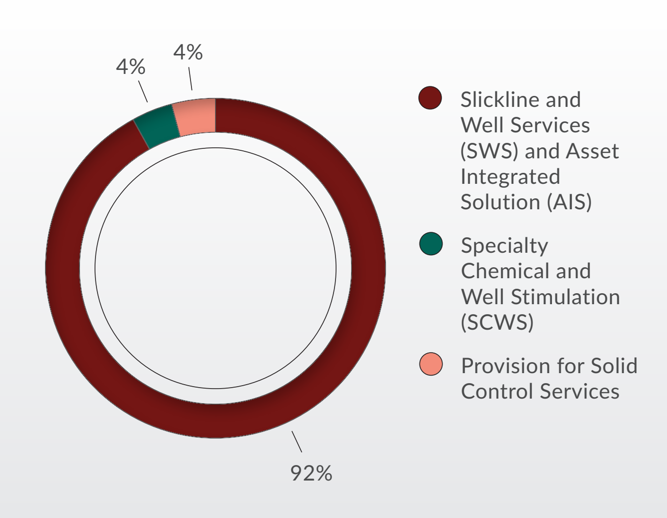
In December 2022, PDSB successfully secured a GFA spanning 7 years for Control Valves, broadening its range of services to encompass engineering, supply, installation, and commissioning services for diverse types of actuated valves manufactured by leading OEMs. This accomplishment highlights PDSB's integral contribution, as it was awarded purchase orders to supply control valves, pressure safety valves, and pressure regulators. PDSB's role in providing essential components underscores its commitment to excellence and reliability in contributing to the success of significant projects in the oil and gas industry.

PDSB also played a crucial role in the successful completion of the Kasawari Central Processing Platform ("CPP"). The CPP, constructed at MMHE Pasir Gudang yard, achieved a significant milestone with its sail away to offshore Sarawak on 9 August 2023.

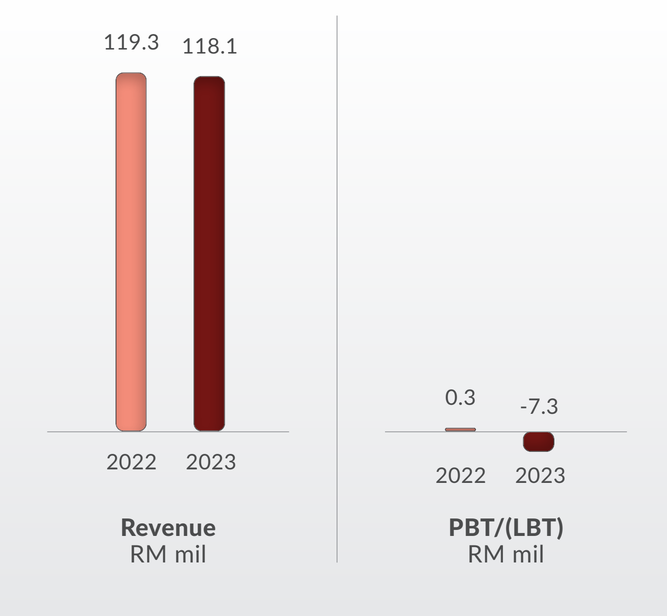
Deleum is confident that the P&M business will continue to grow in the current financial year with an order book amounting to RM322.5 million as at 31 December 2023.

Oilfield Services ("OS")

FY2023 Revenue Breakdown



Performance Highlights



The OS segment operates primarily via Deleum Oilfield Services Sdn. Bhd. ("DOSSB") and Deleum Chemicals Sdn. Bhd.

Revenue for the OS segment decreased 1.0% or RM1.2 million to RM118.1 million from RM119.3 million in the previous year due to lower activities from its slickline services for oil fields in West Malaysia contributed by a 3-month operations shutdown by a customer, and lower well intervention and enhancement services. This resulted in the OS segment making a loss before tax of RM7.3 million versus a profit before tax of RM0.3 million in the previous year.

Deleum's Slickline and Well Services ("SWS") unit continued to be Malaysia's primary provider of slickline packages, providing more than half of the country's total slickline demand in FY2023.

One of DOSSB's major contracts for the provision of slickline equipment and services, has been renewed for another four years during the first quarter of FY2023. This renewal not only solidifies our ongoing relationship with our valued customer but also ensures the continuity and stability of our operations.

Additionally, DOSSB has secured multiple contract extensions throughout the year, with duration between one to two years, from various oil majors. These extensions have been awarded by prominent oil and gas companies and encompass a range of services such as the provision of slickline equipment and services, as well as insert string equipment, accessories and services.

Aside from that, the Group's investment in solid control equipment in 2022 has begun to show favourable outcomes. We have secured coveted 5-year contracts for a new business line, the provision of solid control and waste management services, with an aggregate contract value of RM107.0 million. These contracts not only validate our investment strategy but also lay the foundation for growth and long-term success.

The Asset Integrated Solutions ("AIS") unit provides integrated services and solutions such as cased-hole logging, well intervention, drilling and completion, and subsurface engineering. The unit delivers integrated solutions to unlock the potential of reservoirs with insights to the well conditions for optimal reservoir management to enhance productivity and maximise well life span and performance.

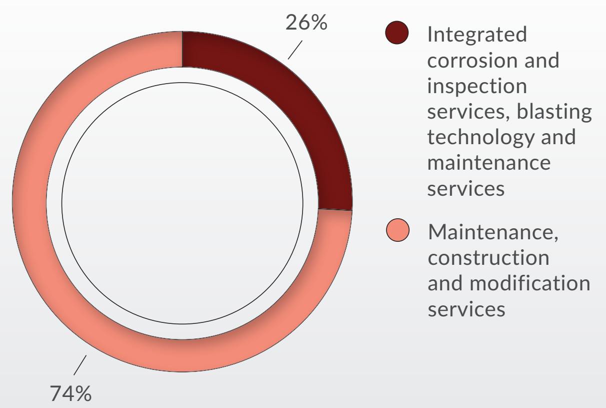
The Specialty Chemical and Well Stimulation ("SCWS") unit provides specialty chemicals and well stimulations services, offering all-inclusive chemical solutions for production enhancement, flow assurance, integrated pipeline cleaning, tank cleaning, well pumping services, well analysis and consultation. The Group's in-house research and development facility carries out the development of chemical solutions.

The successful completion of a sludge treatment pilot project stands as a testament to the quality of our products and services, as well as the competency and commitment of our team. This accomplishment aligns with our commitment to fostering a cleaner and healthier environment.

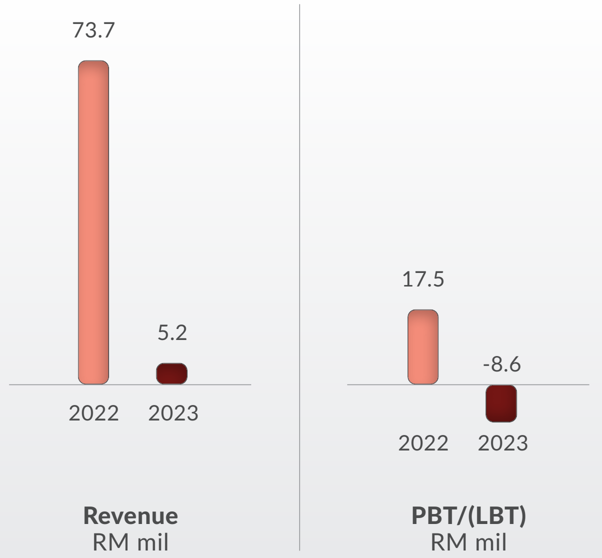
As at 31 December 2023, the OS segment has an orderbook balance of RM229.1 million, enabling earnings visibility until 2025. Meanwhile, the segment has tendered for contracts worth RM610.6 million as at 31 December 2023, indicating a positive outlook.

Integrated Corrosion Solution ("ICS")

FY2023 Revenue Breakdown



Performance Highlights



The ICS segment operates via Deleum Technology Solutions Sdn. Bhd. ("DTSSB").

It posted a lower revenue of RM5.2 million, a decrease by 92.9% or RM68.5 million from RM73.7 million in the previous year due to a decrease in maintenance jobs for its alternative blasting and painting business in Indonesia, as well as lesser activity levels for its Maintenance, Construction and Modification Services operations.

Consequently, the segment recorded a loss before tax of RM8.6 million versus a profit before tax of RM17.5 million a year ago.

DTSSB is proactively engaging in the tendering process for projects, such as maintenance, construction and modification services, alternative blasting and painting, as well as riser corrosion prevention system and maintenance.

As at 31 December 2023, the segment's order book and tender book stood at RM1.1 million and RM516.9 million respectively.

JOINT VENTURE AND ASSOCIATE COMPANY

Deleum has a joint venture ("JV") with Solar Turbines International Company, Turboservices Overhaul Sdn. Bhd., with Deleum holding 80.55% equity in the JV while Solar Turbines holding the remaining stake. The venture specialises in providing repair and overhaul capabilities for a wide range of Solar Turbines equipment in Malaysia.

Malaysian Mud and Chemicals Sdn. Bhd., a 32% owned associate company of the Group, is involved in the operations of bulking installation in Labuan, offering dry and liquid bulking services to offshore oil and gas companies.

RISKS STRATEGIES AND OPPORTUNITIES

At Deleum, we strive to achieve a balance between realising value creation opportunities and mitigating risks. Through a structured Enterprise Risk Management Framework, the key risks of the Group have been identified and assessed, with mitigating actions identified and monitored.

Our responses to address and mitigate these risks have been considered, with no specific order of priority, as follows:

	Potential Impact on Value	Mitigation Strategies and Opportunities
STRATEGIC Strategic risks stem from key decisions by the Board and Management, considering business goals and potential exposures like commodity price fluctuations, customer requirement changes, exchange rate exposures, ESG, and economic outlook.	• Strategic decisions influence revenue streams and profitability. • The Group could lose market share if competitors adopt superior strategies or if the Group fails to respond to market changes. • Changes in business strategies may result in increased costs or operational inefficiencies. • Poor strategic choices may lead to negative public perception, loss of customer trust, and a decline in brand value. • As environmental and social concerns become more critical, inability to address ESG issues may face backlash from investors, customers, and regulators, that may impact our value.	• To navigate the intricate business landscape and elevate performance organisation-wide, we adhere to the key focal points delineated in our strategic plan: ⊘ Diversification ⊘ Partnerships and collaboration ⊘ Geographic expansion ⊘ Innovation ⊘ Service quality ⊘ Integrity ⊘ Sustainability • Consistently analysing markets and macroeconomic factors, strategically navigating the business landscape to create and sustain a competitive edge, proactively exploring sustainability opportunities and contributing to the evolving landscape of sustainable business practices. • Striving to sustain a positive financial position to enhance resilience during challenging market conditions.

PROJECT AND OPERATIONS

Our business relies on the effectiveness of our processes, people, and systems to fulfil commitments to our customers. Balancing cost with the delivery of service excellence is an ongoing challenge we face.

Potential Impact on Value	Mitigation Strategies and Opportunities
• Quality issues such as customer dissatisfaction, rework issues and potential harm to the organisation's reputation. • Innovation challenges, including resistance to change and resource limitations, may hinder creativity, collaboration and alignment with long-term goals. • Project timeline and cost overruns may lead to contractual disputes, legal actions, and financial penalties.	• Managing costs and cash flow through close monitoring of operational expenses and working capital to meet scheduled commitments. • Sustaining close and transparent engagements with existing key principals, customers, and vendors aligning mutual business goals and maximising value. • Managing project and operational risks through risk assessments and contingency planning, ensuring business resilience and sustainability. • Prioritising operational excellence through streamlined processes and continuous improvement, ensuring efficiency, service quality, and innovation. This strengthens our ability to meet customer expectations while maintaining cost-effectiveness.

FINANCIAL

Our financial performance may be vulnerable to a decline in demand for assets and services, asset impairment, going concern risks, poor cash flows management, cost escalation and volatility in foreign exchange rates.

Potential Impact on Value	Mitigation Strategies and Opportunities
• Financial loss or fluctuation in the Group's earnings.	• Diversifying our products/services and aggressively pursuing potential projects to mitigate asset impairment. • Managing and monitoring foreign currency exchange exposures in line with the Board authorised hedging policy and procedures. • Undertaking stringent operational and administrative cost management, strict compliance with Credit Control policy, and continuous cost saving efforts to ensure business sustainability.

HEALTH AND SAFETY

The nature of our operations exposes people to a broad spectrum of health and safety incidents. Any adverse events could lead to regulatory action, operational disruptions, heightened costs, and reputational damage.

Potential Impact on Value

- Workplace accidents and health risks pose a potential threat, including injuries and fatalities.
- Financial loss may occur as a result of punitive actions stemming from non-compliance.
- May lead to legal consequences, including increased regulatory scrutiny, inspections, and audits.
- Gradual decline or deterioration of brand's value, reputation, or perception.

Mitigation Strategies and Opportunities

- Establishing a strong health and safety governance framework by consistently planning monitoring and reporting through the Health, Safety, and Environment ("HSE") Committee at the management level and the Board Risk Committee at the Board level.
- Reviewing HSE standard operating procedures and guidelines, incorporating relevant references from authorities and customers' requirements.
- We consistently monitor the implementation of safety and health procedures of our operations.
- Regular education and awareness campaigns via various activities (i.e. effective toolbox talk campaign, behavioural safety workshops conducted internally and externally by customers, etc.).
- Conducting periodic audits of HSE procedures and practices, performing drills and exercises, and implementing improvement initiatives to comply with requirements and standards by regulatory bodies and customers.

ENVIRONMENTAL AND CLIMATE CHANGE

The concerns surrounding environmental and climate change, a shift to low-carbon economy, and waste and water management, may pose potential risks that necessitate the adoption of innovative methods and technologies.

Potential Impact on Value

- May harm assets, disrupt supply chains, and prompt stricter government regulations.
- Legal consequences may include liabilities for environmental damage, pollution, or failure to comply with climate-related regulations.
- Higher financial costs, such as increased insurance premiums and costs to adopt low emissions technologies.
- Brand and reputation erosion may occur due to environmental issues and legal challenges.

Mitigation Strategies and Opportunities

- Pursuing energy efficiency and conservation as we strive to reduce greenhouse gas emissions.
- Conducting waste management activities by our certified Schedule Waste Competent Person, who is registered and recognised by the Department of Environment.
- Identifying, assessing, and monitoring climate-related change risks, integrating the risk management process and practice with enterprise and operational risk management.
- Enhancing business resilience by assisting customers to address climate change and environmental challenges such as GHG monitoring system and supporting the Carbon Capture Utilisation Storage project.
- Adopting industry best practices and adhering to established policies, guided by industry standards, to ensure compliance. We are accredited with Environmental Management System ISO 14001: 2015 certification, affirming our commitment to meeting legal and subscribed environmental requirements.

BUSINESS ETHICS COMPLIANCE AND REGULATORY

A myriad of risks associated with ethics, integrity, and regulatory compliance, each with the potential to have significant consequences on our reputation, legal standing, and overall business.

Potential Impact on Value	Mitigation Strategies and Opportunities
• May harm the Group's reputation, resulting in a loss of trust from customers, investors, and stakeholders, affecting relationships and long-term success. • A tarnished reputation makes investors wary, impacting stock prices and overall confidence in the Group's ability to deliver returns. • May strain relationships with partners, suppliers, and stakeholders, making it challenging to establish and maintain successful collaborations. • May affect employee morale and commitment, as employees may feel demotivated or disengaged.	• Remaining steadfast in the Group's commitment to the Anti Bribery Management System guided by the T.R.U.S.T Principles. • Adhering to applicable laws, policies, procedures, and guidelines endorsed by the Board, including the Code of Business Conduct, Anti-Bribery and Corruption Policy, and Gift, Hospitality, Donation & Sponsorship Procedure. • Ensuring compliance through our newly certified Anti-Bribery Management System ISO 37001:2016 and adhering to established policies guided by industry standards. • Cultivating integrity and a speak-up culture throughout the organisation through Group-wide initiatives and communication channels, such as the Whistleblowing Reporting Channel. • Conducting extensive audit, review and enhance its internal controls.

HUMAN CAPITAL

Human capital risks can significantly affect operations and overall business performance. Common challenges include the need for continuous upskilling and reskilling of our workforce, as well as difficulties in attracting, acquiring, and retaining the right talent to effectively meet the expectations of our stakeholders.

Potential Impact on Value	Mitigation Strategies and Opportunities
• Losing key talent or experiencing high employee turnover can disrupt operations, create knowledge gaps, and impede the Group's ability to effectively implement plans, impacting productivity, innovation, and customer relationships. • Without effective succession planning, the Group may face leadership gaps, hindering its ability to navigate leadership changes smoothly and impacting strategic decision-making and long-term sustainability. • A workforce without the right skills and competencies, and lacking diversity and inclusion may pose difficulty for the Group to foster creativity and innovation, hindering the adaptation to market changes and competitiveness. • Insufficient/inadequate training may lead to lower employee productivity, affecting the Group's overall operational efficiency and profitability.	• Building a future ready organisation and workforce, we pursue the realisation of our succession plan for critical positions within the Group to ensure a sustainable pipeline of qualified and competent talents are available. • Focusing on people management in the areas of multitasking, creativity, evolving mindsets, culture, and behaviour within the Group. • Benchmarking hiring activities against competitive industry practices. • Continuous training and development programmes to upskill and reskill our people by equipping them with new knowledge and skills. • In line with our shared values in providing equal opportunity to develop full potential, we are committed and adhere to applicable laws and our Equal Opportunity Policy.

	Potential Impact on Value	Mitigation Strategies and Opportunities
DIGITAL AND CYBER The threat landscape has evolved significantly over the past years as we accelerated digitalisation and automation of our systems and processes in line with the rapid evolution of technology.	• Prolonged business disruption beyond reasonable time and loss of vital data, information and documents. • Disruption to Group's business digital ecosystem and support for digitalisation initiatives. • Damaged brand, reputation, compromised trust with suppliers and customers, and market's competitive edge. • Exposure of sensitive personal data to the public leads to legal action and probability of identity theft.	• Enforcing strict adherence to policies such as the ICT Policy and Cybersecurity Policy. • Integrating an Enterprise Resource Planning ("ERP") system into our operations, digitally equipping our people and processes to ensure efficiency, integrity, and confidentiality of critical data and information. • Monitoring, upgrading, and strengthening cybersecurity controls throughout Group-wide's IT landscape. • Creating awareness via education and training to instill a digital-savvy culture among our people. • Conducting periodic self-assessments, including Data Recovery and Penetration testing to identify vulnerabilities and address any identified gaps.

BUSINESS FOCUS: BUILDING ON OUR STRENGTHS FOR A BRIGHTER TOMORROW

Deleum has consistently stood as a steadfast company, ensuring consistent returns for its shareholders. Looking ahead to FY2024, Deleum remains committed to fortify our foundation for a promising future. Our strategic vision revolves around leveraging our distinct advantages in people, capabilities, and assets to drive growth and deliver consistent returns for our shareholders.

Operational excellence is paramount to our success. We have undertaken reviews of our operational processes to improve, strengthen, and streamline standardised workflows. This ensures that we uphold quality standards and consistently deliver value to our customers.

With our ongoing focus on talent development and operational excellence, we anticipate progress and expansion for Deleum in FY2024. We firmly believe that investing in our workforce not only strengthens our core values but also ensures a sustainable trajectory towards achieving our objectives. Our focus on employee development ensures that our team is equipped with the skills and knowledge necessary to drive our business forward.

As part of our ongoing digitalisation journey, Deleum is implementing a new ERP system to enhance operational efficiency and support growth objectives. This cloud based solution will be integrated with other systems, streamlining data management and ensuring consistency. Overall, this initiative represents a significant step towards improving our operational agility and driving innovation across the organisation.

In our pursuit of expanding our product range and reaching new regions, our primary focus remains on identifying growth opportunities within the oil and gas sector that complement our existing offerings. This involves actively seeking for strategic alliances and collaborations with companies that share synergies capable of propelling Deleum's growth trajectory.

Our collaboration with a technology partner is poised to transform conventional slickline operations, introducing cost-effective solutions that enhance productivity and efficiency. Additionally, our partnership with LatConnect 60 promotes eMission60, a methane emissions monitoring solution leveraging satellite data analytics, enabling precise monitoring of emissions to support green environmental objectives.

These collaborations underscore our commitment to integrating innovative solutions while minimising environmental impact. We are enthusiastic about these partnerships as they reinforce our dedication to innovation and sustainability in the industry, contributing to a more sustainable future for the oil and gas industry.

Furthermore, we have recently initiated a due diligence exercise on a potential acquisition target in Indonesia, signifying our commitment to expanding our presence in this strategic market. This marks the initial step towards achieving our mission, and we are committed to leveraging this collaboration to capitalise on the opportunities presented by the Indonesian market.

We aim to leverage joint capabilities and experiences, fostering a mutually beneficial environment that accelerates innovation, expands market reach, and contributes to the overall success of the Group.

The Group is cognisant of the surplus cash held and we are resolute to channel it towards overall Group's growth including potential mergers and acquisitions. We will continue to be disciplined in capital spending and operational cash flows, as we support our business and invest to grow our products and services portfolio.

With the aforementioned strategies and initiatives in place, we express confidence in our ability to sustain competitiveness within the market and strengthen our position in the industry.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Introduction

Deleum Berhad ("Deleum" or "the Group") is committed in enhancing its Environmental, Economic, Social, and Governance ("EESG") disclosures by presenting this Sustainability Statement for FY2023.

For a more comprehensive understanding of Deleum's sustainability initiatives, it is advisable to read this Statement alongside with the Message from the Chairman, Management Discussion and Analysis, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Financial Statements included in this Annual Report.

This Statement pertains to Deleum's operations within Malaysia, specifically those where Deleum holds controlling interests or management control. This includes all subsidiaries and the joint venture entity, where applicable, but excludes associate company. The scope is confined to Deleum's core operational activities.

The information and performance data presented in this Statement have been derived and verified using internal sources. We continuously seek to improve our methodology and processes in data collection and performance tracking to address the inconsistencies or inaccuracies in earlier disclosure, and progressively close any gaps in our sustainability reporting in compliance with the applicable frameworks and standards.

This Statement also includes forward-looking statements regarding the Group's intentions, plans, targets and expectations. These statements are based on reasonable current assumptions and circumstances, which are subject to potential changes due to risks and uncertainties beyond our control.

Reporting Framework and Standards

This Sustainability Statement has been prepared in accordance with the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Sustainability Reporting Guide (3rd Edition).

Other frameworks and guidelines referenced in the preparation of this report include:

- United Nations Sustainable Development Goals ("UNSDGs")
- Task Force on Climate-Related Financial Disclosures ("TCFD")
- Global Reporting Initiative ("GRI") Standards
- FTSE Russell FTSE4Good Criteria

Reporting Period and Cycle

This Sustainability Statement encompasses data for FY2023, covering the period from 1 January to 31 December 2023. The Group has included relevant data spanning three years (2021-2023) where applicable. This approach enables the presentation of trendlines, offering insights into general performance trends for key material topics. This statement is made following the Board's approval on 25 March 2024.

Membership in Associations

We believe in strategic partnerships and associations with various industry players, keeping us at the forefront to support and promote emerging sustainability issues and practices.

American Malaysian Chamber of Commerce ("AMCHAM")	Facilitating business connections, trade, and investment between American and Malaysian companies, potentially offering networking and market expansion opportunities including for oil and gas services
CEO Action Network ("CAN")	Facilitating transformative leadership and collaboration among CEOs to address growing challenges in building ecosystem for business and sustainable development in Malaysia
Institute of Corporate Directors Malaysia ("ICDM")	Providing resources, education, influence, and networking opportunities to equip directors with the right skills and mindset of excellent corporate governance practices from government-linked companies, state-owned enterprises, statutory bodies and public entities
Malaysian International Chamber of Commerce and Industry ("MICCI")	Fostering international trade and investment opportunities for Malaysian businesses regarding the chamber, its services and activities
Malaysian Oil & Gas Services Council ("MOGSC")	Serving as a national independent Malaysian Oil, Gas and Energy Industry collective voice platform, elevating the members profile through smart partnerships among stakeholders, facilitating international players' investment in Malaysia and propagating networking opportunities among members
Society Of Petroleum Engineers ("SPE")	Providing technical expertise, professional development, and networking opportunities for individuals working in the petroleum upstream segment of the oil and gas industry
Malaysia Gas Association ("MGA")	Serving as a platform for collaboration, engagement and dialogues with key stakeholders to develop a sustainable gas industry by positioning natural gas as clean and efficient source of energy for Malaysian gas industry

Feedback

We welcome and encourage our stakeholders to provide constructive feedback pertaining to this Statement to the following contact:

Sonia Lim
General Manager, Corporate Compliance, Sustainability and Risk
DeleumSustainability@deleum.com

2023 SUSTAINABILITY SNAPSHOT

Economic:
Catalysing Prosperity

The Group reported total revenue of RM792.0 million for the financial year ended 31 December 2023, significantly increased by 13% as compared to previous year, and the Group's profit after tax and non-controlling interest grew by 9% to RM45.7 million

The Company **declared a total 5.70 sen dividend for the financial year ended 2023, amounting to RM22.9 million to its shareholders,** 9% higher than the total dividend declared for the previous financial year

A significant 86% of our suppliers are locally based, emphasising our commitment in supporting and engaging with local businesses

Environmental:
Protecting and Preserving Environment

A total of **75.2 cubic metres of rainwater has been successfully harvested** at our operational facilities

2.8 metric tonnes of recyclable waste diverted from disposal

Subscription of Green Electricity Tariff programme as part of supporting renewable energy initiative

Maintained zero spillage incidents and environmental penalties

Through collaboration with a local NGO in protecting biodiversity, we **conserved over 638 freshwater terrapins** and empowered 380 people through educational awareness

Social:
Helping People

Zero work-related fatalities and lost-time injuries, underscoring our commitment to ensuring a safe working environment

97% of our workforce are local Malaysians, 24% of our workforce primarily from Sabah and Sarawak

Our workforce, with 67% below 40 years old, reflects our commitment to a diverse and dynamic environment by blending experience with youthful energy

A total of **RM400,800 invested for community,** with 3,441 beneficiaries

We support anti-corruption awareness and educating youth through school events, in collaboration with the Malaysian Anti-Corruption Commission

We participated in the My Kasih programmes by investing in Love My Neighbourhood, Love My School, and the Turtle Conservation Society, benefiting children, animals, and others, showing our commitment to community and environmental well-being

Governance:
Embracing Good Governance

Zero number of incidents of corruption

Zero cost of fines, penalties, or settlements in relation to corruption

Zero complaints concerning customer data privacy and losses of customer data

Attained the ISO 37001:2016 Anti-Bribery Management System Certification for Deleum Berhad, Deleum Services Sdn. Bhd. and Deleum Technology Solutions Sdn. Bhd. on 27 January 2024. Successfully undergone the certification audit in FY2023, with a commitment to prevent bribery and corruption

Successfully conducted Integrity Awareness Events in collaboration with the Malaysian Anti-Corruption Commission, clients, and vendors, featuring the Corruption Free Pledges

ACKNOWLEDGEMENTS AND HONOURS

The Edge ESG Awards 2023

Accoladed with the Gold Award for the Energy Sector (Equities Category) at The Edge ESG Awards 2023 on 6 November 2023

The Edge Malaysia Centurion Club

Recognised and awarded the Highest Return on Equity Over Three Years in the Energy Sector by The Edge Malaysia Centurion Club on 4 September 2023

International Standards of Certification

- Certified for ISO37001:2016 Anti-Bribery Management System, showcasing our commitment to preventing corruption within the Group
- Certified for ISO9001:2015 Quality Management System, highlighting our commitment to efficient management practices
- Certified for ISO 14001:2015 Environmental Management System, underscoring our commitment to effective environmental management

FTSE4Good Bursa Malaysia Index

Retained as a constituent of the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index, while achieved a Four Stars Rating for both, positioning within the top 25% among public listed companies in FTSE Bursa Malaysia EMAS

CEO Action Network ("CAN")

Officially joined the CEO Action Network as a member, participating in Workstream #2: Capacity Building

MESSAGE FROM LEADERSHIP

In December 2023, the 28th Conference of the Parties COP28 established an unparalleled precedent for global climate action, embodying the world's inaugural commitment to phasing out fossil fuels by 2050. Deleum remains vigilant in navigating the evolving energy transition landscape, steadfastly integrating sustainability into our core business operations.

We have navigated through significant economic challenges, emerging as a robust player in our chosen endeavours. Our current position and strengths are the direct outcomes of a strategic decision guided by the wisdom of our senior leaders, propelling us to new heights today.

Our Sustainability Performance

The Group's robust track record and proficiency as an integrated solutions provider in the oil and gas industry continue to lay the groundwork for sustainable growth, bolstering each of our key core businesses. Our commitment to sustainability, guided by the principles of 'Catalysing Prosperity', 'Protecting and Preserving Environment', 'Helping People', and 'Embracing Good Governance', propels us towards our goal of becoming the reliable oil and gas service provider for customers and partners.

We are dedicated in upholding sustainable practices and ensuring data governance and accuracy in our business. We have initiated programmes aimed at uplifting and supporting local communities, underscoring our unwavering dedication to a long-term sustainability agenda. We are also pleased to announce our new certification for ISO 37001:2016 Anti-Bribery Management System during the year. Having successfully undergone an audit for compliance with required standards, our aim is to prevent bribery and corruption.

Today, sustainability is deeply embedded in the Group, and we take pride in celebrating the collective commitment that propels our sustainability milestones forward. For a more in-depth look into our ongoing sustainability initiatives and performance, we invite readers to explore our Sustainability Statement in the following sections.

Our Commitment

Our commitment to upholding the highest standards in environmental protection and quality has been recognised through prestigious awards and international certifications. We are particularly proud to have received the Gold Award in the Energy sector, Equities category, at The Edge ESG Awards 2023, held on 6 November 2023. This accolade underscores our unwavering dedication to excellence in Economic, Environmental, Social, and Governance practices.

Deleum has consistently maintained its position in the top 25 percentile among FBM EMAS PLCs, earning a 4-star rating in the

"By fostering positive change and leading sustainability initiatives across our business segments, we recognise that our most valuable asset—our people—will serve as the primary catalyst for propelling the Group to new heights."

FTSE4Good Index Series. The upward trajectory in our rating and ranking can be attributed primarily to advancements in labour standards, social supply chain, and customer responsibility, showcasing our ongoing commitment to strengthening our ESG initiatives.

Furthermore, we are a member of the CEO Action Network under Workstream #2: Capacity Building which adds another layer to our commitment to fostering positive change and development in the corporate landscape.

Outlook

In our endeavour to strengthen our existing business, it is essential to capitalise on market opportunities through cross and upselling across diverse segments. Simultaneously, the identification of future growth catalysts is crucial for ensuring sustainable profitability. Deleum strategically positions itself to enhance its order book, expand geographical reach, and drive technological innovation, thereby fortifying its competitiveness.

Anticipating new challenges in regulations and sustainability requirements, we are committed to aligning the disclosures of the Group's data and targets to ensure compliance with all reporting requirements and global ESG standards. Additionally, we reaffirm our commitment in improving data governance and accuracy, recognising the pivotal role of reliable information in navigating market dynamics and making well-informed decisions.

Our steadfast commitment extends to the reduction of greenhouse gas ("GHG") emissions, contributing to a sustainable future. Additionally, we seek to strengthen our climate action initiatives and consider investments in low-carbon technology and renewables to align with our sustainable objectives.

Acknowledgements

Our steadfast commitment to sustainability has garnered significant momentum, and we are grateful for the numerous accolades that affirm our progress along the right path. Deleum is poised to augment stakeholder value while reducing our environmental impact, harmonising our operations with globally recognised social and environmental standards.

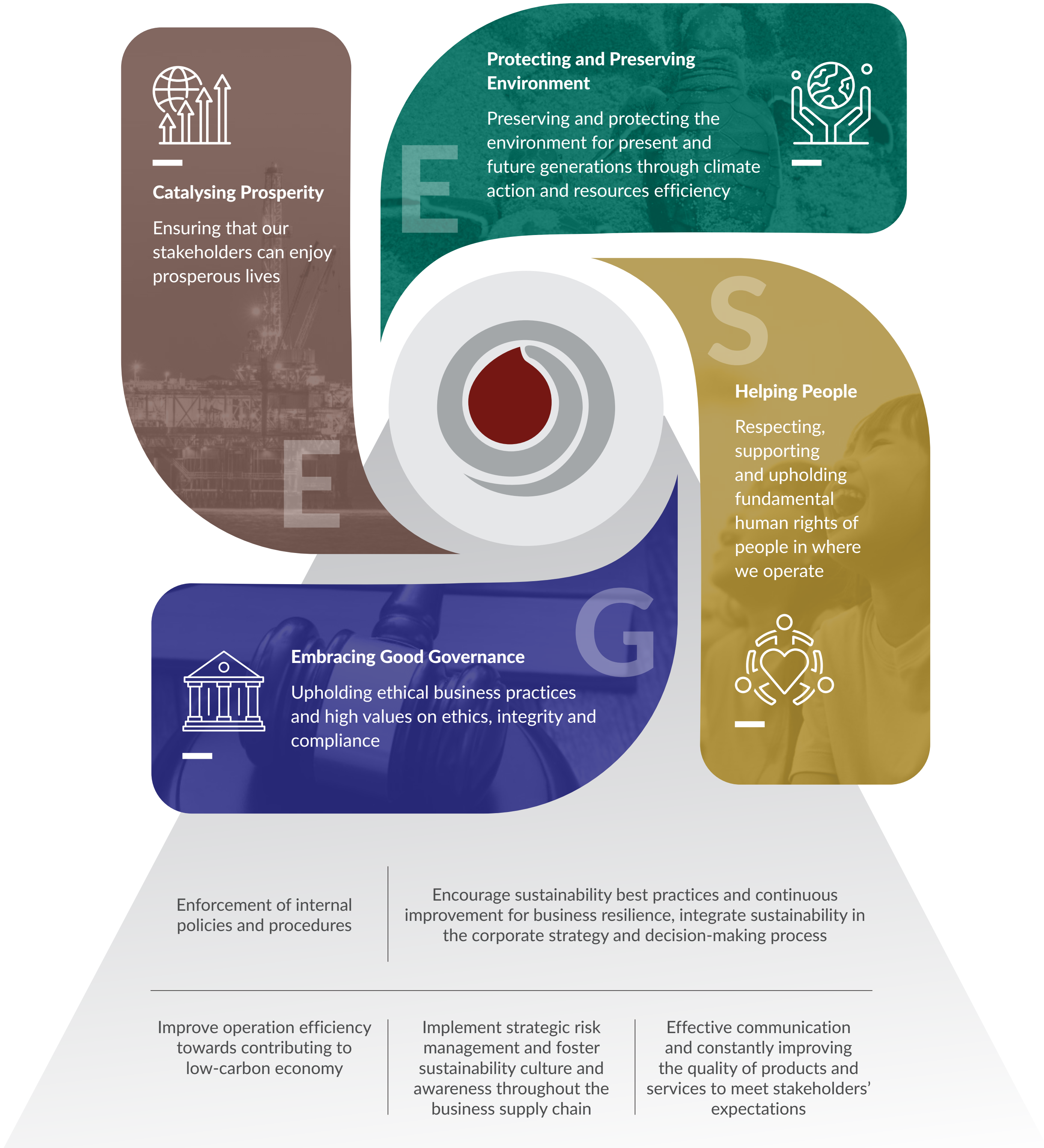
By fostering positive change and leading sustainability initiatives across our business segments, we recognise that our most valuable asset - our people - will serve as the primary catalyst for propelling the Group to new heights.

Ramanrao bin Abdullah
Group Chief Executive Officer

SUSTAINABILITY SYNERGY AT DELEUM

Our Sustainability Commitments

Our sustainability commitments are underpinned by EESG pillars:

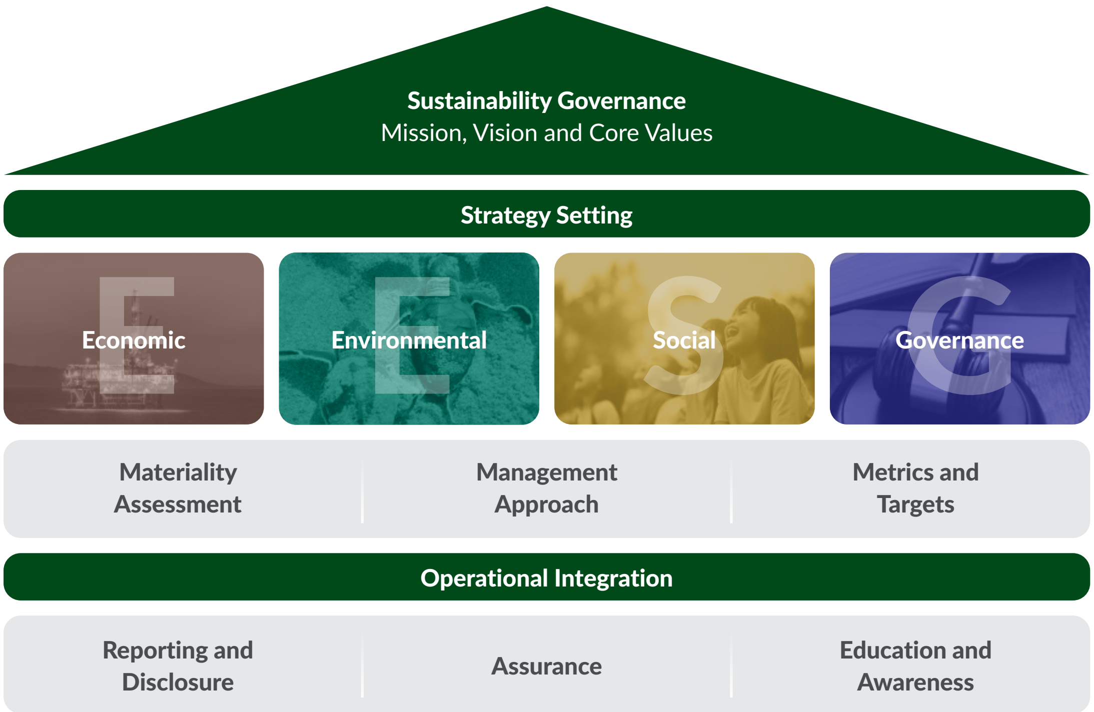


For more information on our Sustainability Policy, please visit our corporate website at www.deleum.com.

Our Sustainability Framework

Our Sustainability Framework serves as a guide for infusing sustainability principles and practices across the Group. It lays the foundation and organisational structure for embedding sustainability into our business strategies and operations.

To ensure the consistent adoption of best practices in managing sustainability performance, we integrate sustainability elements across our mission, vision, and core values as outlined in our Sustainability Framework below:



Our Sustainability Governance Structure

Our sustainability governance structure follows a top-down approach, encompassing sustainability, climate issues, compliance, and risk governance. All of our sustainability progress is reported quarterly to the Management Compliance and Risk Committee ("MCRC"), the Board Risk Committee ("BRC"), and the Board of Directors.

The Board of Directors holds the ultimate responsibility for determining Deleum's strategic direction in sustainability. This responsibility is supported by the respective Board Committees through delegation, and they stay informed about sustainability and climate-related matters through the quarterly meetings and training programme.

To enhance our governance structure, key performance indicators ("KPIs") are incorporated into key senior management's performance measures for FY2023. This periodic assessment aims to strengthen competencies and links the KPIs to their annual performance evaluations. It involves aligning performance indicators with climate change and ESG performance, encompassing oversight of sustainability risks and initiatives.

The MCRC, led by our Group Chief Executive Officer and inclusive of C-suite executives and senior management, plays a pivotal role in assisting the Board in strategically managing our significant sustainability and climate risk matters.

To streamline the overall sustainability management framework, we established a dedicated sustainability unit within the Corporate Compliance, Sustainability and Risk ("CCSR") department to lead sustainability strategies and to oversee the day-to-day implementation, including conducting the materiality assessment process.

Our sustainability governance structure is outlined as follows:

Board of Directors ("Board")

Oversees the inculcation of a strong sustainability culture, addressing economic, environmental, social, and governance topics, including issues related to climate change.

For more details on our Board members, please refer to Profiles of Directors from page 7 to 10 in this Annual Report and visit our corporate website at www.deleum.com.

Board Risk Committee ("BRC")

- Provides leadership guidance on Deleum's risk profile, controls, targets and initiatives, policies, risk assessment process and results as delegated by the Board.
- Ensures the integration of sustainability strategies, priorities, goals, targets, and initiatives, including matters relating to climate change related risks within Deleum's Enterprise Risk Management ("ERM") Framework.
- Oversees and monitors Deleum's sustainability performance against targets.
- The committee is chaired by an Independent Non-Executive Director, responsible for addressing climate change risks and opportunities, and other EESG related matters.

Audit Committee ("AC")

- Reviews the adequacy of the Group's internal controls systems and processes.
- Oversees the conduct of assurance activities pertaining to the Group's sustainability internal reporting processes.
- The committee is chaired by an Independent Non-Executive Director

Joint Remuneration and Nomination Committee

- Reviews the annual evaluation of the Board and performance evaluation of key senior management based on agreed sustainability linked KPIs.
- The committee is chaired by a Senior Independent Non-Executive Director

Group Chief Executive Officer ("GCEO")

- Chairman of MCRC.
- Responsible for the overall implementation of sustainability strategies, priorities, goals, targets, and initiatives, including matters related to climate change.

Management Compliance and Risk Committee ("MCRC")

- A management-level sustainability committee responsible for the overall implementation of sustainability strategies, priorities, goals, targets, and initiatives, including matters relating to climate change.
- Assesses sustainability risks, including those relating to climate change.
- Oversees Working Group in ensuring timely and active sustainability management progress.
- Head of CCSR serves as the Secretariat for MCRC.

Quarterly Reporting

CCSR Department

- Coordinates with and provides support to BRC, MCRC and Working Group on management of material matters.
- Coordinates and provides support to Working Group in day-to-day implementations and data consolidation.
- Consolidates sustainability report and data from the Working Group for the Steering Committee.
- Undertakes materiality assessment process, external assurance exercise and ESG rating monitoring.

Quarterly Reporting

Business Units and Corporate Resources Functions ("Working Group")

- Working Group is led by the Head, supported by their respective sustainability champion.
- Develops plans and timelines for initiatives.
- Manages the implementation of sustainability strategies, priorities, goals, targets, and initiatives, including climate change-related matters.
- Reports on sustainability performance against its targets.
- The key role of sustainability champion is to implement and propagate sustainability good practices within their respective business units and corporate resources functions.

Our EESG-Linked Policies and Procedures

We have developed a set of comprehensive policies to address the EESG material topics. Our key policies consist of:

- Dividend Policy
- Quality Policy
- Group Procurement Policy
- Climate Change Policy
- Environmental Policy
- Enterprise Risk Management Framework and Policy
- Health, Safety and Environment ("HSE") Policy
- Sustainability Framework and Policy
- Promotion Policy
- Policy Statement on Human Rights and Labour Standards
- Learning and Development Policy
- Anti Bribery Management System Manual
- Anti-Bribery and Corruption Policy
- Code of Business Conduct
- Cybersecurity Policy
- Personal Data Policy
- Whistleblowing Policy and Procedure

Integrating EESG into Enterprise Risk Management ("ERM")

Recognising the critical role of sustainability and ethical principles in evaluating and addressing risks that could impact the long-term sustainability and reputation of the Group, we maintain an ERM framework in accordance with the guidelines of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").

Our ERM framework encompasses sustainability and climate-related risks alongside corporate strategy, financial, human capital, health and safety, cybersecurity, technology, and operational risks. These risks are diligently overseen by designated risk owners, ensuring alignment with our risk tolerance thresholds. Further scrutiny and deliberation occur at both MCRC and BRC levels. To ensure accountability and the implementation of proactive mitigation strategies, BRC convenes quarterly to evaluate the effectiveness of our management of sustainability and climate-related risks.

In FY2023, we undertook several proactive measures to integrate sustainability into our risk management framework and practices, including:

- Holding a mandatory organised meeting with a unified committee under MCRC and BRC overseeing sustainability, risk, and compliance governance to support the sustainability agenda and ensure seamless reporting.
- Conducting a sustainability gap assessment and internal audit of the sustainability reporting process.
- Evaluating sustainability risks, including climate change impact assessment, human rights and labour standards risk assessment, carbon emissions, talent succession management, anti-bribery and corruption, cyber information security, and health and safety.
- Consolidating, aggregating and incorporating sustainability risks into a comprehensive enterprise-wide risk heat map. MCRC, BRC, and the Board review and assess the risk heat map on a quarterly basis.
- Initiating regular internal sustainability progress reporting for deliberation by MCRC and BRC. Establishing centralised data collection for sustainability indicators.

At Deleum, we proactively identify, analyse, and manage risks that materially impact our value creation abilities, including sustainability related risks and opportunities. To provide an overview, we have mapped the material matters to their corresponding risks and opportunities as follows:

Material Matters	Risks	Opportunities
Economic		
Strategy and Financial Resilience	• The Group financial performance and strength directly impact both business continuity and investment opportunities.	• Sustainable financial performance attracts investors and delivers long-term value for all stakeholders.
Good Procurement Practices	• To maintain operational continuity, suppliers and contractors must align with Deleum's ethical principles and safety culture.	• Establishing procurement governance not only attracts but also retains credible and skilled suppliers and contractors.
Customer and Product Responsibility	• Striving to exceed customer's expectations can boost their trust and loyalty, leading to increased business opportunities and revenue growth. However, failing to meet these expectations may pose a risk to revenue growth.	• Regular customer engagements facilitate continuous improvement to meet customer's expectations.
Environmental		
Climate Change and Emissions	• Complying with current and upcoming climate regulations ensures financial compliance and positively impacts the environment. • Despite climate adaptation and mitigation efforts aiming to protect our assets and ensuring financial stability, potential risks may still pose threats to business operations.	• Capitalise on the rising demand for low-carbon products and services. • Effective mitigation efforts and adaptation of strategies to ensure business continuity.
Pollution and Resources	• Adhering to waste management regulations is imperative for sustaining favourable relations with authorities and activists, thereby demonstrating a steadfast commitment to environmental responsibility. • Unforeseen challenges such as evolving regulations or climate-related issues can pose significant risks. It's imperative to continuously monitor and adapt strategies to ensure sustainable success.	• Effective water management to reduce operating expenditure and promote water conservation practices. • Reducing waste and improving resource efficiency can save operational costs.
Biodiversity	• Inadequate consideration of biodiversity in our operations poses potential for environmental harm, regulatory penalties, and reputational damage.	• Participating in corporate social responsibility events for biodiversity conservation to show our commitment to the environment and contribute to protecting biodiversity.

Material Matters	Risks	Opportunities
Social		
Fair Employment and Human Rights	• Employment practices that discriminate can harm a company's reputation and employee morale. • Violations of human rights practices result in regulatory penalties, negatively impact employees' retention and culture, and harm the overall reputation of the organisation.	• A work culture that is inclusive, diverse, and empowering not only attracts talent but also brings a variety of perspectives, enhancing the overall quality of decision-making. • Human rights practices strengthen Deleum's reputation as a responsible employer.
Talent Management	• Disengaged and under skilled employees may lead to lower productivity. • Less appealing benefits and pay can affect employee motivation.	• Developing talents, providing competitive benefits, and fostering a high-performance culture will enable us to attract and retain industry talent.
Health and Safety	• Safe workplaces prevent accidents, injuries, legal penalties, and damage to the Group's reputation, ensuring ongoing productivity.	• A safety culture and a positive working environment will enhance employee well-being and productivity, while also preserving Deleum's reputation.
Community Outreach	• Business activities that negatively impact communities affect social licence to operate.	• Regular engagements through community impact programmes strengthen our relationship with local communities.
Governance		
Corporate Governance	• Non-compliance with corporate governance standards may raise ethical concerns, reduce transparency, and damage our reputation, posing a risk to our business.	• Comply with Malaysian Code of Corporate Governance to promote ethical conduct, transparency, and accountability in our business.
Anti-Corruption	• Embracing strong corporate governance practices is crucial for maintaining a positive reputation and enhancing the overall image of the Group.	• Implementing effective corporate governance practices serves to bolster the Group's reputation as a trustworthy entity among stakeholders.
Cyber and Information Security	• Cyber threats including breaches of employees' and customers' data may lead to regulatory consequences, loss of trust and reputational harm.	• Enhancing our cybersecurity measures.

For a more comprehensive insight into Deleum's risk management methodology and practices, please refer to the Statement on Risk Management and Internal Control in this Annual Report.

Assessing Materiality

Our assessment of material topics involves conducting materiality assessments in accordance with guidelines outlined in our Sustainability Framework and ERM Framework. Additionally, we made reference to and/or reporting standards such as Bursa Malaysia's Sustainability Reporting Guide, UNSDGs, TCFD, GRI Standards, and FTSE Russell FTSE4Good Criteria to ensure thoroughness and alignment with industry best practices.

In FY2022, we embarked on enhancing our materiality assessment process. Moving forward, our objective is to continually update our materiality assessment, prioritising enhanced stakeholder engagement to ensure a more robust outcome.

Materiality Matrix

The matrix presented below showcases the findings of our materiality assessment, highlighting the significance of each sustainability concern from the perspectives of both Deleum and our stakeholders' expectation, challenges, risks and opportunities in the near future.

Phase 1:
Identification

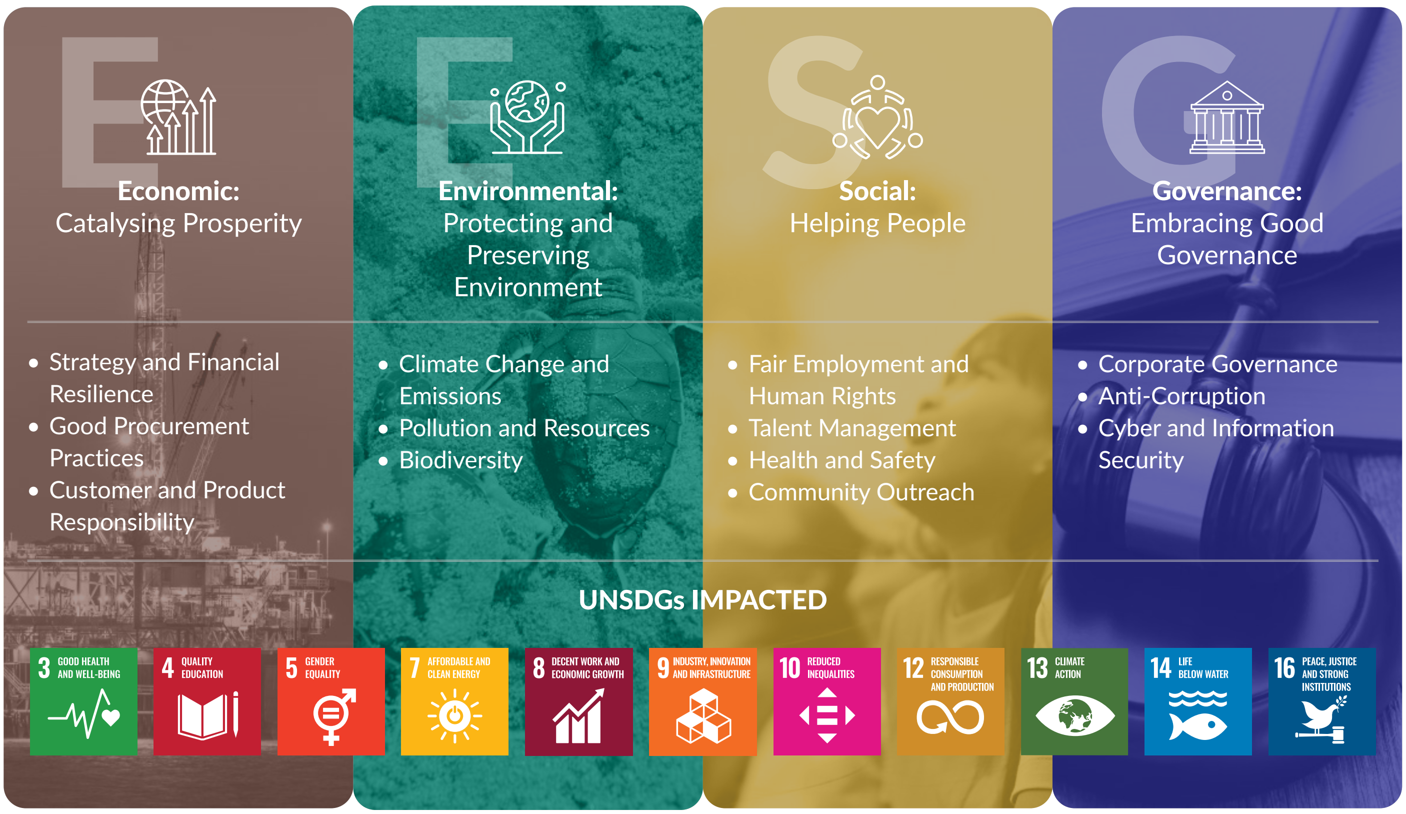
- Comprehend the objective and context.
- Identify key stakeholders and comprehend their needs and expectations.

Phase 2:
Prioritisation

- Apply materiality concept and undertake stakeholder engagement for prioritisation.
- Disclose prioritised material sustainability matters.

Phase 3:
Review and Validation

- Review and validate the outcome of the materiality assessment.
- Continuous assessment and review.



Our Stakeholder Engagement

We view our stakeholders as those affected by our decisions, and we engage with them through regular dialogues to understand their expectations.

These engagements help to align our business priorities with their needs, delivering long-term value. We link stakeholders' concerns to our sustainability matters, identifying associated risks and opportunities.

P Periodically R As Required D Daily W Weekly M Monthly Q Quarterly B Bi-annually A Annually

Stakeholder Group	Engagement Channel	Key Concern	Our Response	Frequency
Employees	• Awareness sessions • Departmental meetings • Employee engagement • Internal communication • Regular meetings • Speak-Up and Listen-Up Programme • Town hall meetings	• Anti-bribery and corruption • Employer-employee engagement culture and alignment • Employee wellbeing and mental health • Human rights • Health, safety, and environment ("HSE") • Succession planning • Retention of key talents • Work-life balance	• Annual dinner • Depression Anxiety Stress Scales practices • Employee appreciation programmes such as long service awards, most valuable person • Festive celebrations • Flexible working arrangements • Implement initiatives on employees' well-being • Propagate health and safety awareness • Provide a safe working environment for our employees • Social, sport and recreational events through Deleum Sports and Recreational Club • Succession planning management	P R D W M Q A
Customers	• Company website • Customer satisfaction • Day-to-day interactions • Feedback management system • Forums • Industry conference and networking events • Regular meetings • Site visits	• Anti-bribery and corruption • Company performance • Continuous value creation • Ethical business • GHG emissions data management • HSE • Product pricing and credit terms • Product quality and delivery	• Attend conferences on sustainability and industry topics, including renewable energy • Engage in discussion with customers to address any concerns • Offer value added services • Hold sessions on anti-bribery and corruption awareness • Hold sessions with customers on the GHG emissions data management (including engagement with Bursa Malaysia) • Provide a reliable supply of equipment and labour • Work with business partners for competitive products/services	P R D W M Q B A

Stakeholder Group	Engagement Channel	Key Concern	Our Response	Frequency
Partners and Principals	• Conferences and forums • Day-to-day interactions • Regular meetings • Site visits • Strategic dialogues	• Anti-bribery and corruption • Company performance • Continuous value creation • Ethical business practices • HSE • Human rights	• Closely monitor and build upon partnership benefits • Conduct assessments • Conduct anti-bribery and corruption sharing sessions • Implement stringent policies • Strengthen partnership benefits	P R D M Q
Suppliers and Contractors	• Day-to-day interactions • Dialogues • Regular meetings • Site visits • Supplier performance reviews • Workshops and training sessions	• Anti-bribery and corruption • Business performance • Continuous value creation • Ethical business practices • HSE • Product pricing and credit terms	• Business performance, planning and other commercial matters • Conduct anti-bribery and corruption sharing sessions • Provide grievance mechanisms for suppliers • Strengthen good HSE standard and practices in our procurement process	P R W D M Q A
Shareholders and Investors	• Analyst briefings • Announcements via Bursa Malaysia • Annual reports • Annual general meeting • Company website • Meetings and conferences • Press releases	• Corporate governance and business ethics • Operational, commercial and financial performance • Progress and deliverables of growth initiatives • Sustainable value creation	• Access to the Board members during General Meetings • Strengthen communication frequency and improve on content of communication materials • Timely disclosures according to Bursa Malaysia's Main Market Listing Requirements	R Q B A
Financial Institutions	• Engagement sessions • Regular meetings	• Growth project progress and deliverables • Operational, commercial and financial performance	• Engage with relevant financial institutions with common sustainability objectives	P R
Local Communities	• Community engagement sessions • Company website • Corporate social responsibility events	• Anti-bribery and corruption • Safety of our operations • Quality of land, air and water surrounding our operational bases	• Anti-bribery and corruption awareness programmes • Invest in community development programmes	P R A
Government and Regulators	• Company website • Engagement sessions • Regular meetings	• Anti-bribery and corruption • Compliance and regulations • Ethical business practices • HSE	• Anti-bribery and corruption awareness and training • Collaborate with relevant agencies with common objectives • Keep abreast of any changes of laws and regulations • Strengthen transparent communication with relevant bodies	P R A

Economic:
Catalysing Prosperity

STRATEGY AND FINANCIAL RESILIENCE

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Why It Matters

A strong financial and business performance is essential for creating diverse and long-term economic value for our stakeholders. It will enable us to generate healthy returns for our shareholders, repay financiers and fulfil tax obligations that support socioeconomic factors like job creation and infrastructure development, and contribute through donations and support to the community.

Our Approach

We acknowledge the tangible economic benefits that arise from our actions, recognising their multifaceted impact on various stakeholders and sectors of our community. By delineating these impacts, we shed light on the intricate web of economic value that our endeavours generate:

01. Value delivered to shareholders

02. Value offered through its products and services to the nation

03. Competitive salaries and benefits offered to employees

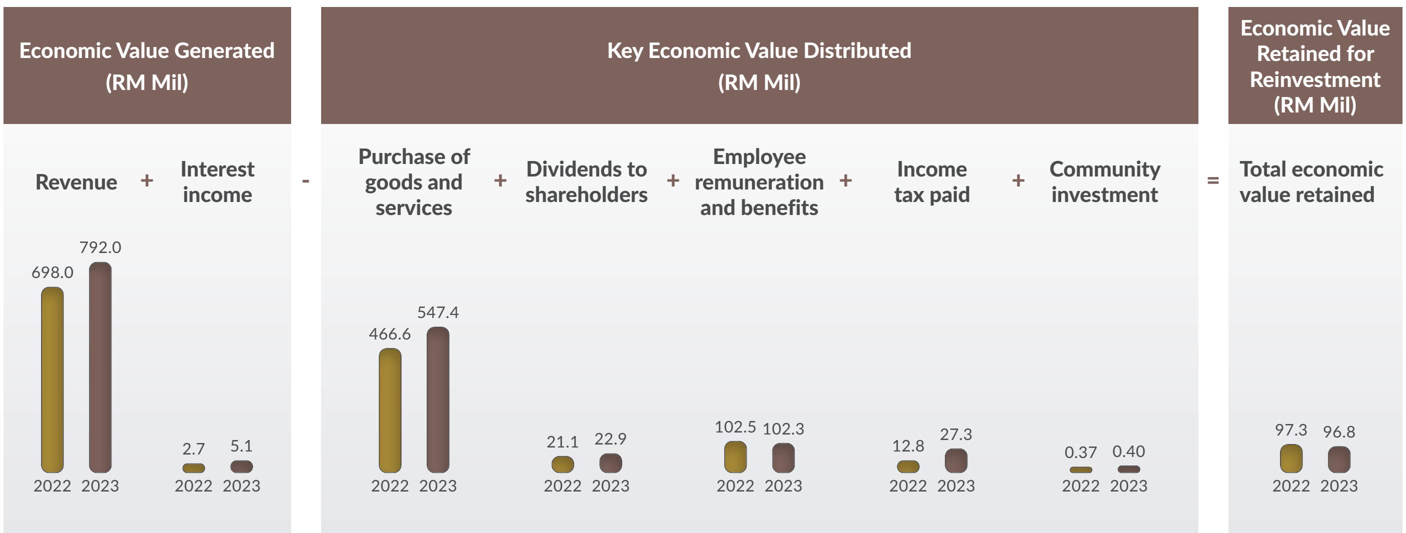
04. Fulfilment of obligations to suppliers and financiers

05. Investment benefits to local communities

06. Meeting customers' needs

Our Performance

Our Group's economic activities generate consistent returns for shareholders, provide fair opportunities for vendors and subcontractors, offer employees competitive remuneration and benefits, contribute to the betterment of society by fulfilling our tax obligations and the welfare of the broader community through responsible business practices.



Refer to page 15 in this Annual Report for the details of financial performance under the Management Discussion and Analysis section.

GOOD PROCUREMENT PRACTICES

Why It Matters

We are committed to responsible procurement practices by integrating sustainability into our procurement process. We strongly support local businesses and aim to foster economic growth in the communities where we operate.

Our Approach

Our procurement practices are governed by the COBC and Group Procurement Policy and Procedure. These guidelines ensure that our suppliers' adherence to Deleum's ethical business standards, which include a commitment to zero corruption, minimising environmental impacts, and safeguarding the rights of employees and casual workers.

In FY2023, Group Procurement has initiated the integration of environmental considerations into the vendor assessment questionnaire for both new registrations and renewals. This represents our first step towards fostering a sustainable transition in our supply chain.

Supplier Assessment Criteria

- Safety and Health
- Prices
- Delivery
- Environment
- Services
- Quality

To keep our employees updated with the latest procurement process, we conducted a procurement awareness programme as refresher to educate our employees on our latest procurement governance and processes.

Our Performance

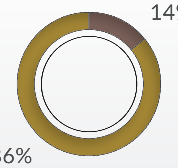
Our suppliers consist of distributors and contractors for sourcing of tools and equipment, chemicals and lubricants, labour, spare parts, and services materials among others. We continued our support for local suppliers for values they bring such as lower environmental impact in terms of emission from transportation and the opportunities created for local businesses.

Even though 86% of our suppliers are local based, we maintained around 14% of foreign suppliers to provide materials that are limited or unavailable in the country. Our spending on foreign suppliers is higher given it involves procurement of specialised products and services from abroad coupled with the impact of foreign currency exchange rates.

Total procurement spending in FY2023

RM 711.3 mil

Past spending:
FY2022: **RM513.6 mil**
FY2021: **RM404.9 mil**



Local:
RM99.5 mil (14%)

Past spending:
FY2022: **RM83.9 mil (16%)**
FY2021: **RM69.5 mil (17%)**

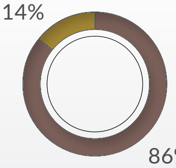
Foreign:
RM611.8 mil (86%)

Past spending:
FY2022: **RM429.7 mil (84%)**
FY2021: **RM335.4 mil (83%)**

Total number of suppliers in FY2023

600 suppliers

Total suppliers:
FY2022: **653**
FY2021: **647**



Local:
516 (86%)

Total suppliers:
FY2022: **574 (88%)**
FY2021: **579 (89%)**

Foreign:
84 (14%)

Total suppliers:
FY2022: **79 (12%)**
FY2021: **68 (11%)**

Note: The figures for total procurement spent and total number of suppliers for FY2021 and FY2022 have been restated to align with the methodology adopted in FY2023. The restated total number of suppliers is 7% and 9% higher for FY2021 and FY2022, respectively. On the other hand, the restated total procurement spent is 0.1% and 6% higher for FY2021 and FY2022, respectively, with the exclusion of inter-company transactions and the inclusion of a subsidiary.

Refer to our Performance Data Table for full disclosure from page 71 to 78.

CUSTOMER SERVICE AND PRODUCT RESPONSIBILITY

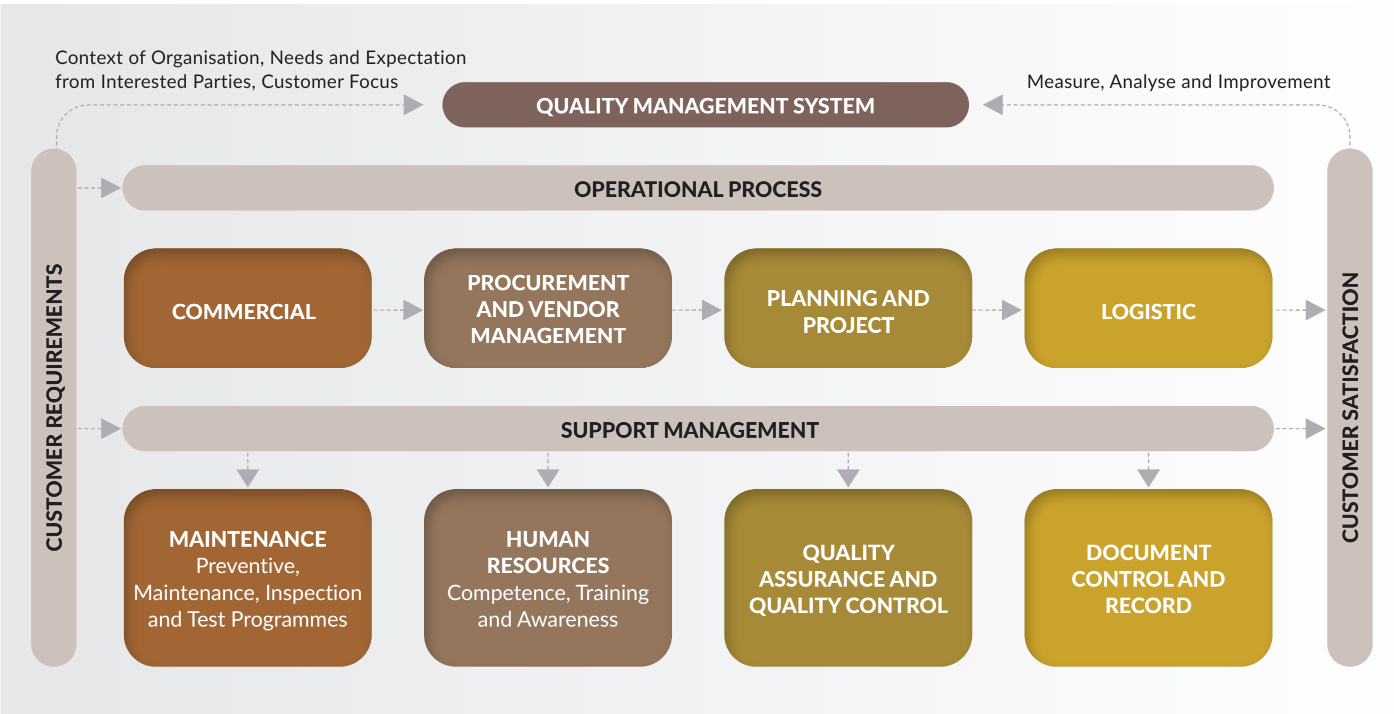
Why It Matters

As an oil and gas service provider, ensuring customer satisfaction through excellent customer service and delivering high-quality products are crucial for cultivating brand loyalty and trust. In Deleum, the accountability for ensuring customer satisfaction and maintaining service quality lies within the purview of individual business units.

Our Approach

Our business units are committed to maintaining high-performance standards through regular monitoring and reporting activities, including adherence to health, safety and environmental standards. This commitment is supported by our Quality Policy, which emphasises our dedication to:

- Elevating customer satisfaction through continuous enhancements in our quality management processes.
- Routinely assessing and refining our quality management system to adhere to global standards and meet customer demands.
- Adherence to quality management protocols by both leadership and staff.
- Facilitating communication throughout our organisation and with key stakeholders, ensuring transparency and effectiveness in our operations.



Environmental:
Protecting and Preserving Environment

CLIMATE CHANGE AND EMISSIONS

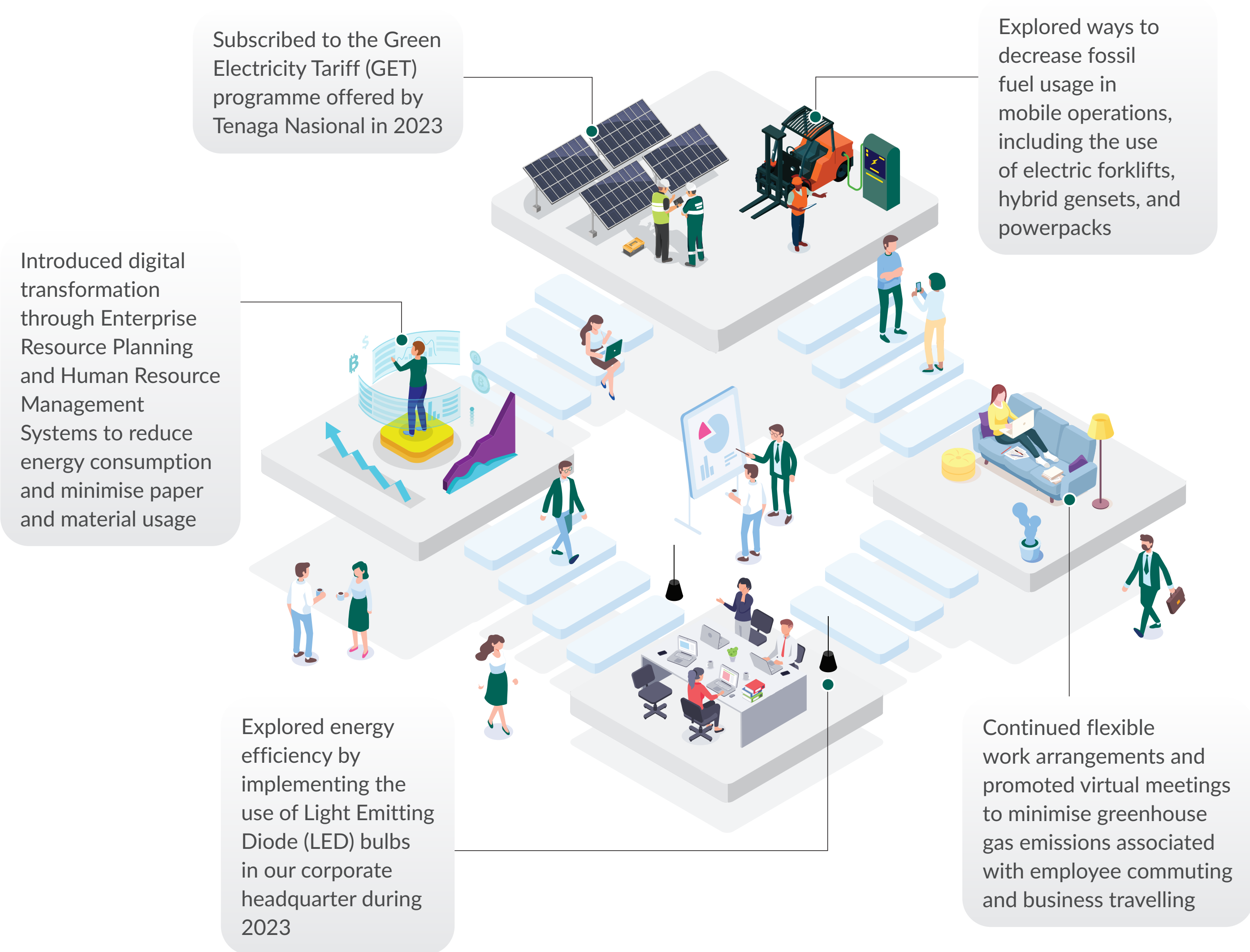
7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

Why It Matters

We acknowledge climate change as a pressing global issue, and its significant impact in shaping the future of our environment, economy, and society. Therefore, we are committed to gradually reducing our greenhouse gas ("GHG") emissions and minimising non-renewable energy consumption. Additionally, we are committed to incorporating innovative approaches into our operations.

Our Approach

Our dedication to reduce GHG emissions and energy consumption is firmly established within our Sustainability Policy, Environmental Policy, and Climate Change Policy. These policies serve as a testament to the ethical climate set by the leadership at the Board, BRC, and senior management levels, resonating throughout the entire organisation. For more information on our climate change related policies, please visit our corporate website at www.deleum.com.



Adapting to Climate Risks and Opportunities

We acknowledge the physical, transitional, legal, and reputational risks associated with climate change, understanding their potential material impacts on returns and long-term business value.

To address these challenges proactively, we have integrated climate-related risk management processes and practices into our ERM framework, enabling us to identify and evaluate climate change-associated risks across the Group's business value chain, spanning short, medium, and long-term horizons, as outlined in the following:

Category	Type	Risks	Opportunities	Estimated Time Horizon		
				Short <5 years	Medium 5–10 years	Long >10 years
Physical	**Acute**	• Floods • Strong wind / monsoon that affect the productivity and business activities	With the growing demand for climate adaptation, businesses can thrive by providing services for resilient infrastructure, water management, and disaster preparedness.	✓	✓	✓
	Chronic	• Rising sea levels • Extreme heat poses a health impact		✓	✓	✓
Transition	**Policy and Legal**	• Public disclosure obligations • Data accuracy and transparency	The Group can achieve business excellence by prioritising innovation, fostering a culture of continuous improvement, and adapting to changing market dynamics.	✓	✓	
	Technology	• Costs to adopt low emissions technologies	Switching to renewable energy reduces climate risks and creates future business opportunities through innovative climate adaptation technologies.	✓	✓	
	Market	• Increasing customer preferences for low-carbon products and services	Seize opportunities by investing in emissions reduction projects and monetising carbon credits while developing innovative solutions for climate adaptation to address and mitigate climate risks.	✓	✓	
	Reputation	• Heightened level of scrutiny, concern, and feedback from stakeholders	Harness the increased stakeholders' interest by enhancing communication, addressing concerns, and leveraging feedback to improve and strengthen relationships.	✓	✓	

Our detailed TCFD disclosure can be found from page 79 to 81.

Catalysing Climate Action through Collaborative Engagement

Our involvement in these associations not only advances our own sustainability contributions, but also drives our sustainability journey forward in advocating sustainable development among our peers.

CEO Action Network

In FY2023, we officially became a member of the CEO Action Network (CAN). We actively participated in discussions to implement the awareness programme and champion sustainability for businesses, including climate change matters. Topics covered include TCFD and International Sustainability Standards Board reporting, carbon markets, net zero actionable steps, and more.

Malaysian Oil & Gas Services Council

We participated in the oil and gas services trade association, notably the MOGSC. Our sponsorship of the Zero Incident Zero Accident ("ZIZA") Campaign 2023, a joint initiative with MOGSC and Petronas, reflects our commitment to spreading awareness about potential risks and precautions during the monsoon period, aiming to reduce accidents, injuries, and loss of life that commonly occur during this time. The monsoon's impact on climate change affects weather patterns and precipitation, influencing our productivity and business operations.

Malaysian Gas Association

Deleum is a corporate member of the Malaysian Gas Association ("MGA"). In November 2023, our GCEO assumed the role of proactive moderator for the panel session titled "Gas as a Pillar in Accelerating the Energy Transition" at the Malaysian Gas Symposium. The discussion focused on critical areas such as energy security, affordability, supply and demand, the gas market, and socio-economic development. MGA, serving as the nation's foremost advocate for the natural gas industry, is committed to promoting the growth of Malaysia's natural gas sector. Their goal is to establish natural gas as a clean and efficient source of energy, thereby increasing demand and enhancing industry participation.

Institute of Corporate Directors Malaysia

Our GCEO presented Deleum's sustainability journey to members of the ICDM at the FTSE4Good Dialogues. The session focused on the latest ESG trends, best practices, and regulations within FTSE4Good Bursa Malaysia. This engagement aims to assist Deleum in further improving our sustainability performance.

Empowering Customers for Climate Performance

Through deliberate efforts in sustainability and innovation, we strive to drive meaningful change and set new standards for environmental responsibility.

SC-Dsludge innovation by the Oilfield Services

Another innovation developed by the Oilfield Services segment, through an innovative sludge treatment technology, SC-Dsludge offers a sustainable solution to our customers, enabling the recovery of oil from sludge. This breakthrough not only addresses the reduction in storage capacity and process constraints, but also eliminates the environmental impact and carbon footprint associated with the conventional disposal by incineration method.

Collaboration with LatConnect 60 Ltd

One of our subsidiaries, Deleum Oilfield Services Sdn. Bhd. continued its collaboration with LatConnect 60 Ltd ("Lat60"), a satellite imagery and data analytics company. The collaboration involves promoting, marketing, and selling Lat60's advanced environmental monitoring system within the oil and gas industry in Malaysia, Indonesia, Thailand, Brunei and Australia.

Supporting a Carbon Capture Storage project

Deleum Services Sdn. Bhd., in collaboration with its technical partner, has been entrusted with supplying Gas Turbine Generators. These generators are set to energise an offshore platform by the end of 2026, supporting a substantial Carbon Capture Storage ("CCS") project. This CCS initiative represents a noteworthy investment in carbon capture and storage technology within Malaysia, expected to significantly contribute to global efforts in combating climate change.

Exploring opportunity to produce Titanium-lined Carbon Composite Tubulars

Deleum has entered a collaboration with the intention of exploring the commercial viability of establishing a cutting-edge manufacturing facility in Malaysia to produce Titanium-lined Carbon Composite Tubulars. The said product, intended for applications in high corrosive production and injection wells including Carbon Capture Utilisation Storage ("CCUS"), is lightweight and features superior anti-corrosion performance.

Our Performance

We continue to refine our data measurement, accounting, and validation processes to ensure reliable and accurate GHG and energy consumption data, in line with our commitment to provide stakeholders with a comprehensive and reliable overview of our GHG emissions. This aligns with our broader environmental goals, demonstrating our dedication to accountability and responsible business practices.

POLLUTION AND RESOURCES

Why It Matters

We acknowledge that our operations may potentially pose risks to the environmental quality, including air, water, and land, thereby endangering people and the surrounding ecosystem. We are committed to sustainable environmental protection, aiming to minimise potential pollution impact and protect the environment through pollution prevention, waste reduction, water conservation, and resource consumption minimisation.

Our Approach

We strengthen our commitment towards sustainable environmental practices, as pledged in our Sustainability Policy, Climate Change Policy and Environmental Policy through pollution prevention, resource optimisation, and responsible waste management.

Our chemical operations are also guided by a structured system aligned with the ISO 14001:2015 Environmental Management System and customer requirements, which maximises our efficiency rate, and minimises the impact on pollution.

ALL
of our chemical operations are covered by the ISO 14001:2015 Environmental Management System

In FY2023, we actively engaged in actions that transcend environmental conservation. We prioritise optimising natural resource usage to reduce and prevent pollution, as emphasised in the following initiatives:

- Identified environmental risks and opportunities, and implemented effective controls to prevent incidents causing environmental pollution
- Practiced responsible waste management in accordance with the Environmental Quality Act of 1974, ensuring proper storage and collection of waste and recyclables
- Promoted responsible consumption among our employees through initiatives like fabric donation collections and proper disposal of information technology assets
- Enhanced our environmental performance through regular reviews and audits of our practices and policies
- Minimised water pressure and outflows for toilets, washbasins, and pantries
- Reduced water leakage through regular maintenance
- Conducted training and awareness sessions on the Course for Certified Environmental Professional in Scheduled Waste Management, Lithium Battery Awareness, hazardous waste handling, and the “6R” principles: Reuse, Reduce, Refuse, Repurpose, Recycle, and Rethink
- Continued the Rainwater Harvesting Programme

Our Performance

Environmental Spillage and Compliance Management

In FY2023, we successfully achieved our goal of zero spillage, showcasing our unwavering commitment to preventing environmental pollution which reported zero environmental fines and penalties throughout the period.

ZERO
Minor spillage incidents in FY2023

FY2022: **1 incident**
FY2021: **1 incident**

ZERO
Environmental fines and penalties in FY2023

FY2022: **RM0**
FY2021: **RM26,000**

Refer to our Performance Data Table for full disclosure from page 71 to 78.

Water Management

We actively strive to diminish our reliance on municipal water source by optimising rainwater harvesting at our facilities, despite operating in a region with minimal water scarcity issue, underscoring our dedication to responsible water management and conservation efforts.

The following data outlines the Group's total water consumption and rainwater harvested in FY2023:

Total Water Consumption in FY2023

15.6 megalitres
Reduction of 30% in water consumed

FY2022: **22.4 megalitres**
FY2021: **28.0 megalitres**

Total Rainwater Harvested in FY2023

75.2 cubic metres
Increase of 52% in rainwater harvested

FY2022: **49.5 cubic metres**
FY2021: **76.5 cubic metres**

Note:
- The water consumption for FY2021 and FY2022 has been restated due to errors made in the previous reporting period. The restated total water consumption is 12% lower for FY2021 and 9% higher for FY2022 compared to the consumption reported previously.
- The rainwater harvested for FY2022 has been restated due to errors made in the previous reporting period. The restated total rainwater harvested is 4% lower than the cumulative cubic metres reported previously.

Refer to our Performance Data Table for full disclosure from page 71 to 78.

Waste Management and Recycling Initiative

Adhering to a waste management hierarchy is imperative in aligning with the Environmental Quality Act of 1974, an important legislative framework that underscores the significance of minimising environmental impact.

We are committed to promoting the efficient use of resources in our facilities, focusing on reducing both hazardous and non-hazardous waste consumption. Our hazardous wastes are handled by in-house Certified Schedule Waste Competent Person, duly registered and recognised by the Department of Environment ("DOE"). We are committed to the following principles to manage our waste and reduce adverse environmental impact:

Total recycled and non-recyled waste in FY2023

82.1 metric tonnes

Total recycled and non-recycled waste (waste directed to and diverted from disposal) in FY2023

FY2022: **41.6 metric tonnes**
FY2021: **40.8 metric tonnes**

During FY2023, there was a rise in the total volume of waste, including both non-recycled and recycled materials, from 41.6 metric tonnes in FY2022 to 82.1 metric tonnes, indicating a substantial 97% increase. The increase is mainly due to our commencement of close monitoring of waste management and higher disposal of expired chemical waste.

79.3 metric tonnes

Total waste directed to disposal or waste disposed in FY2023

FY2022: **41.2 metric tonnes**
FY2021: **40.8 metric tonnes**

Note: All waste directed to disposal (non-recyclable) are categorised as hazardous waste.

2.8 metric tonnes

Total waste diverted from disposal or waste recycled in FY2023

FY2022: **0.4 metric tonnes**
FY2021: **0 metric tonnes**

Refer to our Performance Data Table for full disclosure from page 71 to 78.

Enhancing Environmental Performance Across the Supply Chain

We are committed to minimising environmental impact throughout our supply chains, with a particular focus on supporting our customers to reduce their environmental footprint.

Our subsidiary, Deleum Technology Solutions Sdn. Bhd. has been at the forefront of providing customers with a low-pollution approach to surface preparation through the innovative use of sponge media abrasive technology. This eco-friendly and safer method, employing dustless blasting, not only reduces air emissions but also enhances worker safety by minimising exposure to dust particles. Deleum remains committed to integrating advanced technologies for its alternative blasting and painting jobs ensuring sustainable and responsible approach to our operations.

BIODIVERSITY

Why It Matters

Biodiversity holds significant relevance to Deleum's operations within the oil and gas industry, given the inherent interaction of exploration, production, and servicing activities with diverse ecosystems. We endeavour to safeguard the ecosystems where we operate and contribute towards the sustainability of natural resources for future generations.

Our Approach

To our knowledge, the Group operates in areas that are not deemed high in biodiversity value or adjacent to sites containing flora and fauna species as in the International Union for Conservation of Nature Red List. We avoid encroaching into areas that serve as critical refuge for known vulnerable or endangered species.

Nevertheless, we will continue to monitor the environmental impact of our business presence and operations. We aim to maintain net positive or at least neutral biodiversity impact through collaboration with non-governmental organisation ("NGOs") and other entities to support biodiversity conservation.

Our Performance

In FY2023, we collaborated with the Turtle Conservation Society of Malaysia, an NGO dedicated to protecting Malaysia's endangered freshwater terrapins in Kemaman, where our business operates. This initiative supports terrapin conservation, safeguards nesting sites, educates communities, conducts research, and preserves habitats, directly contributing to the conservation of over 638 freshwater terrapins.

The programme, led by our volunteer employees, also benefited pupils and teachers across six schools, as well as underprivileged women, through the following activities:

- Turtle educational talk covering various turtle species in Malaysia, the threats they face, and ways to save them, encouraging participants to pledge love and protection for turtles in the future.
- Turtle exploration games that involved critical thinking, teamwork, and time management to enhance pupils' knowledge.
- An educational booth showcasing freshwater terrapin specimens and hatchlings.
- Empowering underprivileged women by supporting their craftwork, positively impacting the lives of individuals in need.

Social:
Helping People

FAIR EMPLOYMENT AND HUMAN RIGHTS

Why It Matters

In Deleum, we are devoted to cultivating an open, fair, diverse, equal and inclusive workplace that empowers our employees to achieve their full potential. Our commitment to fostering a secured work environment extends to safeguarding the rights of our workforce, ensuring equal growth opportunities, and promoting a culture free from discrimination.

Our Approach

We adhere to global labour laws and international employment frameworks such as the United Nations Universal Declaration of Human Rights and International Labour Organization standards, along with domestic regulations such as the Malaysian Employment Act 1955 and the Employment (Amendment) Act 2022.

UN Universal Declaration of Human Rights	In adherence to the United Nations Universal Declaration of Human Rights, International Labour Organization standards, the Malaysian Employment Act 1955 and Employment (Amendment) Act 2022, the labour laws of host countries, Deleum Group is firm in its dedication to ethical and legal standards. Our commitment to human rights, as stipulated in the United Nations Universal Declaration of Human Rights, is seamlessly woven into our policies and practices, extending to all employees, contractors, and suppliers. We firmly believe that our business presence has the potential to make a positive impact on the communities in which we operate.
Policy Statement on Human Rights and Labour Standards	We remain steadfast in our commitment to human rights conventions, as outlined in our Policy Statement on Human Rights and Labour Standards, which underwent review and updates in FY2022. The policy, available in English and Bahasa Malaysia, has been communicated to our employees and extended to our suppliers and contractors.
Right to Freedom of Association	We uphold and endorse our employees' entitlement to freedom of expression, urging them to communicate work-related feedback, concerns, inquiries, and opinions through diverse engagement and communication channels. These include the Deleum Sports and Recreational Club, the Speak-Up and Listen-Up programme, Grievances and Disciplinary Policy and the whistleblowing reporting channel, with the assurance of protection from any reprisals. Our employees are at liberty to associate with any organisation, provided their actions align with the Federal Constitution, applicable laws, our COBC, and other pertinent internal policies. We deeply value these rights and are committed to treating each employee with dignity and respect.

Rights to Collective Bargaining	Deleum adheres to local labour laws concerning the right to collective bargaining. Although we are not a unionised organisation, we fully acknowledge and respect the legal rights of employees to join a labour union in accordance with governing laws and regulations. We proactively engage our employees, casual workers in continuous discussions to gather feedback and improve their well-being. This commitment is evident through the inclusion of employee representatives in the HSE Committee, which addresses workplace health and safety issues.
Zero Tolerance for Forced Labour	We maintain a strict policy of zero tolerance for forced labour, explicitly ensuring that we do not engage illegal workers or allow individuals to be subjected to forced labour or modern slavery conditions. We recognise the fundamental right of all employees to choose voluntary employment with Deleum, unequivocally committing to refrain from any form of forced labour across all our operational domains.
Prohibiting Child Labour	Deleum staunchly forbids child labour and any kind of child exploitation in all our working areas. We ensure adherence by refraining from employing individuals below the legal minimum working age as stipulated by the respective countries' regulations.
Advocating for Children's Rights	In our untiring commitment to champion children's rights, we have invested a total of RM353,000, towards supporting varied charitable organisations and schools, contributing to children's education, addressing basic needs like food and clothing. Additionally, we organise programmes to impart additional knowledge, covering areas such as anti-corruption awareness and the conservation of freshwater terrapins. Through these initiatives, our aim is to create a positive and enduring impact on the lives of young individuals, fostering a brighter and more secured future.
Preventing Bullying and Harassment	We view bullying and harassment as grave misconduct that erodes the dignity and respect of our employees. To raise awareness about bullying and harassment, we have prominently displayed notices in the workplace. Anyone can report a complaint if they are aware of any wrongdoing or in accordance with our Grievances and Disciplinary Policy, without fear of retaliation.
Ensuring Pay Equality for Equal Work	Deleum advocates for equal pay between women and men in comparable roles, adhering to equitable practices in recruitment, performance evaluations, promotions, and leadership opportunities. Compensation is determined based on performance and other legitimate factors, while respecting individual privacy within the lawful discretion of the Company. We do not endorse the disclosure of confidential pay and benefits information to employees or unrelated parties.
Minimum Wages Compliance	Deleum adheres to national labour laws, including the recent Employment (Amendment) Act 2022 and the Minimum Wages Order 2022, as part of our commitment outlined in the Policy Statement on Human Rights and Labour Standards. This encompasses compliance with the amended Act effective from 1 May 2022, addressing minimum wage and mandated benefits.
Ensuring Compliance with Working Hours and Claims	Deleum aligns with local laws pertaining to working hours, overtime, and holidays. Our commitment extends to providing flexible work arrangements and facilitating overtime claims for eligible employees earning below RM4,000 a month, is in accordance with the Employment (Amendment) Act 2022 and our well-being and safety principles.

Assessing Our Labour Risks and Due Diligence Practices

In FY2023, we continued our initiatives to address labour risks and concerns, emphasising our commitment to upholding established labour standards which includes:

- Implementation of flexible working hours and work-from-home arrangements to reduce excessive working hours and promote employee well-being
- Continuously reviewing insurance benefits to manage increasing global medical costs, while also promoting regular medical check-up as part of our employee wellness programme
- Providing compassionate financial assistance for employees, irrespective of gender, age, nationality, disabilities, religion, and race
- Sustaining efforts to encourage employee feedback and suggestions through the Speak-Up and Listen-Up Programme
- Internalising paternity and maternity leave provisions for all employees in accordance with the Employment (Amendment) Act 2022
- Conducting salary benchmarking against market standards and relevant laws
- Ensuring our salary is within market standard and practice. Also introducing special leave provisions for employees

Employee Grievance Mechanism

We provide multiple channels for employees to express and resolve grievances promptly, amicably, and equitably related to all types of grievances, including those related to non-compliance with labour standards, with care, compassion, sensitivity, and confidentiality.

For instance, employees with specific issues regarding working conditions, employment terms, or labour standards can directly report to their supervisor or to the Group Human Resources Department, in accordance with the Grievance and Disciplinary policy in Deleum's intranet for all employees. Alternatively, the Speak-Up and Listen-Up Programme allows employees to submit any complaints or suggestions digitally using a Quick Response code strategically placed in our office locations and/or via intranet.

Diversity and Equal Opportunity Workplace

We believe that a diverse workforce enhances our Group's vibrancy and promotes a culture of innovation. Equal opportunity practices are woven into the fabric of our organisation, ensuring that every individual, regardless of their background, has fair access to opportunities in recruitment, career advancement, and professional development.

In strict accordance with our COBC, Policy Statement on Human Rights and Labour Standards, we persistently refrain from engaging in any form of unlawful discrimination.

In accommodating religious practices, we provide dedicated prayer rooms for Muslims and extending employee welfare initiatives through a half-day leave on the eve of significant cultural and religious occasions. These occasions include Hari Raya Aidilfitri, Gawai, Kaamatan, Chinese New Year, Deepavali, and Christmas, further reflecting our commitment to enriching the work-life balance and celebrating the cultural diversity within our Deleum family. We also introduced Pilgrimage Leave to cater to the employees who wish to perform their religious obligations.

We support local talent and are committed to local employment. Local Malaysian employments made up 97% of our total workforce in FY2023 and this includes 100% of local Malaysian for senior management.

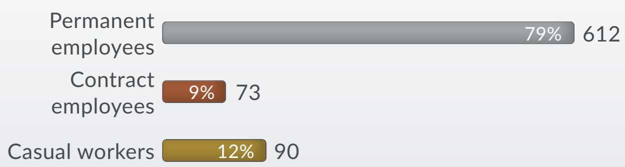
Our Performance

Workforce in FY2023

775 people

FY2022: **781 people**
FY2021: **795 people**

Our workforce composition in FY2023



Nationality in FY2023

97%
of our workforce is local Malaysians
(including 100% of local Malaysians for Senior Management)

ZERO
workforce with a disability in FY2023

FY2022: **0**
FY2021: **0**

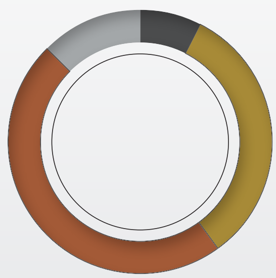
ZERO
number of substantiated complaints concerning human rights violations in FY2023

FY2022: **0**
FY2021: **0**

Employee voluntary turnover in FY2023

Overall rate
12%

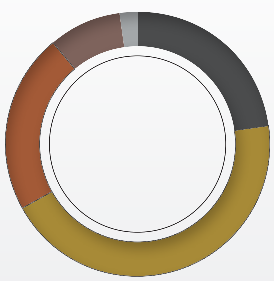
Employee turnover rate by employment category:



- Senior Management: **3%**
- Junior Management: **13%**
- Executives: **19%**
- Non-executives: **5%**

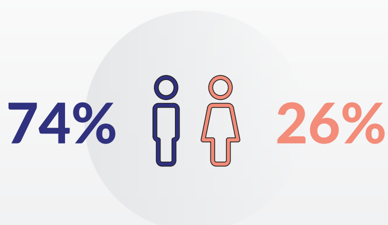
Workforce by age, gender and ethnicity groups in FY2023

Age Group



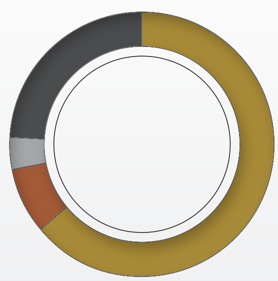
- Aged 20-30 **23%**
- Aged 31-40 **44%**
- Aged 41-50 **22%**
- Aged 51-60 **9%**
- Aged >60 **2%**

Gender Group



- Male
- Female

Ethnicity Group



- Malay **64%**
- Chinese **8%**
- Indian **4%**
- Others **24%**

Others represent ethnic groups for Bumiputera Sabah and Sarawak, such as Iban, Dayak, Kadazan, Bidayuh and more.

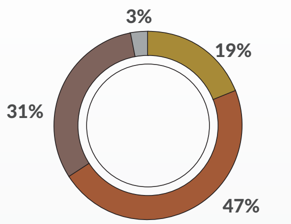
Workforce by age, gender and ethnicity groups in FY2023 by employment category

By employment category

Senior Management

5% of the workforce

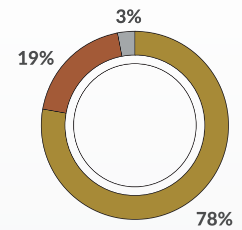
Age Group



Gender Group

58% **42%**

Ethnicity Group

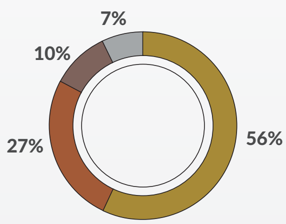


Note: Senior Management profile comprises Senior Manager, General Manager, C-Suite Executive, and Group Chief Executive Officer positions.

Junior Management

11% of the workforce

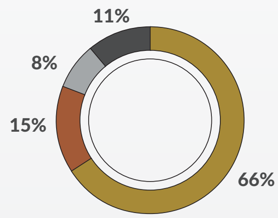
Age Group



Gender Group

64% **36%**

Ethnicity Group

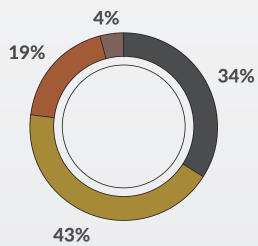


Note: Junior Management profile comprises Assistant Manager and Manager positions.

Executive

33% of the workforce

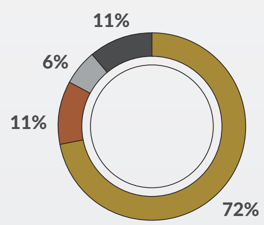
Age Group



Gender Group

53% **47%**

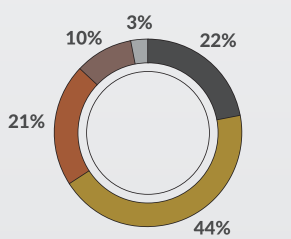
Ethnicity Group



Non-Executive

51% of the workforce

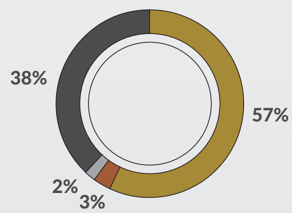
Age Group



Gender Group

91% **9%**

Ethnicity Group



Aged 20-30 · Aged 51-60 · Aged 31-40 · Aged >60 · Aged 41-50

Male · Female

Malay · Indian · Chinese · Others

Refer to our Performance Data Table for full disclosure from page 71 to 78.

TALENT MANAGEMENT

Why It Matters

The core of Deleum's success are our people, who serve as the fundamental pillar ensuring our continued prominence in the oil and gas industry. Empowering our talents with indispensable tools and providing expansive training opportunities within a nurturing ecosystem is imperative to bolster their career and personal development. Our commitment to these conventions is reflected in our COBC, Sustainability Policy, Learning and Development Policy and Promotion Policy.

Our Approach

Employee Performance Appraisals

As we come to recognise and celebrate exceptional accomplishments by individuals who consistently exhibit outstanding performance within their peer group, deliver high-calibre results, and demonstrate exemplary conduct, we express our acknowledgement through a range of incentives, including bonuses, Most Valuable Person awards, and well-deserved promotions.

Concurrently, every employee is subject to annual appraisals during which their performance is reviewed with feedback provided, and rewards are decided based on the assessment. The appraisals include adjustments to compensation, derived from collaborative goal-setting sessions with managers. This commitment highlights our pursuit of individual development, ensuring that recognition and advancement within our organisation are transparent, merit-driven, and aligned with our overarching goal of cultivating a workplace that values and amplifies the potential of each unique individual.

100%
Deleum's employees were appraised in FY2023

Learning and Development

Our commitment to staff development extends across all levels within the organisation, encompassing technical competencies, professional education, soft skills development, leadership skills, and other areas deemed essential. Training plans are developed to address specific skill/knowledge/competency gaps, with support from supervisors and management. Furthermore, we have been continuously contributing to the Malaysian Government's Human Resource Development Corporation, reinforcing our commitment to supporting employee training initiatives.

Through our training and learning programmes, we aim to furnish our people with a diverse array of opportunities for upskilling and competency building:

On-Boarding of New Hires	Inducting new members into the Deleum family involves a specially curated orientation programme, strategically designed to assimilate them seamlessly into the company fold while familiarising them with our distinctive working culture.
Leadership Training	Our commitment to fostering leadership excellence is embodied in tailored training programmes exclusively crafted for the senior management team. These initiatives do not only aim to augment their leadership capabilities but also to lay the foundation for continuous professional development.
Talent Development Programmes	Actively fortifying our talent pipeline, we presently engage in succession management and mentoring programmes. These strategic initiatives encompass the identification and assessment of readiness, accompanied by a meticulous redefinition of talent categories. This targeted approach facilitates more focused development interventions, nurturing and enhancing our workforce.
Soft Skills Programmes	Annually, we breathe new life into a diverse array of soft skills programmes and courses, ensuring our workforce is equipped with the latest insights and capabilities.

Functional and Technical Training Programmes	Upholding our commitment to continuous learning, we provide training programmes for upskilling and reskilling employees. This includes function-specific training, tailored to align with evolving guidelines and operational dynamics. Core functional and technical training programmes include: • Corporate COBC trainings • Standard Operating Procedure trainings • Structured Performance Based Competency Programme • Mental Health Awareness Talk • ISO / quality assurance trainings • Microsoft-related module trainings • Functional Specific trainings • Sustainability-related standards trainings • Enterprise Resources Planning trainings • Human Resource Management System trainings • Anti Bribery Management System trainings
Compulsory Training	Mandatory participation in essential training sessions is a cornerstone of our corporate culture, encompassing Health, Safety, and Environmental aspects. Additionally, employees participate in sessions covering the COBC, Conflict of Interest ("COI"), and Anti-Bribery and Corruption guidelines. These comprehensive training modules span topics ranging from health, safety, and environmental awareness to reporting procedures for wrongdoing, addressing bullying or harassment, and instilling a deep understanding of business ethics with a specific focus on anti-bribery and corruption.

Employee Engagement Initiatives

We actively pursue a range of employee engagement initiatives aimed at fostering camaraderie and addressing employee concerns of well-being. Among the employee engagement activities conducted in FY2023 are as follows:

- Annual dinner with Employee Star Award
- Department gatherings
- Employee appreciation programmes, including long service awards
- Festive celebrations and activities throughout the year
- Initiatives for mental health awareness, including private sessions with clinical psychologists
- Inter-department festivities decoration competition
- Regular townhall briefings with the GCEO
- Social, sports, and recreational events organised by the Deleum Sports and Recreational Club
- Team buildings / awareness sessions

These diverse initiatives contribute to creating a vibrant and supportive work environment, promoting both professional and personal well-being among our valued employees.

Fostering Young Talent

In FY2023, our unwavering commitment to nurturing young talent was showcased through a range of initiatives. This included the engagement of 23 interns (aged 21-28 years old) who actively interacted with senior leadership, gaining valuable insights and 22% of the interns were absorbed as our full-time employee.

Additionally, we forged a collaborative partnership with a local university, extending our support to young talent in the specialised field of petroleum engineering. This multifaceted approach underlines our dedication to fostering the growth and development of the next generation in the industry.

Employees Benefits and Well-Being

At Deleum, we prioritise the well-being and job satisfaction of all our employees by offering a diverse array of benefits. From health and wellness programmes to professional development opportunities, our aim is to create a supportive and enriching environment where every individual can thrive personally and professionally.

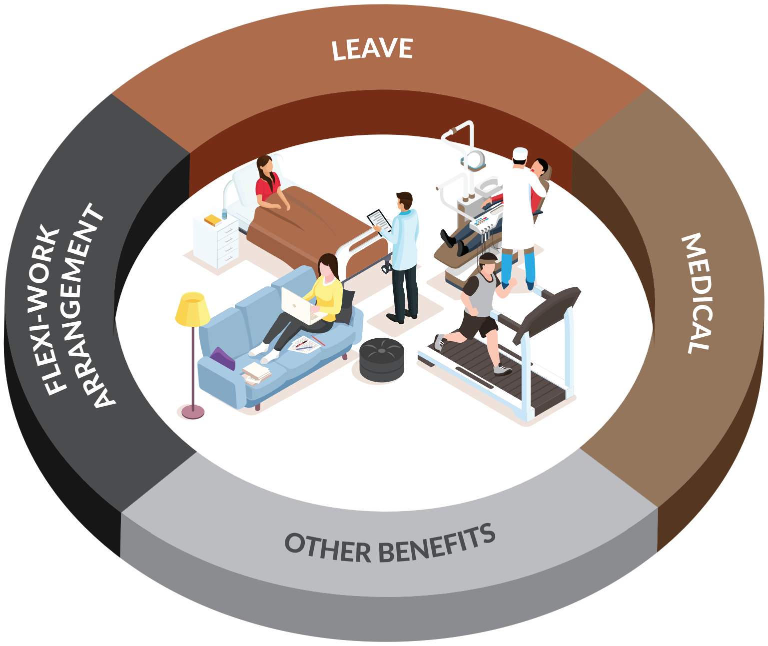
By providing these benefits, we not only demonstrate our commitment to our employees' welfare but also cultivate a culture of care and excellence within our organisation.

LEAVE

- Annual leave
- Medical leave
- Hospitalisation leave
- Prolonged illness
- Marriage leave
- Paternity leave
- Maternity leave
- Study and examination leave
- Special leave
- Replacement leave
- Pilgrimage leave
- Public holiday off in lieu

FLEXI-WORK ARRANGEMENT

- Staggered working hours
- Flexitime
- Work from home



MEDICAL

- Insurance coverage
- Medical coverage
- Dental care
- Optical care
- Health screening
- Postnatal expenses

- Employer's and employee's contributions to EPF
- Social Security Organisation ("SOCSO") contributions
- Mobile device subsidy
- Compassionate financial assistance
- Emergency loan
- Professional membership fee subsidy
- Fitness club membership subsidy

Our Performance

Total training amount invested in FY2023

RM1.2 mil
total training amount invested for Group-wide

FY2022: **RM1.65 mil**
FY2021: **RM0.96 mil**

RM132,959
average training invested per entity

RM1,544
average training invested per workforce

Total training hours in FY2023

17 hours
average training hours per workforce

2 days
average training days per workforce

12,912
total training hours for Group-wide

FY2022: **15,828 hours**
FY2021: **9,523 hours**

1,096
total training hours by Senior Management

518
total training hours by Junior Management

3,333
total training hours by Executive

7,965
total training hours by Non-Executive

Note: The training hours for FY2022 have been restated due to improvements in data collection. As a result, the total training hours are 1% higher than those reported previously. The change in total training hours has also been applied to both the total and average training hours by employment category as well as average training hours by entity.

Paternity and Maternity Leave

29
of our employees took paternity leave in FY2023

FY2022: **33 employees**
FY2021: **30 employees**

11
of our employees took maternity leave in FY2023

FY2022: **16 employees**
FY2021: **14 employees**

Return to work rates

100%
of our employees return to work after paternity leave in FY2023

FY2022: **100% employees**
FY2021: **100% employees**

100%
of our employees return to work after maternity leave in FY2023

FY2022: **100% employees**
FY2021: **100% employees**

Retention rates

82%
of our male employees retained with the organisation in FY2023 for 12 months or more post parental leave

FY2022: **93% employees**
FY2021: **75% employees**

75%
of our female employees retained with the organisation in FY2023 for 12 months or more post parental leave

FY2022: **71% employees**
FY2021: **67% employees**

Note:
- The figures on the number of employees who have taken the paternity and maternity leave for the respective FY2021 and FY2022 were restated due to improvement in data collection. The restatement resulted in an increase of 5% and 7% of both number of employees who have taken the paternity and maternity leave for FY2021 and FY2022 respectively.
- Due to the change of calculation method, the figures on paternity leave for FY2021 and FY2022 were restated and reflected in the retention rates (retained with the organisation for 12 months or more post parental leave). The percentage of retention rate for male employee were restated with the reduction of 21% for FY2021 and 1% for FY2022, respectively.
- The restated figures of female employees retained with the organisation for 12 months or more post maternity leave are 12% and 15% lower as compared from previously % disclosed of the respective FY2021 and FY2022, due to change of calculation method used.

Refer to our Performance Data Table for full disclosure from page 71 to 78.

HEALTH AND SAFETY

Why It Matters

Our commitment to a robust safety culture extends beyond our dedicated employees and casual workers to encompass everyone involved in or contemplating a partnership with Deleum, including, agents, representatives, consultants, advisers, joint venture partners, customers, contractors, subcontractors, vendors, and service providers. Our central focus is not only on ensuring their safety but also for them to return home in good health, embodying our dedication to their overall well-being.

Our Approach

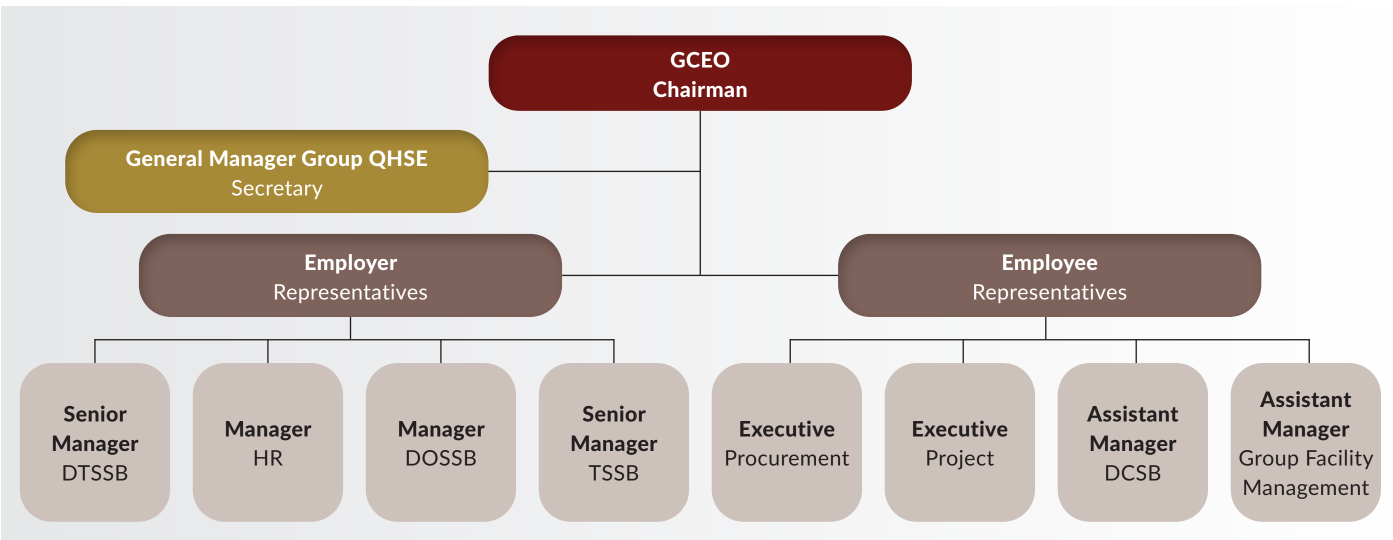
Our Health and Safety guiding principle, *"Collective Responsibility Towards HSE Excellence"* is not merely a slogan but a reflection of our dedication, reinforced through our adherence to the COBC, Sustainability Policy, HSE Policy, 10 Life Saving Rules, and other pertinent policies and procedures. This commitment is not merely a corporate mandate; it is a promise to our people, partners, and the communities we serve.

Health and Safety Management System

Deleum's commitment to health and safety practices is grounded in the ISO 45001:2018 Occupational Health and Safety Management System. These standards form the bedrock of Deleum's HSE Management System, which extends its coverage to include all employees, casual workers, and contractors across operational sites. Regular reviews, audits, trainings, engagements and inspections are integral components, ensuring that health and safety practices align seamlessly with the stipulations of the management system.

Health and Safety Reporting Structure

The HSE Committee, under the leadership of our GCEO, orchestrates health and safety protocols at the management level. This dedicated committee thoroughly examines and oversees HSE policies, procedures, plans, incident investigations and HSE performance review. Rigorous incident investigations and quarterly awareness initiatives are conducted to ensure the well-being of employees, casual workers, and contractors.



Regular meetings serve as vital forums involving employees, casual workers, and management representatives. These sessions delve into diverse matters, including feedback on health and safety measures, process enhancements, revisions to investigation procedures, and updates to policies and procedures.

Elevating the oversight to the Board level, BRC (chaired by an Independent Non-Executive Director), convenes quarterly. BRC plays a pivotal role in supervising health and safety risks and routines, reaffirming our commitment to maintaining a secure and responsible operational environment.

Implementing Health and Safety Risk Assessment and Due Diligence Practices

We also conduct health and safety impact assessments such as Job Hazard Analysis, Chemical Health Risk Assessments, and Noise Risk Assessment. These assessments aim to identify potential work-related hazards, with primary focus on preventing injuries and fatalities, and promoting the overall safety and well-being of employees.

Furthermore, we extend our risk assessments to cover both existing and potential projects. Contractors operating within our premises must undergo mandatory health and safety briefings and are obligated to conduct thorough risk assessments before initiating any work. To ensure adherence to safety protocols, rigorous supervision and inspections are conducted by our site safety personnel. This commitment underscores our determination to uphold the highest safety standards and proactively manage risks across all facets of our operations.

Reporting Protocol for Incidents or Accidents

Our Incident Investigation and Reporting Procedure serves as the guiding framework in the occurrence of any reported incidents. This structured approach includes initiating a safety stand-down and issuing an internal health and safety alert, escalating the matter to relevant management levels and, when necessary, informing customers and authorities. It involves conducting a thorough incident investigation, communicating and reporting findings to authorities, customers, and management.

The investigation is a collaborative effort involving customers, management, employees and casual workers, with the primary goal of understanding the root cause of the incident. The insights gained from these investigations play a pivotal role in fortifying safety measures, emphasising the importance of compliance before commencing work, and refining overarching safety processes.

The outcomes of the investigation and the subsequent actions taken are communicated and reported to key stakeholders, including HSE Committee, BRC, and the Board itself. This transparent communication ensures that lessons learnt are integrated into our practices, creating continuous improvement in our pledge to maintain a safe and secure working environment.

Health and Safety Training and Awareness

In an ever-evolving business landscape, the investment in training is not solely a compliance measure but a strategic imperative. It ensures that our team is equipped with the necessary skills and knowledge, underlining Deleum's commitment to creating a safe, inclusive, and dynamic work environment for all employees.

The training and learning sessions conducted in FY2023 included:

- Induction training tailored for new employees including permanent, temporary and casual workers
- Regular health and safety briefings, awareness trainings, bulletins, and meetings, including toolbox and pre and post job briefings, are conducted to ensure continuous improvement in safety standards and practices
- The digitalisation of safety observations, specifically Unsafe Acts and Unsafe Conditions involves submitting observations through the utilisation of QR codes
- Health and safety programmes extending beyond physical well-being to encompass mental health learning awareness
- Other safety initiatives which involve staff engagement including Review, Reverify, Revalidate and Repeat, Bowtie training, Lock Out Tag Out, Management of Change and Root Cause Analysis
- Enhance awareness about dehydration by sending informative email blasts to employees and placing urine colour charts in restroom facilities, aiming to educate employees about the importance of proper hydration and empower them to monitor their hydration levels effectively

Mental Health Management

Acknowledging the increasing prevalence of mental health issues, we implemented the Depression Anxiety Stress Scales which enable us to assess our employees' mental health status, and if any issues are identified, we take appropriate actions.

Furthermore, we have conducted mental health awareness sessions and established a one-to-one consultation platform for our employees. Importantly, we maintain strict confidentiality regarding employees' personal information throughout this process.

Our Performance

In FY2023, we successfully achieved our target of zero fatalities, demonstrating our commitment to a safe and secured work environment.

ZERO
number of work-related fatalities for employee, casual worker and contractor in FY2023

Employee
FY2022: **0 fatalities**
FY2021: **0 fatalities**

Casual worker / contractor:
FY2022: **1 fatality**
FY2021: **0 fatalities**

ZERO
lost time injuries ("LTI") rate for employee, casual worker and contractor in FY2023

Employee (rate)
FY2022: **0**
FY2021: **0.077**

Casual worker / contractor (rate)
FY2022: **0.076**
FY2021: **0**

364
of our workforce were trained on health and safety standards in FY2023

FY2022: **584 people**
FY2021: **574 people**

Refer to our Performance Data Table for full disclosure from page 71 to 78.

COMMUNITY OUTREACH

Why It Matters

We continued our unwavering passion to champion various societal causes, reflecting our approach to elevate communities around us. We believe in giving back to the community and have been actively managing our social footprint in the regions where our operations make an impact.

Our Approach

Our enduring resolve for community outreach is exemplified through ongoing collaborations with reputable local non-governmental organisations ("NGOs") such as the MyKasih Foundation, Turtle Conservation Society of Malaysia and Sutra Foundation. These partnerships reflect our honour in contributing to meaningful change within communities and benefiting those in need.

We also offer numerous opportunities through various programmes for employees to engage and volunteer in a diverse range of social activities, aimed at supporting our workforce.

Throughout the year, our community outreach programmes included:

Love My Neighbourhood, Love My School and the Turtle Conservation Society

Partner: **MyKasih**
Amount invested: **RM286,000**
Beneficiaries: **500 beneficiaries**

We allocated RM286,000 to support three key programmes: Love My Neighbourhood, Love My School, and the Turtle Conservation Society, benefiting 500 people. This investment reflects our commitment to community development and environmental conservation.

Terrapin Conservation Programme

Partner: **Turtle Conservation Society of Malaysia**
Amount invested: **RM17,500**
Beneficiaries: **380 individuals, and 638 terrapins**

We collaborated with the Turtle Conservation Society of Malaysia, creating a positive impact for 348 pupils and 25 teachers, along with the conservation of 638 terrapins. Our employees contributed their time and effort by volunteering for the event.

Additionally, our commitment extends to empowering underprivileged women through craftwork, benefiting seven (7) individuals. This initiative aligns seamlessly with our dedication to biodiversity conservation and women empowerment.

Furthermore, we proudly supported the team to showcase their work on river terrapins in Malaysia at the 10th World Congress of Herpetology in Kuching, that is only held once every four years.

School Sponsorship

Partner: **Sekolah Kebangsaan Kampung Bakam**
Amount invested: **RM15,000**
Beneficiaries: **347 pupils and teachers**

We sponsored 319 pupils and 28 teachers through a range of initiatives, including the refurbishment and enhancement of the library and learning facilities, sponsorship of the NILAM reading programme, and support for the softball team.

Wira Anti Rasuah Programme

Collaborated with Malaysian Anti-Corruption Commission and SJK Tamil Jalan Bangsar

Amount invested: **RM13,000**

Beneficiaries: **106 pupils and teachers**

We collaborated with the Malaysian Anti-Corruption Commission ("MACC") and SJK Tamil Jalan Bangsar in conjunction with the National Integrity month in November 2023. This programme is part of Deleum's Anti-Corruption Compliance Journey, advocating anti-corruption education, benefited 93 pupils and 13 teachers. Additionally, our employees actively participated in volunteering in this event.

Sehelai Baju Raya Programme

Partner: **Society of Petroleum Engineers Kuala Lumpur**

Amount invested: **RM10,000**

Beneficiaries: **121 pupils**

We sponsored clothes for Hari Raya for 121 underprivileged pupils, aiming to bring joy and a sense of celebration to young individuals during the festive season and to make a positive impact in their lives. Additionally, our employees volunteered in this event.

Wardrobe 2 Love: Pre-Loved Clothes Donation Programme

Partners:
- **Bangsar: Pertubuhan Kebajikan Ar-Riqab KL**
- **Kemaman: Pertubuhan Ihsan Masyarakat Malaysia**
- **Labuan: Jabatan Kebajikan Masyarakat Wilayah Perseketuan Labua**
- **Miri: Lembaga Kebajikan Anak-Anak Yatim Negeri Sarawak**

Amount invested: **RM0**

Beneficiaries: **150 people**

We collected pre-loved clothes contributed by our employees across different locations, including HQ Bangsar, Kemaman, Labuan, and Miri, resulted in a substantial total of 764.8kg of fabric. This generous contribution was then distributed to those in need by NGOs, with the anticipation of benefiting at least 150 people in total.

Sponsorship to Sutra Foundation

Partner: **Sutra Foundation**

Amount invested: **RM15,000**

Beneficiaries: **167 children**

We sponsored the Sutra Foundation for the Jayaram Odissi dance performance, enriching the lives of 167 children. This sponsorship not only celebrates artistic expression but also underscores our dedication to promoting cultural and religious values within our community.

Blood Donation Programme

Partner: **Pusat Darah Negara**

Amount invested: **RM14,000**

Beneficiaries: **957* people**

We conducted a blood donation drive with the anticipation of benefiting 957* people. We had 319 successful blood donors who volunteered, including our employees. This initiative made a positive impact on the well-being of our community and emphasising our commitment to social responsibility. Additionally, it benefits the donors by reducing the risk of certain health conditions, regulating iron levels, and providing other health advantages.

**Note: It is worth noting that according to Pusat Darah Negara, Ministry of Health Malaysia, one blood bag can be utilised for three people, amplifying the positive reach of this impactful endeavour.*

Sponsorship for Pink Unity 19th Anniversary Event

Partner: **National Cancer Society Malaysia**

Amount invested: **RM20,000**

Beneficiaries: **20 cancer survivors**

We honoured 20 cancer survivors at an annual event on 18 November 2023, with the theme "Pink & Fabulous: From Strength to Strength." The gathering included families, medical professionals, local community members and distinguished guests.

The event featured inspiring stories from cancer survivors and uplifting performance in support of celebrating the courageous women who have triumphed in their battle with cancer.

Our Performance

Total Amount Invested in the Community in FY2023

RM400,800

FY2022: **RM365,000**
FY2021: **RM23,000**

Total Number of Beneficiaries in FY2023

3,441

- **2,803 people**
- **638 animals**

FY2022: **500 beneficiaries**
FY2021: **100 beneficiaries**

Refer to our Performance Data Table for full disclosure from page 71 to 78.

Governance:
Embracing Good Governance

CORPORATE GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why It Matters

We believe that upholding good corporate governance is crucial for safeguarding the multifaceted interests of our stakeholders.

Our Approach

Good Governance Practices

The Board collectively acts at the forefront of the Group's leadership, diligently overseeing the realisation of strategic objectives. The Board is entrusted with formulating and regularly reviewing our strategic direction, core values, and management practices. This commitment goes beyond mere compliance, embracing a comprehensive approach that nurtures integrity and ethical conduct.

Aligned with a strong corporate governance culture, we navigate the intricate landscape of industry dynamics with a dedicated resolve to adhere to all relevant laws, rules, and regulations.

Apolitical company	We maintain a nonpartisan stance, unequivocally prohibiting all donations to political parties, organisations, or their representatives. In FY2023, no contributions were made to any political parties, organisations, or their representatives.
Anti-money laundering and anti-terrorism	We adhere to the Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act 2001 reflecting commitment to no money laundering and terrorism financing.
Zero tolerance on fraud	We remain resolute in not engaging in any scheme designed to defraud individuals of money, property, or honest services.
Governing gift and hospitality	We acknowledge the significance of cultivating relationships through gifts and hospitality within our business transaction. To proactively prevent any perception of corrupt conduct, we have established stringent restrictions through the GHDS Procedure.

Board Diversity

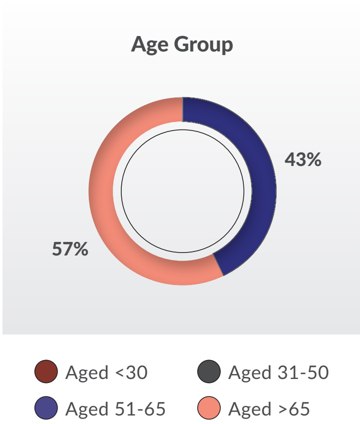
The Board meticulously upholds a judicious composition, embodying a blend that represents equitable representation and a harmonious distribution of power and authority. The selection of board members adheres to objective criteria, considering proven skills, merit, and capabilities in their respective fields.

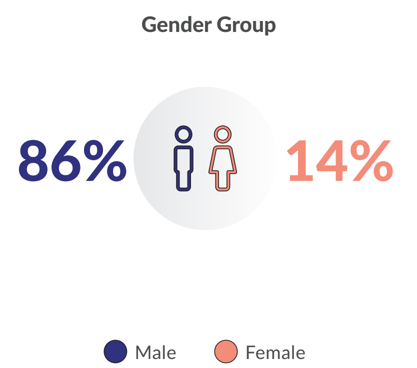
By emphasising on diversity across expertise, experience, age, cultural background, gender, and outlook, the Board takes on the role of a dedicated custodian of the business. This deliberate approach results in an effective fusion of entrepreneurial drive, business acumen, and professional expertise, enhancing the overall operational dynamics of the Board and contributing to its multilayered decision-making capabilities.

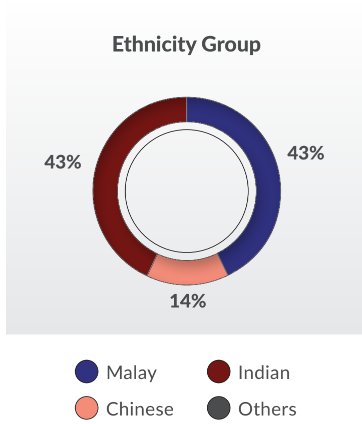
Our Performance

A total of
7
directors in
FY2023

FY2022: **7**
FY2021: **7**







Refer to our Performance Data Table for full disclosure from page 71 to 78.

ANTI-CORRUPTION

Why It Matters

Ethics, honesty, and integrity are the cornerstones of our approach to conducting business. We are committed to upholding the highest ethical standards in our workplace, across all business dealings and relationships.

Our Approach

Deleum actively invests efforts in preventing bribery and corruption, demonstrating our commitment to ethical business practices and legal compliance:

Policies and procedures	Deleum has established the following: • Anti-Bribery Management System • Anti-Bribery and Corruption Policy • Anti-Money Laundering and Counter-Financing of Terrorism Guidelines • Code of Business Conduct • Conflict of Interest Guidelines • Gift, Hospitality, Donation and Sponsorship Procedure • Third-Party Anti-Bribery and Corruption Management Guidelines • Whistleblowing Policy and Procedure The establishment of a commitment to prohibit bribery and corruption in the business conduct of the Group is collectively overseen by the Board of Directors, BRC, and MCRC. This encompasses the approval of relevant policies and a meticulous review process to ensure alignment with the Group's legal and ethical obligations.
ISO 37001:2016 Anti-Bribery Management System ("ABMS")	In FY2023, Deleum established an ISO 37001:2016 Anti-Bribery Management System, successfully audited for compliance with required standards, aiming to prevent bribery and corruption. Deleum Berhad, Deleum Services Sdn. Bhd. and Deleum Technology Solutions Sdn. Bhd. were accredited with ABMS on 27 January 2024.

Zero tolerance against bribery and corruption	Deleum adopts a zero-tolerance policy for any form of bribery or corruption, encompassing activities such as offering or taking bribes, double-dealing, illegal transactions, tampering with elections, kickbacks, money laundering, and investor fraud. We strictly adhere to all local and foreign applicable laws, rules, and regulations, encircling criminal laws, laws combatting bribery, anti-corruption, anti-money laundering, and anti-terrorism. Any attempt or action that could compromise the integrity and accuracy of the Group's financial reporting is strictly prohibited, including engaging in any scheme to defraud anyone of money, property, or honest services.
Zero tolerance on fraud	Deleum remains resolute in not engaging in any scheme designed to defraud individuals of money, property, or honest services.

Assessing Corruption Risks and Due Diligence

We conducted thorough risk assessments for both existing and prospective projects, as well as prior to engaging new suppliers and contractors.

We identified specific areas with significant or high exposures to bribery and corruption risks covering areas like conflict of interest, political relationships, government ties, potential corruption, money laundering, and financing of terrorism by:

- Identifying and implementing continuous improvements to enhance anti-bribery and corruption policies and procedures through gap analysis and risk assessment.
- Monitoring compliance on GHDS transactions, with compliance champions conducting reviews and assessments, regularly reporting to MCRC, BRC, and the Board.
- Training and communicating the Group's goals, targets, and policies to the Board and employees through the corporate website, training sessions, and induction programmes.
- Conducting periodic corruption risk assessments guided by our ERM Framework including the Third-Party Anti-Bribery and Corruption Management Guidelines, consolidating into an enterprise-wide risk heat map regularly reviewed at the Group-wide level.

To address significant or high risks of bribery and corruption, we have implemented investigation protocols. This entails engaging designated investigators and following a structured process, including case assessment, investigation planning, fact establishment, conducting the investigation, and reporting the results.

The following are the business areas with significant or high exposures of bribery and corruption risks (not listed in any particular order):

Business Areas	Type of Risks
• Corporate Social Responsibility activities • Custom clearance • Finance and administration • Human resources • Licences • Procurement of products and services • Sales and business development	• Abuse of power • Breach of data • Bribery • Conflict of interest • Falsifying of information • Fraud • Misuse of information • Self-ethical/integrity

Our goal is to ensure a fair, objective, unbiased, and impartial investigation on behalf of Deleum, so there will be no abuse of discretion, discrimination, capricious or arbitrary decisions or actions during the process. Individuals with actual or perceived conflicts of interest are prohibited from participating in the investigation or making judgment calls on corrective actions or appeal procedures.

Whistleblowing Mechanisms

Our Whistleblowing Policy and Procedure which is approved by the Board, allows employees, suppliers, and the public to report any unethical conduct such as bribery, corruption, policy violations, or breaches of applicable laws for investigation. Reports can cover various matters, including financial crimes, harassment, misappropriation of assets, and breaches of health and safety or environmental concerns. Whistleblowers, whose identities are kept confidential, can submit reports anonymously, and the reports will be addressed without fear of reprisal.

Currently, there are two channels to reach us:

1. Email to whistle@deleum.com
   The Whistleblowing Committee Chairman will have the direct access to this email.

2. Letters/documents/reports (in sealed envelope with labelled "STRICTLY PRIVATE AND CONFIDENTIAL TO BE OPENED BY THE ADDRESSEE ONLY") to be addressed to:

   Whistleblowing Committee Chairman,
   C/o Corporate Secretarial Department,
   Deleum Berhad
   No. 2, Jalan Bangsar Utama 9,
   Bangsar Utama,
   59000 Kuala Lumpur.

Anti-Corruption Training and Communication

By educating our stakeholders at all levels, from leadership to frontline employees, we reinforce adherence to ethical standards while fortifying our defences against the detrimental impacts of corruption. We aim to strengthen the culture of transparency, accountability, and ethical conduct, fostering trust among stakeholders and enhancing our resilience against legal, financial, and reputational risks associated with corrupt practices.

We continuously organise a series of comprehensive anti-corruption related training, learning, and communication sessions tailored for our Board, senior management, and employees. The initiatives included:

Integrity Awareness Events in collaboration with the Malaysian Anti-Corruption Commission on 8 February 2023 and 7 March 2024

Training for employees and compliance champions related to ISO 37001:2016 Anti-Bribery Management Systems

Induction training for all new employees covering the general topic of anti-bribery and corruption, as well as providing an understanding of COBC, COI, and anti-bribery and corruption

New employees and directors undergo training and awareness sessions on the Anti-Bribery Management System Policy and Anti-bribery and Corruption Policy. Regular training sessions are also conducted for existing employees and directors

Corruption Risk Assessment Workshop for Business Units and Corporate Resources Functions

Ongoing Speak-Up and Listen-Up Programme: Continuously fostering a culture of open communication and attentiveness to ensure that all voices are heard

Mandatory annual training and assessment on COBC, COI, and anti-bribery and corruption for employees

Regular communication via digital communication platforms such as the company website, intranet, and emails

Our Performance

69% of our operations assessed for corruption-related risks in FY2023	**All** of our directors received anti-bribery and corruption training in FY2023
RM0 of total amount of political contributions made in FY2023	**ZERO** number of confirmed incidents of corruption and action taken in FY2023
ZERO number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies in FY2023	**RM0** cost of fines, penalties or settlements in relation to corruption in FY2023

Refer to our Performance Data Table for full disclosure from page 71 to 78.

CYBER AND INFORMATION SECURITY

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why It Matters

In this digitalisation era, safeguarding data privacy from any digital security threats is essential to safeguard the level of confidence of our stakeholders in our integrity and system reliability.

Our Approach

We adhere to the cybersecurity practices outlined in our Cybersecurity Policy. Regular security assessments, including Information, Communication and Technology governance, are carried out by internal and external auditors.

In compliance with Malaysia's Personal Data Protection Act ("PDPA") requirements, the PDPA Committee was established to oversee the compliance and implementation of PDPA requirements. A designated PDPA Compliance Officer undertakes the implementation of PDPA compliance and reports to the PDPA Committee on its compliance. Our commitment conventions are reflected in the Personal Data Policy which we expect our employees not to process personal data regarding third parties, employees, or others unless the necessary steps for compliance are undertaken.

Throughout the year, we have focused on a risk-based approach to identify and manage localised risks through specific actions and mitigations. MCRC and BRC periodically review our risk management practices in digital transformation and cyber and information security, including personal data protection.

Our Performance

ZERO number of substantiated complaints concerning breaches of customer privacy and losses of customer data in FY2023

Refer to our Performance Data Table for full disclosure from page 71 to 78.

PERFORMANCE DATA

The performance data are derived and verified using internal sources. We continuously seek to improve our methodology and processes in data collection and performance tracking to address the inconsistencies or inaccuracies in earlier disclosure, and progressively close any gaps in our sustainability reporting in compliance with the applicable frameworks and standards.

CATALYSING PROSPERITY

Strategy and Financial Resilience				
	Unit	FY2021	FY2022	FY2023
A (+) Economic value generated	RM' mil			
• Group revenue	RM' mil	558.4	698.0	792.0
• Interest income	RM' mil	3.0	2.7	5.1
B (-) Key economic value distributed	RM' mil			
• Purchase of goods and services	RM' mil	370.2	466.6	547.4
• Dividend to shareholders	RM' mil	8.8	21.1	22.9
• Employees remuneration and benefits	RM' mil	95.3	102.5	102.3
• Income tax paid	RM' mil	13.7	12.8	27.3
• Community investment	RM' mil	0.023	0.37	0.40
A – B (=) Total economic value retained	RM' mil	73.4	97.3	96.8

Good Procurement Practices				
	Unit	FY2021	FY2022	FY2023
Total number of suppliers	Number	647	653	600
• Total number of local suppliers	Number	579	574	516
• Total number of foreign suppliers	Number	68	79	84
• Percentage of local suppliers	%	89%	88%	86%
• Percentage of foreign suppliers	%	11%	12%	14%
Total procurement spending	RM' mil	404.9	513.6	711.3
• Total spending on local suppliers	RM' mil	69.5	83.9	99.5
• Total spending on foreign suppliers	RM' mil	335.4	429.7	611.8
• Percentage of spending on local suppliers	%	17%	16%	14%
• Percentage of spending on foreign suppliers	%	83%	84%	86%

Note:
The figures for total procurement spent and total number of suppliers for FY2021 and FY2022 have been restated to align with the methodology adopted in FY2023. The restated total number of suppliers is 7% and 9% higher for FY2021 and FY2022, respectively. On the other hand, the restated total procurement spent is 0.1% and 6% higher for FY2021 and FY2022, respectively, with the exclusion of inter-company transactions and the inclusion of a subsidiary.

PROTECTING AND PRESERVING ENVIRONMENT

Pollution and Resources				
	Unit	FY2021	FY2022	FY2023
Environmental Spillage and Compliance Management				
• Minor spillage incidents	Number of Incidents	1	1	0
• Environmental fines and penalties	Number of Incidents	1	0	0
	RM	26,000	0	0
Water Management				
• Total water consumption *Note: The main source of water consumption is the treated freshwater provided by municipal authorities.*	Megalitres	28.0	22.4	15.6
• Total rainwater harvested	Cubic Metres	76.5	49.5	75.2
Waste Management				
• Directed to disposal (non-recycle waste) *Note: All waste directed to disposal (non-recyclable) are categorised as hazardous waste.*	Metric Tonnes	40.8	41.2	79.3
• Diverted from disposal (recycle waste)	Metric Tonnes	0	0.4	2.8
Total	Metric Tonnes	40.8	41.6	82.1

Note:
- The water consumption for FY2021 and FY2022 has been restated due to errors made in the previous reporting period. The restated total water consumption is 12% lower for FY2021 and 9% higher for FY2022 compared to the consumption reported previously.
- The rainwater harvested for FY2022 has been restated due to errors made in the previous reporting period. The restated total rainwater harvested is 4% lower than the cumulative cubic metres reported previously.

HELPING PEOPLE

Fair Employment and Human Rights	Unit	FY2021	FY2022	FY2023
Complaints concerning human rights violations				
Number of substantiated complaints concerning human rights violations	Number	0	0	0
Our Workforce				
Total workforce	Number	795	781	775
Workforce Composition				
• Number of permanent employees	Number	585	592	612
• Number of contract employees	Number	52	88	73
• Number of casual workers	Number	158	101	90
• Percentage of permanent employees	%	74%	76%	79%
• Percentage of contract employees	%	6%	11%	9%
• Percentage of casual workers	%	20%	13%	12%
Workforce with a disability	Number	0	0	0
	%	0%	0%	0%

Workforce by Employment Category	Unit	FY2021	FY2022	FY2023
• Senior Management	Number	36	39	36
• Junior Management	Number	68	66	89
• Executive	Number	229	238	252
• Non-Executive	Number	462	438	398
• Senior Management	%	4%	5%	5%
• Junior Management	%	9%	9%	11%
• Executive	%	29%	30%	33%
• Non-Executive	%	58%	56%	51%

Note: Senior Management profile comprises Senior Manager, General Manager, C-Suite Executive, and Group Chief Executive Officer positions. Meanwhile, Junior Management profile comprises Assistant Manager and Manager positions.

Workforce by Nationality	Unit	FY2021	FY2022	FY2023
• Malaysian	Number	794	774	755
• Non-Malaysian	Number	1	7	20
• Malaysian	%	99.9%	99%	97%
• Non-Malaysian	%	0.1%	1%	3%

Workforce by Age Group	Unit	FY2021	FY2022	FY2023
• Aged 20-30	Number	178	168	174
• Aged 31-40	Number	398	378	339
• Aged 41-50	Number	150	150	174
• Aged 51-60	Number	60	72	71
• Aged >60	Number	9	13	17
• Aged 20-30	%	22%	22%	23%
• Aged 31-40	%	50%	48%	44%
• Aged 41-50	%	19%	19%	22%
• Aged 51-60	%	8%	9%	9%
• Aged >60	%	1%	2%	2%

Fair Employment and Human Rights	Unit	FY2021	FY2022	FY2023
By employment category				
Senior Management				
• Aged 20-30	Number	0	0	0
• Aged 31-40		8	11	7
• Aged 41-50		14	15	17
• Aged 51-60		12	10	11
• Aged >60		2	3	1
Junior Management				
• Aged 20-30		1	0	0
• Aged 31-40		45	44	50
• Aged 41-50		17	16	24
• Aged 51-60		5	6	9
• Aged >60		0	0	6
Executive				
• Aged 20-30		51	57	85
• Aged 31-40		129	128	108
• Aged 41-50		41	40	48
• Aged 51-60		6	11	11
• Aged >60		2	2	0
Non-Executive				
• Aged 20-30		126	111	89
• Aged 31-40		216	195	174
• Aged 41-50		78	79	85
• Aged 51-60		37	45	40
• Aged >60		5	8	10
By employment category				
Senior Management				
• Aged 20-30	%	0%	0%	0%
• Aged 31-40		22%	28%	19%
• Aged 41-50		39%	38%	47%
• Aged 51-60		33%	26%	31%
• Aged >60		6%	8%	3%
Junior Management				
• Aged 20-30		1%	0%	0%
• Aged 31-40		66%	67%	56%
• Aged 41-50		25%	24%	27%
• Aged 51-60		8%	9%	10%
• Aged >60		0%	0%	7%
Executive				
• Aged 20-30		22%	24%	34%
• Aged 31-40		56%	54%	43%
• Aged 41-50		18%	17%	19%
• Aged 51-60		3%	4%	4%
• Aged >60		1%	1%	0%
Non-Executive				
• Aged 20-30		27%	25%	22%
• Aged 31-40		47%	45%	44%
• Aged 41-50		17%	18%	21%
• Aged 51-60		8%	10%	10%
• Aged >60		1%	2%	3%

Fair Employment and Human Rights	Unit	FY2021	FY2022	FY2023
Workforce by Gender Group				
• Male	Number	608	587	574
• Female	Number	187	194	201
• Male	%	76%	75%	74%
• Female	%	24%	25%	26%
By employment category				
Senior Management	Number			
• Male	Number	24	25	21
• Female	Number	12	14	15
Junior Management	Number			
• Male	Number	37	39	57
• Female	Number	31	27	32
Executive	Number			
• Male	Number	124	125	133
• Female	Number	105	113	119
Non-Executive	Number			
• Male	Number	423	398	363
• Female	Number	39	40	35
By employment category				
Senior Management	%			
• Male	%	67%	64%	58%
• Female	%	33%	36%	42%
Junior Management	%			
• Male	%	54%	59%	64%
• Female	%	46%	41%	36%
Executive	%			
• Male	%	54%	53%	53%
• Female	%	46%	47%	47%
Non-Executive	%			
• Male	%	92%	91%	91%
• Female	%	8%	9%	9%

Workforce by Ethnicity Group	Unit	FY2021	FY2022	FY2023
• Malay	Number	551	503	495
• Chinese	Number	63	64	61
• Indian	Number	32	30	30
• Others	Number	149	184	189
• Malay	%	69%	64%	64%
• Chinese	%	8%	8%	8%
• Indian	%	4%	4%	4%
• Others *Note: Others represent ethnic groups for Bumiputera Sabah and Sarawak, such as Iban, Dayak, Kadazan, Bidayuh and more.*	%	19%	24%	24%

Fair Employment and Human Rights	Unit	FY2021	FY2022	FY2023
By employment category				
Senior Management	Number			
• Malay		24	28	28
• Chinese		9	8	7
• Indian		2	1	1
• Others		1	2	0
Junior Management				
• Malay		45	43	59
• Chinese		14	13	13
• Indian		4	5	7
• Others		5	5	10
Executive				
• Malay		168	172	182
• Chinese		27	25	27
• Indian		17	13	14
• Others		17	28	29
Non-Executive				
• Malay		314	260	226
• Chinese		13	18	14
• Indian		9	11	8
• Others		126	149	150
By employment category				
Senior Management	%			
• Malay		66%	71%	78%
• Chinese		25%	21%	19%
• Indian		6%	3%	3%
• Others		3%	5%	0%
Junior Management				
• Malay		66%	65%	66%
• Chinese		21%	19%	15%
• Indian		6%	8%	8%
• Others		7%	8%	11%
Executive				
• Malay		73%	72%	72%
• Chinese		13%	11%	11%
• Indian		7%	5%	6%
• Others		7%	12%	11%
Non-Executive				
• Malay		68%	59%	57%
• Chinese		3%	4%	3%
• Indian		2%	3%	2%
• Others *Note: Others represent ethnic groups for Bumiputera Sabah and Sarawak, such as Iban, Dayak, Kadazan, Bidayuh and more.*		27%	34%	38%

Fair Employment and Human Rights	Unit	FY2021	FY2022	FY2023
Employee Turnover				
Employee voluntary turnover	Number	71	97	81
	Rate	12%	16%	12%
By employment category				
• Senior Management	Number	10	3	1
• Junior Management	Number	12	15	12
• Executive	Number	27	50	49
• Non-Executive	Number	22	29	19
By employment category				
• Senior Management	Rate	-	-	3%
• Junior Management	Rate	-	-	13%
• Executive	Rate	-	-	19%
• Non-Executive	Rate	-	-	5%
Percentage breakdown of employee voluntary turnover				
• Senior Management	%	14%	3%	1%
• Junior Management	%	17%	15%	15%
• Executive	%	38%	52%	61%
• Non-Executive	%	31%	30%	23%

Note: The calculation of employee turnover for FY2023 includes both permanent and contract employees, whereas for FY2022 and FY2021, it encompasses only permanent employees.

Talent Management	Unit	FY2021	FY2022	FY2023
Total training invested Group-wide	RM' mil	0.96	1.65	1.20
• Average training invested per entity	RM	107,139	183,578	132,959
• Average training invested per workforce	RM	1,213	2,116	1,544
Total training hours Group-wide	Hours	9,523	15,828	12,912
• Average training hours per entity	Hours	1,058	1,759	1,435
• Average training hours per workforce	Hours	12	20	17
• Average training days per workforce	Days	1.5	2.5	2
Total training hours by employment category				
• Senior Management	Hours	42	247	1,096
• Junior Management	Hours	119	560	518
• Executive	Hours	742	2,097	3,333
• Non-Executive	Hours	8,620	12,924	7,965
Average training hours per workforce by employment category				
• Senior Management	Hours	1.2	6.3	30.4
• Junior Management	Hours	1.8	8.5	5.8
• Executive	Hours	3.2	8.8	13.2
• Non-Executive	Hours	18.7	29.5	20.0

Note: The training hours for FY2022 have been restated due to improvements in data collection. As a result, the total training hours are 1% higher than those reported previously. The change in total training hours has also been applied to both the total and average training hours by employment category as well as average training hours by entity.

Talent Management	Unit	FY2021	FY2022	FY2023
Paternity and Maternity				
Number of employees who took paternity leave	Number	30	33	29
Number of employees who took maternity leave	Number	14	16	11
Employees who return to work rates (return to work after parental leave period)				
• Male	Number	30	33	29
• Female	Number	14	16	11
• Male	%	100%	100%	100%
• Female	%	100%	100%	100%
Percentage of retention rates (retain with the organisation for 12 months or more post parental leave)				
• Male	Number	24	28	27
• Female	Number	10	10	12
• Male	%	75%	93%	82%
• Female	%	67%	71%	75%

Note:
- The figures on the number of employees who have taken the paternity and maternity leave for the respective FY2021 and FY2022 were restated due to improvement in data collection. The restatement resulted in an increase of 5% and 7% of both number of employees who have taken the paternity and maternity leave for FY2021 and FY2022 respectively.
- Due to the change of calculation method, the figures on paternity leave for FY2021 and FY2022 were restated and reflected in the retention rates (retained with the organisation for 12 months or more post parental leave). The percentage of retention rate for male employee were restated with the reduction of 21% for FY2021 and 1% for FY2022, respectively.
- The restated figures of female employees retained with the organisation for 12 months or more post maternity leave are 12% and 15% lower as compared from previously % disclosed of the respective FY2021 and FY2022, due to change of calculation method used.

Health and Safety	Unit	FY2021	FY2022	FY2023
Number of work-related fatalities				
• Employee	Number	0	0	0
• Casual worker / contractor	Number	0	1	0
Lost time injury ("LTI") *Note: Lost time injury refers to an injury when the injured cannot return for duty next shift or next day irrespective whether the following is days off, off shift, weekends or public holiday.*				
• Employee	Number	1	0	0
	Rate	0.077	0	0
• Casual worker / contractor	Number	0	1	0
	Rate	0	0.076	0
Workforce trained on health and safety standards	Number	574	584	364
	%	72%	75%	47%

Community Outreach	Unit	FY2021	FY2022	FY2023
Total amount invested in the community	RM	23,000	365,000	400,800
Total number of beneficiaries of the community invested	Number of Beneficiaries	100	500	3,441

EMBRACING GOOD GOVERNANCE

Corporate Governance	Unit	FY2021	FY2022	FY2023
Total number of Directors	Number	7	7	7
Directors by age group				
• Aged <30	Number	0	0	0
• Aged 31-50	Number	0	0	0
• Aged 51-65	Number	3	4	3
• Aged >65	Number	4	3	4
• Aged <30	%	0%	0%	0%
• Aged 31-50	%	0%	0%	0%
• Aged 51-65	%	43%	57%	43%
• Aged >65	%	57%	43%	57%
Directors by gender				
• Male	Number	6	6	6
• Female	Number	1	1	1
• Male	%	86%	86%	86%
• Female	%	14%	14%	14%
Directors by ethnicity				
• Malay	Number	3	3	3
• Chinese	Number	1	1	1
• Indian	Number	3	3	3
• Others	Number	0	0	0
• Malay	%	43%	43%	43%
• Chinese	%	14%	14%	14%
• Indian	%	43%	43%	43%
• Others	%	0%	0%	0%

Anti-Corruption	Unit	FY2021	FY2022	FY2023
Percentage of operations assessed for corruption-related risks	%	-	60%	69%
Directors received anti-bribery and corruption training	Number	7	7	7
	%	100%	100%	100%
Number of workforces received anti-bribery and corruption training	Number	795	781	775
• Senior Management	Number	-	-	36
• Junior Management	Number	-	-	89
• Executive	Number	-	-	252
• Non-Executive	Number	-	-	398
Percentage of workforces received anti-bribery and corruption training	%	100%	100%	100%
• Senior Management	%	-	-	100%
• Junior Management	%	-	-	100%
• Executive	%	-	-	100%
• Non-Executive	%	-	-	100%
Number of confirmed incidents of corruption and action taken	Number	0	0	0
Total amount of political contributions made	RM	0	0	0
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0	0	0
Cost of fines, penalties or settlements in relation to corruption	RM	0	0	0

Cyber and Information Security	Unit	FY2021	FY2022	FY2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

The table below provides a detailed description of Deleum's commitment to aligning its business operations with TCFD themes and recommended disclosures. Wherever necessary, references to specific sections of this report are provided where more detailed explanations can be found.

TCFD Disclosures

Governance

Describe the Board's oversight of climate-related risks and opportunities.

Describe the management's role in assessing and managing climate-related risks and opportunities.

All material topics, including those related to sustainability, climate issues, compliance, and risk governance, fall under the direct oversight of Deleum's Board of Directors through the Group's sustainability governance structure. This responsibility is bolstered by BRC, which are entrusted with delegated authority.

Within this governance structure, the MCRC, led by our Group Chief Executive Officer and comprising C-suite executives and senior management, assumes a central role in supporting the Board by strategically managing significant sustainability and climate risk matters.

Through BRC, the Board remains informed about all climate-related concerns via regular reports on sustainability issues, encompassing carbon emissions and energy consumption. Armed with this information, the Board engages in deliberations to determine the most effective strategies for Deleum to address climate-related challenges across all levels of the Group's operations.

Additionally, the Management conducts reviews of risks stemming from climate change and associated impacts through the MCRC.

For further details, please refer to the Our Sustainability Governance Structure section and the Climate Change and Emissions section from page 31 to 32 and from page 42 to 46, respectively.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Deleum undertook a thorough, Group-wide assessment of climate risks, engaging key personnel from the business units and relevant corporate resources functions . This interdisciplinary session aimed to gather insights into the potential effects of climate change on various facets of their operations and job roles.

The assessment encompassed an evaluation of both physical and transitional risks, including acute and chronic considerations, ranging short, medium, and long-term horizons. The analysis delved into the interplay between these risks and their implications for financial and business performance.

Based on the outcomes of this assessment, the following tables detail the risk profile pertaining to both physical and transitional risks.

Physical Risks

Type of Risk	Potential Risks	Estimated Time Horizon
Acute	• Floods • Strong wind / monsoon that affect the productivity and business activities	Short- to long-term
Chronic	• Rising sea levels • Extreme heat poses a health impact	

Transition Risks

Impact Category	Potential Risks	Estimated Time Horizon
Policy and Legal	• Public disclosure obligations • Data accuracy and transparency	Short- to long-term
Technology	• Costs to adopt low emissions technologies	
Market	• Increasing customer preferences for low-carbon products and services	
Reputation	• Heightened level of scrutiny, concern, and feedback from stakeholders	

More details on the potential impacts and opportunities can be found in the Our Climate Change Risks and Opportunities section on page 43.

TCFD Disclosures	
Strategy	
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2.0 degrees celsius or lower scenario.	Recognising the potential impacts of global temperature increases within the range of 1.5 to 2.0 degrees Celsius, we have taken proactive measures by conducting simulation tests to aid in our planning and adaptation strategies for navigating the effects of climate change: ● **Business Continuity Management** We have conducted simulations of various scenarios within our Business Continuity Management system at operational sites to ensure our response and recovery strategies are effective in the face of climate-related challenges. ● **Issuing Travel Alerts** Adhering to adverse weather guidelines, we issue travel alerts based on forecasts to mitigate potential hazards posed by adverse weather conditions. ● **Monitoring Weather** We closely monitor weather patterns utilising rainfall data and forecasts provided by MetMalaysia to stay abreast of changing conditions and anticipate potential risks. ● **Issuing Flood Alerts** In alignment with adverse weather guidelines, we issue flood alerts, highlighting potential hazards and providing evacuation instructions to safeguard personnel and assets. ● **Activating Emergency Response** Our Emergency Response Team is activated to provide assistance to flood victims and address the impact on operational facilities, ensuring a swift and coordinated response to mitigate disruptions. ● **Monitoring Climate Change Effects** We continuously monitor the effects of climate change on our business presence and operations, enabling us to adapt and respond effectively to evolving environmental conditions. Our proactive approach to simulating test scenarios and implementing measures underscores our commitment to effectively manage and adapt to the impacts of climate change. By integrating these strategies into our operational framework, we strive to enhance resilience, protect our assets, and safeguard the well-being of our personnel and communities in the face of evolving environmental challenges.
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks.	To facilitate the climate-related risks assessment, we have integrated climate-related risk management processes into both our Sustainability Framework and ERM Framework. Our approach is in alignment with the guidelines set forth by the COSO, ensuring a comprehensive and effective strategy to address and manage the multifaceted challenges posed by climate change.

<table>
<tr><th colspan="2">TCFD Disclosures</th></tr>
<tr><th colspan="2">Risk Management</th></tr>
<tr><td>Describe the organisation's processes for managing climate-related risks.</td><td rowspan="2">
This integration underscores our commitment to robust governance, risk management, and sustainability practices, fostering resilience and responsible business practices in the ever-evolving landscape of environmental considerations.
The following outlines our strategic approach to ensuring comprehensive management and integration of climate-related risks across all facets of Deleum's business operations:
<table>
<tr><td>1. Identify</td><td>• The climate change risk assessment process is guided by the risk-related framework policy and procedures, specifically the ERM Framework.
• Identify and assess climate change risks, including both physical and transition risks, across short, medium, and long-term timelines.
• All business units and corporate resources functions are required to conduct an annual review of their risk profiles.
• Integrate climate change risk into the enterprise-wide multi-disciplinary risk heat map, facilitated by the CCSR Department.</td></tr>
<tr><td>2. Manage</td><td>• Monitor performance against set targets.
• Regularly monitor and report GHG emissions and energy consumption indicators.
• Identify and implement actions to reduce GHG emissions.</td></tr>
<tr><td>3. Report</td><td>• Streamline and consolidate into a unified risk reporting structure to present to the MCRC, BRC, and Board on a quarterly basis.
• Provide quarterly reports to the MCRC, BRC, and Board through the internal sustainability progress report and risk management report, detailing the actions taken to address climate change risks for deliberation and revision.</td></tr>
</table>
More details on the risk management can be found in the Integrating EESG into Enterprise Risk Management section from page 33 to 35.
</td></tr>
<tr><td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</td></tr>
<tr><th colspan="2">Metrics and Targets</th></tr>
<tr><td>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</td><td rowspan="3">We are continuously enhancing our data measurement, accounting, and validation processes to ensure the utmost reliability and accuracy of our GHG emissions and energy consumption data. This dedication aligns seamlessly with our overarching environmental objectives, underscoring our unwavering commitment to accountability and the practice of responsible business ethics. By prioritising transparency and sustainability, we aim to provide stakeholders with a comprehensive and dependable overview of our GHG emissions.</td></tr>
<tr><td>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.</td></tr>
<tr><td>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</td></tr>
</table>

GLOBAL REPORTING INITIATIVE ("GRI")

GRI STANDARD		DISCLOSURE	SECTOR STANDARD REF.NO.	PAGE REFERENCE
GRI 2: General Disclosures 2021	2-1	Organisational details	-	Group Corporate Structure, 6
	2-2	Entities included in the organisation's sustainability reporting		Group Corporate Structure, 6
	2-3	Reporting period, frequency and contact point		About This Statement, Reporting Period and Cycle, 24-25
	2-4	Restatements of information		• Good Procurement Practices (Procurement data for FY2021 and FY2022), 40, 71 • Pollution and Resources (Water used data for FY2021 and FY2022 and water harvested data for FY2022), 47, 71 • Fair Employment and Human Rights (Paternity and Maternity Leave for FY2021 and FY2022), 59, 77 • Talent Management (Training hours data for FY2022), 59, 76
	2-5	External assurance		This Sustainability Statement has not been subjected to an assurance process
	2-6	Activities, value chain and other business relationships		Sustainability Synergy at Deleum, Our Stakeholder Engagement, 37-38
	2-7	Employees		Fair Employment and Human Rights, Diversity and Equal Opportunity Workplace, 53, 72-76
	2-8	Workers who are not employees		
	2-9	Governance structure and composition		Sustainability Synergy at Deleum, Our Sustainability Governance, 31-32
	2-10	Nomination and selection of the highest governance body		Corporate Governance Overview Statement, 91
	2-11	Chair of the highest governance body		Corporate Information, 5
	2-12	Role of the highest governance body in overseeing the management of impacts		• Sustainability Synergy at Deleum, Our Sustainability Governance, 31-32 • Corporate Governance Overview Statement, 88-89
	2-13	Delegation of responsibility for managing impacts		
	2-14	Role of the highest governance body in sustainability reporting		
	2-15	Conflicts of interest		Anti-Corruption, 67, 226-229
	2-16	Communication of critical concerns		Anti-Corruption, Whistleblowing Mechanisms, 68-69
	2-17	Collective knowledge of the highest governance body		Corporate Governance Overview Statement, 95-97

GRI STANDARD		DISCLOSURE	SECTOR STANDARD REF.NO.	PAGE REFERENCE
	2-18	Evaluation of the performance of the highest governance body	-	Corporate Governance Overview Statement, 94
	2-19	Remuneration policies		Corporate Governance Overview Statement, 99-102
	2-20	Process to determine remuneration		
	2-21	Annual total compensation ratio		Not applicable.
	2-22	Statement on sustainable development strategy		Message from Leadership, 28-29
	2-23	Policy commitments		Sustainability Synergy at Deleum, Our EESG-Linked Policies and Procedures, 33
	2-24	Embedding policy commitments		
	2-25	Processes to remediate negative impacts		• Fair Employment and Human Rights, Employee Grievance Mechanism, 52 • Anti-Corruption, Whistleblowing Mechanisms, 68-69
	2-26	Mechanisms for seeking advice and raising concerns		
	2-27	Compliance with laws and regulations		• Corporate Governance, Good Governance Practices, 66 • Anti-Corruption, 67
	2-28	Membership associations		• About This Report, Membership in Associations, 25 • Catalysing Climate Action Through Collaborative Engagement, 44
	2-29	Approach to stakeholder engagement		Sustainability Synergy at Deleum, Our Stakeholder Engagement, 37-38
	2-30	Collective bargaining agreements		Fair Employment and Human Rights, Our Approach, 51
GRI 3: Material Topics 2021	3-1	Process to determine material topics	-	Sustainability Synergy at Deleum, Assessing Materiality, 34-36
	3-2	List of material topics		
	3-3	Management of material topics		
GRI 201: Economic Performance 2016	3-3	Management of material topics	11.2.1 11.14.1	Strategy and Financial Resilience, 39
	201-1	Direct economic value generated and distributed	11.14.2	Strategy and Financial Resilience, 39
	201-2	Financial implications and other risks and opportunities due to climate change	11.2.2	• Sustainability Synergy at Deleum, Integrating EESG Into Enterprise Risk Management, 33-34 • Climate Change and Emissions, Adapting to Climate Risks and Opportunities, 43
	201-3	Defined benefit plan obligations and other retirement plans	-	Talent Management, Employees Benefits and Well-Being, 57

GRI STANDARD		DISCLOSURE	SECTOR STANDARD REF.NO.	PAGE REFERENCE
GRI 202: Economic Performance 2016	3-3	Management of material topics	11.11.1 11.14.1	Fair Employment and Human Rights, 50
	202-1	Proportion of senior management hired from the local community	11.11.2 11.14.3	Fair Employment and Human Rights, 52-53
GRI 204: Procurement Practices 2016	3-3	Management of material topics	11.14.1	Good Procurement Practices, 40
	204-1	Proportion of spending on local suppliers	11.14.6	• Good Procurement Practices, 40, 72 • Performance Data, 71
GRI 205: Anti-corruption 2016	3-3	Management of material topics	11.20.1	Anti-Corruption, 67-69
	205-1	Operations assessed for risks related to corruption	11.20.2	• Assessing Corruption Risks and Due Diligence, 70 • Performance Data, 78
	205-2	Communication and training about anti-corruption policies and procedures	11.20.3	• Anti-Corruption, 57 • Performance Data, 78
	205-3	Confirmed incidents of corruption and actions taken	11.20.4	• Anti-Corruption, 70 • Performance Data, 78
GRI 302: Energy 2016	3-3	Management of material topics	11.1.1	Climate Change and Emissions, 42
GRI 303: Water and Effluents 2018	3-3	Management of material topics	11.6.1	Pollution and Resources, 46-47
	303-1	Interactions with water as a shared resource	11.6.2	• Water Management, 47 • Performance Data, 71
	303-5	Water consumption	11.6.6	
GRI 304: Biodiversity 2016	3-3	Management of material topics	11.4.1 11.4.4 11.4.5	Biodiversity, 49
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	11.4.2	
	304-2	Significant impacts of activities, products, and services on biodiversity	11.4.3	
GRI 305: Emissions 2016	3-3	Management of material topics	11.1.1 11.2.1 11.2.4	Climate Change and Emissions, 42
GRI 306: Waste 2020	3-3	Management of material topics	11.5.1	Pollution And Resources, 46-48
	306-1	Waste generation and significant waste-related impacts	11.5.2	Waste Management and Recycling Initiative, 47-48
	306-2	Management of significant waste-related impacts	11.5.3	
	306-3	Waste generated	11.5.4	• Waste Management and Recycling Initiative, 47-48 • Performance Data, 71
	306-4	Waste diverted from disposal	11.5.5	
	306-5	Waste directed to disposal	11.5.6	
	305-6	Emissions of ozone-depleting substances (ODS)	-	

GRI STANDARD		DISCLOSURE	SECTOR STANDARD REF.NO.	PAGE REFERENCE
GRI 401: Employment 2016	3-3	Management of material topics	11.10.1	Fair Employment and Human Rights, 50-55
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	11.10.2	• Fair Employment and Human Rights, 54 • Performance Data, 76
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	11.10.3	Employees Benefits and Well-Being, 58
GRI 401: Employment 2016	401-3	Parental leave	11.10.4 11.1.3	• Employees Benefits and Well-Being, 58-59 • Performance Data, 77
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	11.9.1	Health And Safety, 60-62
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	11.9.2	Health and Safety Management System, 60
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	11.9.3	Implementing Health and Safety Risk Assessment and Due Diligence Practices, 61
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	11.9.4	Health And Safety Reporting Structure, 60
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	11.9.5	Reporting Protocol for Incidents or Accidents, 61
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	11.9.6	• Health and Safety Training and Awareness, 61 • Performance Data, 77
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health	11.9.7	Health and Safety Training and Awareness, 61-62
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	11.9.9	Health and Safety Management System, 60
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injuries	11.9.10	• Health and Safety, 62 • Performance Data, 77
GRI 403: Occupational Health and Safety 2018	403-10	Work-related ill health	11.9.11	• Health and Safety, 62 • Performance Data, 77
GRI 404: Training and Education 2016	3-3	Management of material topics	11.7.1 11.11.1	Talent Management, 56-59
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	11.10.6 11.11.4	• Talent Management, 59 • Performance Data, 76
GRI 404: Training and Education 2016	404-2	Programmes for upgrading employee skills and transition assistance programmes	11.7.3 11.10.7	Training and Development, 56-57
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	-	Employee Performance Appraisals, 56

GRI STANDARD		DISCLOSURE	SECTOR STANDARD REF.NO.	PAGE REFERENCE
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	11.11.1	• Fair Employment and Human Rights, Diversity and Equal Opportunity Workplace, 53-55 • Performance Data, 72-75
	405-1	Diversity of governance bodies and employees	11.11.5	• Board Diversity, 66 • Diversity and Equal Opportunity Workplace, 53-55
GRI 406: Non-discrimination 2016	3-3	Management of material topics	11.11.1	Fair Employment and Human Rights, 50-55
	406-1	Incidents of discrimination and corrective actions taken	11.11.7	Fair Employment and Human Rights, 54
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	11.13.1	Fair Employment and Human Rights, 50-55
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	11.13.2	Fair Employment and Human Rights, 50-51
GRI 408: Child Labour 2016	3-3	Management of material topics	-	Fair Employment and Human Rights, 50-55
	408-1	Operations and suppliers at significant risk for incidents of child labour	-	Fair Employment and Human Rights, 50-55
GRI 409: Forced or Compulsory Labour 2016	3-3	Management of material topics	11.12.1	Fair Employment and Human Rights, 50-55
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	11.12.2	Fair Employment and Human Rights, 50-51
GRI 413: Local Communities 2016	3-3	Management of material topics	11.15.1	Community Outreach, 62-65
	413-1	Operations with local community engagement, impact assessments, and development programmes	11.15.2	Community Outreach, 62-65
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	11.12.1	• Good Procurement Practices, 40 • Anti-Corruption, 68
	414-1	New suppliers that were screened using social criteria	11.10.8 11.12.3	
GRI 415: Public Policy 2016	3-3	Management of material topics	11.22.1	Anti-Corruption, 67-70
	415-1	Political contributions	11.22.2	Anti-Corruption, 66, 70
GRI 416: Customer Health and Safety 2016	3-3	Management of material topics	11.3.1	Customer Service and Product Responsibility, 41
	416-1	Assessment of the health and safety impacts of product and service categories	11.3.3	Customer Service and Product Responsibility, 41
GRI 418: Customer Privacy 2016	3-3	Management of material topics	-	Cyber and Information Security, 70
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	• Cyber and Information Security, 70 • Performance Data, 78

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	17.00	16.00	14.00
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	28.000000	22.400000	15.600000
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	42	247	1,096
Junior Management	Hours	119	560	518
Executive	Hours	742	2,097	3,333
Non-Executive	Hours	8,620	12,924	7,965
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	26.00	24.00	21.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	10	3	1
Junior Management	Number	12	15	12
Executive	Number	27	50	49
Non-Executive	Number	22	29	19
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	1	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.08	0.08	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	574	584	364
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	-	-	100.00
Junior Management	Percentage	-	-	100.00
Executive	Percentage	-	-	100.00
Non-Executive	Percentage	-	-	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	60.00	69.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	23,000.00	365,000.00	400,800.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	100	500	3,441
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Aged < 30	Percentage	0.00	0.00	0.00
Senior Management Aged 31 - 50	Percentage	61.00	66.00	66.00
Senior Management Aged 51 - 60	Percentage	33.00	26.00	31.00
Senior Management Aged > 60	Percentage	6.00	8.00	3.00
Junior Management Aged < 30	Percentage	1.00	0.00	0.00
Junior Management Aged 31 - 50	Percentage	91.00	91.00	83.00
Junior Management Aged 51 - 60	Percentage	8.00	9.00	10.00
Junior Management Aged > 60	Percentage	0.00	0.00	7.00
Executive Aged < 30	Percentage	22.00	24.00	34.00
Executive Aged 31 - 50	Percentage	74.00	71.00	62.00
Executive Aged 51 - 60	Percentage	3.00	4.00	4.00
Executive Aged > 60	Percentage	1.00	1.00	0.00
Non-Executive Aged < 30	Percentage	27.00	25.00	22.00
Non-Executive Aged 31 - 50	Percentage	64.00	63.00	65.00
Non-Executive Aged 51 - 60	Percentage	8.00	10.00	10.00
Non-Executive Aged > 60	Percentage	1.00	2.00	3.00
Gender Group by Employee Category				
Senior Management Male	Percentage	67.00	64.00	58.00
Senior Management Female	Percentage	33.00	36.00	42.00
Junior Management Male	Percentage	54.00	59.00	64.00
Junior Management Female	Percentage	46.00	41.00	36.00
Executive Male	Percentage	54.00	53.00	53.00
Executive Female	Percentage	46.00	47.00	47.00
Non-Executive Male	Percentage	92.00	91.00	91.00
Non-Executive Female	Percentage	8.00	9.00	9.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	86.00	86.00	86.00
Female	Percentage	14.00	14.00	14.00
Aged < 30	Percentage	0.00	0.00	0.00
Aged 31 - 50	Percentage	0.00	0.00	0.00
Aged 51 - 65	Percentage	43.00	57.00	43.00
Aged > 65	Percentage	57.00	43.00	57.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	-	-	No Data Provided

The Board of Directors ("the Board") of Deleum Berhad ("Deleum" or "the Company") remains steadfast in its commitment in ensuring that 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 Core Values. The Board is mindful of its responsibilities to the shareholders and the other stakeholders, and shall continue to uphold good corporate governance which is essential for sustainable long-term performance and value creation.

This Statement, as at 26 February 2024, provides an overview of the Group's application of the principles set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year ended 31 December 2023 ("FY2023"). The details of the application of each practice set out in the MCCG is disclosed in the Corporate Governance Report for FY2023 which is available on Deleum's corporate website at www.deleum.com.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

I. ROLES AND RESPONSIBILITIES OF THE BOARD

1. Board of Directors

The Board has collective responsibility and accountability for the overall management, direction and performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed.

It has the ultimate and overall responsibility for the entire affairs of the Group and the proper and effective conduct of its business including establishing the vision and strategic objectives of the Group, directing and providing effective oversight of Management and stewardship of the Group's resources towards realising the vision of the Group.

The Board Charter, published in the Company's corporate website, provides guidance to the Board in discharging its duties and responsibilities, including the following matters which are reserved for its collective decision making:

i. the overall corporate strategy and direction, business plans and annual budget including major capital commitments;
ii. participation in tenders or projects exceeding prescribed value;
iii. material acquisitions and disposals of undertakings and properties;
iv. key policies and the delegation of authority guidelines;
v. undertaking of new business activities in non-traditional or non-core areas;
vi. decision to cease to operate all or any part of the Group's business;
vii. establishment of long-term or incentive plans and major changes to existing plans; and
viii. succession planning.

The Group's corporate governance structure consists of a set of structures, policies and procedures.

The Board is supported by three (3) Board Committees to which the Board has delegated specific responsibilities, namely Audit Committee ("AC"), Board Risk Committee ("BRC") and Joint Remuneration and Nomination Committee ("JRNC").

The Board communicates its directions to Management through the Group Chief Executive Officer ("GCEO") who is responsible for the day-to-day management of the business and operations of the Group and implementation of the Group's strategies and policies as approved by the Board. He is well supported by his management team. The GCEO apprises the Board on a quarterly basis on the industry, business, prospects and issues faced by the Group.

All matters not specifically reserved to the Board which are necessary for the day-to-day operations of the Group are delegated to Management to operate within the Delegation of Authority Guidelines ("DAG"). The GCEO is delegated the limits of authority as specified in the DAG on corporate and operational matters. The DAG sets out the specific approval thresholds for the GCEO who further delegates the authorities granted to him to the operational management team and other executives on operation matters including sales, procurement and capital expenditure.

2. Chairman, Deputy Chairman, GCEO and Independent Directors

The Board practises a clear demarcation of responsibilities whilst maintaining the balance of power and authority. The positions of the Chairman, Deputy Chairman and GCEO are held by separate persons, and the clear separation of powers, roles and responsibilities ensures a balance of power and authority. There is no family relationship between the Chairman, Deputy Chairman and GCEO.

(a) Chairman

The Chairman leads the Board and is responsible for instilling good governance practices and leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. He presides over Board meetings and encourages positive contributions of all Directors at Board meetings and promotes an environment for open, robust and effective debate between all Board members and allows for constructive and dissenting views to be freely expressed. 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 Chairman is non-executive and he is not involved in the day-to-day management of the Group.

(b) Deputy Chairman

The Deputy Chairman supports the Chairman and assists in high level business development and customer relations. The Chairman and the Deputy Chairman work closely with the GCEO in the development of business, corporate policies and strategies for the Group.

(c) GCEO

The GCEO leads the management of the Group and oversees the day-to-day running and management of the business and operations of the Group, advancing long-term shareholders' value and implementation of the Board's policies and decisions. He also acts as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions.

(d) Independent Non-Executive Directors

The Independent Non-Executive Directors provide independent and objective views, advice and judgement through their active participation within the Board Committees and in the Board's deliberations and decision-making.

(e) Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director serves as the point of contact between the Independent Directors and the Chairman of the Board on sensitive issues and act as a designated contact to whom shareholders' concerns or queries may be raised. Following the redesignation of Tan Sri Dato' Seri Shamsul Azhar bin Abbas as the Independent Non-Executive Chairman effective from 1 June 2023, the Company has redesignated Mr Lee Yoke Khai as the Senior Independent Non-Executive Director with effect from the same date.

3. Company Secretaries

The Board is supported by suitably qualified, experienced 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 and consultancy role to the Board in advising the Board in relation to regulatory compliance and corporate governance, and ensuring that the applicable laws and regulations are complied with. They are responsible for organising and facilitating Board and Board Committee meetings and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and statutory registers are properly maintained at the registered office of the Company.

4. Board Charter, Codes and Policies

The Company has the following in place which are available on its corporate website.

(a) Board Charter

The Board Charter as adopted by the Board, sets out, amongst others, the duties and responsibilities of Directors including guidelines on matters reserved for the Board's collective decision-making.

(b) Directors' Code of Ethics

Directors' Code of Ethics ("Code") outlines standards of business conduct and ethical behaviour to be observed by all Directors in discharging their duties and responsibilities to the highest standards of personal integrity and professionalism. The Code sets out, amongst others, Directors' obligations in observing high standards of corporate governance, compliance with legal and statutory requirements, adherence to and upholding the principles of integrity, objectivity, accountability, openness, honesty and leadership and acting in good faith in the best interest of the Group. The Company communicates the Code to all Directors upon their appointment.

(c) Code of Business Conduct

The Group has in place a Code of Business Conduct ("COBC") as guidance to Directors and employees as well as its contractors, subcontractors, consultants, agents and other third-party service providers with regards to the Group's standard of integrity, rules of conduct and business practices. They are to refrain from all improper, dishonest and unethical conduct, including in their business dealings with the Group. Directors and employees must always act in the best interests of the Group and shall not be involved in any activities where their personal interest will conflict with the business interests of the Group or the performance of their duties.

The COBC's coverage includes conflict of interest, anti-bribery and corruption, gifts, hospitality, donation and sponsorship, health, safety and environment, confidentiality, harassment and substance misuse, as well the consequences of violation of the same.

The Anti-Bribery and Corruption Policy and the associated policies and guidelines are in line with the requirement of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"). There were a series of anti-bribery and corruption awareness sessions conducted including talks and workshops to further educate employees on ways to eradicate corruption. The detailed disclosure can be referred in the Statement on Risk Management and Internal Control of this Annual Report.

(d) Directors' Fit and Proper Policy

The Company has formulated a Directors' Fit and Proper Policy with effect from 1 July 2022 which serves to guide the JRNC and the Board in their review and assessment of potential candidates that are proposed for appointment as Director of the Company and its subsidiaries as well as re-election as Directors of the Company pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

(e) Whistleblowing Policy and Procedure

The Board has established a Whistleblowing Policy and Procedure to provide an avenue for all employees, third parties employed or engaged by the Group, and members of the public to disclose any wrongdoing and provide assurance of protection in accordance with this policy without fear of reprisal.

There was no case reported in 2023 via the Whistleblowing reporting channel.

5. Access to 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 Board papers containing information relevant to the business of the meetings. Upon conclusion of the meeting, the minutes are circulated to all Directors in a timely manner for their perusal and comments, if any, prior to confirmation.

The Board is updated on the Group's financial performance and business activities at quarterly meetings. The financial performance is measured against the approved budget and the corresponding periods. Directors regularly receive additional information or updates on relevant matters from the Company between Board meetings.

In discharging their duties, all Directors have full access to the advice and services of the Company Secretary and other Senior Management personnel. The relevant Senior Management personnel are invited to attend meetings of the Board and Board Committees to report on matters relating to their areas of responsibility and to brief and provide clarifications and details on recommendations so as to enable Directors to make independent and informed decisions.

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. Approval may be obtained at the Board meeting where the matter is deliberated or from the Chairman. External advisers may also be invited to relevant Board or Board Committee meetings, if necessary. No Director had sought the services of any professional advisor during the year in the discharge of his/her duties.

Directors were briefed on relevant correspondences/communications from Bursa Securities and other relevant regulators from time to time and at quarterly meetings. Directors are apprised of all the Company's announcements to Bursa Securities and close period on restriction in dealing with the securities of the Company.

II. BOARD COMPOSITION

1. Composition & Diversity

The Board, as at the date of this Statement, comprises seven Directors with one Executive Director and six Non-Executive Directors, as follows:

Name	Designation
Tan Sri Dato' Seri Shamsul Azhar bin Abbas *(redesignated as Senior Independent Non-Executive Director w.e.f. 1 January 2023 and further redesignated as Independent Non-Executive Chairman w.e.f. 1 June 2023)*	Independent Non-Executive Chairman
Datuk Vivekananthan a/l M.V. Nathan	Non-Independent Non-Executive Deputy Chairman
Ramanrao bin Abdullah	Executive Director/Group Chief Executive Officer
Dato' Izham bin Mahmud *(redesignated from Non-Independent Non-Executive Chairman to Non-Independent Non-Executive Director w.e.f. 1 June 2023)*	Non-Independent Non-Executive Director
Lee Yoke Khai *(redesignated from Independent Non-Executive Director to Senior Independent Non-Executive Director w.e.f. 1 June 2023)*	Senior Independent Non-Executive Director
Datuk Manharlal a/l Ratilal *(redesignated from Senior Independent Non-Executive Director to Independent Non-Executive Director w.e.f. 1 January 2023)*	Independent Non-Executive Director
Datin Aisah Eden	Independent Non-Executive Director

The Board has a well-balanced composition with an effective mix, ensuring that there is an effective and fair representation, as well as a balance of power and authority on the Board. The Board is appropriately structured to provide the required leadership and governance to realise the Company's mission, objectives and business strategies for the benefit of all stakeholders, in particular shareholders' interest.

The members of the Board are selected based on objective criteria of proven skills, merit and abilities in their particular field of endeavour with due regard for diversity in expertise, experience, age, cultural background, gender and outlook which benefits the operation of the Board as custodian of the business. It provides an effective blend of entrepreneurship, business and professional expertise.

As at the date of this Statement, there is one female serving as a member of the Board which is in line with the Board Charter. The Board will endeavour to have more female representation on the Board based on effective blend of required skills, experience and knowledge in areas identified and the needs of the Group.

The Independent Directors make up more than half of the Board which exceeds the minimum as mandated by the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") which stipulates that at least two Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The Independent Directors bring a wide range of experience and expertise to the Board and carry significant weight in the Board's decision on matters relating to the Group's affairs.

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 operations.

The profile of each Director is presented on pages 7 to 10 of this Annual Report.

2. **Independence**

All Directors, regardless of their independent status, are always required to act in the best interest of the Company and to exercise unfettered and independent judgement.

The Board undertakes to assess the independence of its Independent Directors upon their appointment and annually thereafter, or upon the development of any new interest in the Company's matters.

The Board believes that a Director's independence should not be determined through the length of service as there are significant advantages to be gained from long-serving Directors who over the years have developed deeper understanding of the Group's business and possess insight and in-depth knowledge of the Group's business and affairs.

In line with the MCCG and Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board may, upon assessment and recommendation by the JRNC with justification, seek shareholders' approval at general meeting for the retention of an Independent Director who has served a cumulative term of or more than nine (9) years as an Independent Director of the Company.

During the financial year under review, none of the Independent Non-Executive Directors of Company has served on the Board for more than nine (9) years.

3. **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 Constitution and upon the recommendation by the JRNC.

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, industry experience and knowledge, character, integrity and time to effectively discharge his or her role and responsibilities. In respect of Independent Directors, the JRNC will assess whether the individual is able to exercise independent judgement and to demonstrate the values and principles associated with independence.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from Directors, major shareholders, Management and independent advisors and networks from various parties.

In accordance with the Company's Constitution, at each AGM, one-third (1/3) of Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election. All Directors including the Director holding the office of GCEO, shall retire from office once at least in every three years but shall be eligible for re-election. Directors who are appointed by the Board during a financial year are subjected to re-election by the shareholders at the next AGM to be held following their appointments.

Dato' Izham bin Mahmud and Mr Ramanrao bin Abdullah will retire by rotation pursuant to Clause 88 of the Company's Constitution. They have all completed the Fit and Proper Declaration Forms, are eligible, and have offered themselves for re-election at the forthcoming AGM. Their profiles can be found on page 8 of this Annual Report.

The Board, at the recommendation of the JRNC, support the re-election of Dato' Izham bin Mahmud and Mr Ramanrao bin Abdullah as Directors of the Company.

4. Annual Assessment of Board, Board Committees, Individual Directors, Independence of the Independent Directors and Senior Management

The Board through the JRNC and facilitated by the Company Secretary, annually assesses the effectiveness of the Board, Board Committees, the contribution of each individual Director including assessment of the independence of each of the Independent Directors to a set of criteria as prescribed by the Listing Requirements by way of a set of customised questionnaires. The annual assessments for the Board, Board Committees and individual Directors (including Independent Directors) were carried out on self and peer assessment basis. Summary of results of the annual assessment are tabled to the JRNC for deliberation and reported to the Board.

For FY2023, the assessment was conducted by incorporating the evaluation guidelines as per Bursa Malaysia's Corporate Governance Guide (4th Edition).

The Company also integrated the review of the performance of the Board and Senior Management in addressing the Company's environmental, social and governance ("ESG") matters into their performance evaluation.

The assessment criteria used in the assessment of Board and individual Directors include Board mix and composition, quality of information and decision making, ESG and sustainability matters and contribution and performance of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board is comfortable that the skills and experience of the current Directors satisfy the requirements of the skills matrix. The Directors have diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business.

5. Board Evaluation

The Board's evaluation comprises of performance evaluation of the Board, Board Committees, Directors' self and peer evaluation and assessment of the independence of the Independent Directors.

Based on the evaluation, the JRNC and the Board concluded that the Board's size and composition is appropriate and well balanced given the scale of the Group's business and operations. All Directors of the Company possessed the required competence and character to manage the Group's affairs and the Board is satisfied that the Independent Directors continue to exercise independent and objective judgement and act in the interest of the Company and its stakeholders. None of the Independent Directors have any interests in the Company and there are no other areas of business conflicts.

The outcome of the evaluation for FY2023 highlighted certain key focus areas and future priorities for the Board's consideration.

6. Time Commitment

Board meetings for the ensuing financial year are planned and scheduled in advance by the Company Secretary before the end of the financial year to enable Directors to plan ahead and fit the year's meetings into their schedules.

The Chairman encourages active participation and full deliberation of issues brought up at the Board meetings. Decisions reached at the meetings reflect the consensus of the Board and not the views of any individual or group.

The Board Charter provides that any Director, subject to the limitations on the number of directorships under the Listing Requirements or applicable laws, may accept new directorships which are not in conflict with the interests of Deleum's business and do not detrimentally affect his/her performance as a director. In accepting such appointment, Director shall take into consideration time spent on the appointment to enable him/her to devote sufficient time to carry out his/her duties to the Company. A Director shall seek guidance from the Chairman if there is any potential conflict of interest and shall, upon appointment, notify the Company Secretary who shall inform the Chairman and other members of the Board accordingly.

The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as Directors as evidenced by their attendance at the Board and Board Committee meetings and the AGM as follows:

Attendance of Directors at the meetings held during FY2023

			Board Committees		
Name of Directors	Board Meetings	AGM	Audit Committee (AC)	JRNC	BRC
Tan Sri Dato' Seri Shamsul Azhar bin Abbas	11/11	1/1	2/2	3/3	-
Datuk Vivekananthan a/l M.V. Nathan	10/11	1/1	-	5/5	4/4
Ramanrao bin Abdullah	11/11	1/1	-	-	-
Dato' Izham bin Mahmud	11/11	1/1	-	-	-
Lee Yoke Khai	11/11	1/1	4/4	5/5	4/4
Datuk Manharlal a/l Ratilal	11/11	1/1	4/4	5/5	-
Datin Aisah Eden	11/11	1/1	2/2	5/5	4/4
Total number of Meetings held during FY2023	**11**	**1**	**4**	**5**	**4**

7. Directors' Training and Induction

Directors regularly attend various seminars, training programmes, briefings and conferences including those organised by the relevant regulatory authorities to be apprised, updated on changes and developments in the market place, state of economy, business environment and corporate regulatory framework and governance.

On a quarterly basis, Directors are briefed and updated on any relevant amendments to the Listing Requirements as well as applicable new statutory and regulatory requirements, corporate governance, accounting standards and taxation. Induction/ familiarisation programme and management briefings relating to the Group's structure, business and operations are organised for newly appointed Directors.

All Directors have attended the Mandatory Accreditation Programme ("MAP") Part I as prescribed by Bursa Securities. Following the issuance of circular dated 6 June 2023 by Bursa Securities on amendments to the Listing Requirements in relation to Sustainability Training for Directors, all Directors are scheduled to attend MAP Part II on or before 1 August 2025.

The Company Secretary keep Directors informed of relevant external training programmes. The training programmes attended by Directors are recorded and maintained by the Company Secretary.

The seminars, workshops and conferences participated by Directors during FY2023 are summarised as follows:

No.	Director's Name	Date	Training/Workshop/Conference/Dialogue
1.	**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**	16 March 2023 5 September 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training • Conflict of Interest and Governance of Conflict of Interest
2.	**Datuk Vivekananthan a/l M.V. Nathan**	16 March 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training

No.	Director's Name	Date	Training/Workshop/Conference/Dialogue
3.	**Ramanrao bin Abdullah**	7 February 2023	• Deleum's Integrity Day 2023 (East Coast Region)
		1 March 2023 – 3 March 2023	• 15th International Petroleum Technology Conference (IPTC)
		16 March 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training)
		14 April 2023	• ICDM Advocacy Dialogue with Bursa Malaysia: FTSE4Good ESG Rating for all PLCs
		30 May 2023 – 31 May 2023	• World Power Plant Innovation Conference 2023, Kuala Lumpur
		8 June 2023 – 9 June 2023	• 10th Sabah Oil, Gas & Energy Conference & Exhibition (SOGCE) 2023
		28 June 2023	• Engaged in SPE Asia Pacific Executive Dialogue: The Carbon Neutral Journey
		24 August 2023	• CAN Workstreams – Exclusive Double Webinar: 1. Net Zero Actionable Steps and 2. Carbon Markets
		5 September 2023	• In-House Training: Business Continuity Management Testing and Exercise (Exercise Yellow Clover)
		9 October 2023	• Introduction to Oil and Gas Industry and Sustainable Development Course for UTP Students
		11 October 2023 – 12 October 2023	• Inaugural 2023 National Gas Turbine User Symposium
		26 October 2023 – 27 October 2023	• MPM Monsoon Zero Incident Zero Accidents 2023 campaign, themed "When Nature Acts, We Are Prepared"
		16 November 2023	• Malaysian Gas Symposium (MyGAS 2023)
		7 December 2023	• In-House Training: Briefing for Anti-Bribery Management System Stage 2 Certification Audit/ Training
		12 December 2023	• In-House Training: Code of Business Conduct Refresher Sessions
4.	**Dato' Izham bin Mahmud**	16 March 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training
5.	**Lee Yoke Khai**	9 March 2023	• PricewaterhouseCoopers Tax Seminar
		16 March 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training
		21 March 2023	• Navigating Environmental, Social and Governance (ESG) Data into Decisions
		13 – 14 June 2023	• MIA International Accountants Conference 2023
		26 October 2023	• PricewaterhouseCoopers Tax Seminar

No.	Director's Name	Date	Training/Workshop/Conference/Dialogue
6.	**Datuk Manharlal a/l Ratilal**	16 March 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training
		7 June 2023	• Anti-Bribery and Corruption Refresher Training Revising Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on Corporate Liability Provision – Developing a Robust Anti-Bribery and Corruption Framework as Lines of Defence
		3 July 2023	• Metaverse Immersion Session
		3 August 2023	• Governance and Risk Management Seminar
		15 August 2023	• Integrating Environmental, Social and Governance (ESG) into Organisational Financial Reporting Framework
		26 September 2023	• Market Surveillance Industry Dialogue Bursa Malaysia Berhad
7.	**Datin Aisah Eden**	7 March 2023	• DEI (Diversity, Equity and Inclusion) Conversation
		16 March 2023	• In-house Training: Deleum's Board of Directors and Senior Management Are Leading the Way with MS ISO 37001 ABMS Training
		14 April 2023	• A Dialogue with Bursa Malaysia: FTSE4Good ESG Rating for all PLCs
		1 December 2023	• Climate Change and Carbon Footprint – Getting the Right Financial Risk and Reporting Perspectives

The Board through the JRNC had assessed the training needs of each Director and is satisfied that Directors have received the necessary training during FY2023.

III. BOARD COMMITTEES

The Board has established three Board Committees namely the AC, the JRNC, and the BRC. The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, and operate within their own clearly defined Terms of Reference. 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 and the decisions of the Board Committees through circulation of minutes of the meetings of the Board Committees and presentations made by the Chairman of the respective Board Committees at Board meetings.

1. **Joint Remuneration and Nomination Committee**

The JRNC comprises all Non-Executive Directors, a majority of whom are Independent Directors. The Chairman of the JRNC is the Senior Independent Non-Executive Director of the Company.

The JRNC, as at the date of this Statement, comprises the following:

Name	Designation
Lee Yoke Khai (redesignated as Chairman of JRNC w.e.f. 1 June 2023)	Chairman of JRNC/Senior Independent Non-Executive Director
Datuk Manharlal a/l Ratilal (redesignated as member of JRNC w.e.f. 1 January 2023)	Member/Independent Non-Executive Director
Datuk Vivekananthan a/l M. V. Nathan	Member/Non-Independent Non-Executive Deputy Chairman
Datin Aisah Eden	Member/Independent Non-Executive Director

In discharging its duties and responsibilities, the JRNC is guided by its Terms of Reference which is available on the Company's corporate website.

During FY2023, five meetings of the JRNC were held with the attendance of members of the JRNC as reflected on page 95 of this Annual Report.

The JRNC's activities during the year included a detailed evaluation of the Board's performance which covered an assessment of the Board in general, individual directors, the Board Committees and the independence of the Independent Directors. It reviewed the size, composition, and mix of skills of the Board and Board Committees, and based on its assessment, made recommendations to the Board to enhance the overall effectiveness and performance of the Board and its Committees.

The JRNC deliberated on the proposed bonus and annual Increment for the staff, senior management and the GCEO. During the year, the JRNC also reviewed the promotion and appointment of key personnel within the Group, as well as reviewed the Objective Key Results and performance plan for the GCEO and Key Senior Management.

Additionally, JRNC reviewed the composition of the Board and Board Committees, as well as the Remuneration Framework for the Non-Executive Directors. The Terms of Reference of the JRNC has also been reviewed and approved by the Board during the year.

The JRNC reviewed the annual performance of the GCEO and Key Senior Management, as well as the Group's succession planning. They also reviewed and recommended the re-election and retirement by rotation of Directors at the Company's 18th AGM for the year under review.

2. **Audit Committee**

The AC has responsibility for oversight of the Company's financial statements, related party transactions, system of internal control, the Company's relationship with its external auditors and effectiveness and independence of internal audit function. In discharging its duties and responsibilities, the AC is guided by the Terms of Reference which is available on the Company's corporate website.

A full AC Report enumerating its membership and a summary of its activities during the financial year is set out in pages 119 to 124 this Annual Report.

3. **Board Risk Committee**

The BRC assists the Board in fulfilling its corporate governance oversight responsibilities with regards to risk management, business continuity management, compliance (integrity & ethics), sustainability, and investment related matters and ensure they are effectively managed, and aligned to the Company's strategy. It ensures the Group has in place a sound enterprise risk management framework, business continuity management framework, sustainability framework and relevant anti-bribery and corruption related policies, procedures and guidelines. The BRC oversees and provides recommendation on risk management, business continuity management, sustainability and compliance (integrity & ethics) activities to enhance the Group's ability to achieve its strategic objectives through structured and systematic processes and controls.

In discharging its duties and responsibilities, the BRC is guided by the Terms of Reference which is available on the Company's corporate website. The scope of the BRC has been expanded with oversight of the proposed investment and growth opportunities by the Management as well as sustainability matters in line with the requirements pursuant to the MCCG.

The Management Compliance & Risk Committee's ("MCRC") acts as primary champion for risk management, compliance (integrity & ethics), and sustainability matters at both strategic and operational levels. It holds its quarterly meeting with structured agenda, which includes identification of key risks and mitigation plans.

A comprehensive narrative of the Company's sustainability initiatives, performances and future plans for material Economic, Environmental, Social and Governance matters is set out in the Sustainability Statement of this Annual Report.

The composition of the BRC is set out in Section B II - "Risk Management and Internal Control Framework" of this Statement.

IV. REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT

The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and Senior Management for retaining a high-quality team for the Group. The Remuneration Framework for Executive Directors and Key Senior Management is available on the Company's corporate website.

Details of Directors' and Key Senior Management's remuneration received for FY2023 (both from the Company and the Group) are as follows:

a) **<u>Remuneration of Executive Directors</u>**

The GCEO received remuneration from the Company in accordance with his contract of employment. He did not receive any remuneration from the subsidiaries of the Group. GCEO's remuneration is reviewed and deliberated by JRNC and approved by the Board on the recommendation of the JRNC. Annual discretionary bonus of the GCEO is based on the Group's performance and recommendation of the JRNC and approval of the Board. During FY2023, the total remuneration of the GCEO received from the Company was as follows:

Executive Director	Remuneration (RM)							
	Fees	Salaries and bonuses	Defined contribution plan	*Fixed allowance	**Estimated monetary value of benefits-in-kind	LTIP	#Other emoluments	Total
Ramanrao bin Abdullah	-	1,805,000.00	292,350.00	144,000.00	78,934.07	-	985.35	2,321,269.42

* Comprised car allowance.
** Comprised prescribed value of company car and driver and club subscription fees.
\# Comprised contribution to Social Security Organisation (SOCSO) and Employment Insurance Scheme (EIS).

The GCEO's remuneration package is structured so as to link to corporate and individual performance, aligned with the corporate objectives, and approved by the Board. He is not entitled to any Director's fee from the Group nor is he entitled to receive any meeting allowances for Board or Board Committee meetings.

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

b) **Remuneration of Non-Executive Directors**

The payment of Directors' fee and meeting allowances for Non-Executive Directors are based on the Non-Executive Directors' Remuneration Framework. The framework is available on the Company's corporate website.

Non-Executive Directors are entitled to Directors' fees and additional fees for chairing or sitting in Board Committees. Fixed meeting allowances are also paid to Non-Executive Directors covering expenses incurred in the course of their duties. They are also provided with a telecommunication device for the Company's official purpose.

Additionally, the Chairman is provided with a company car or car allowance, along with the same benefits as the Deputy Chairman, such as driver, petrol card, and a club subscription.

The Non-Executive Directors' fee and meeting allowances are in accordance with the Non-Executive Directors' Remuneration Framework, as follows:

Designation	Fixed fee per annum (RM)
Chairman	360,000
Deputy Chairman	240,000
Non-Executive Directors/Independent Directors	100,000
Senior Independent Director	112,000

Board Committees' Fee:

Designation	AC (Fixed fee per month) (RM)	JRNC (Fixed fee per month) (RM)	BRC (Fixed fee per month) (RM)
Chairman of the Committee	2,875	1,150	1,150
Members of the Committee	2,300	1,150	1,150

The Board as a whole determines the remuneration of Non-Executive Directors which is subject to the approval of the shareholders at the AGM. The fees and meeting allowances paid to the Non-Executive Directors during FY2023 were in line with their duties and responsibilities and time commitment required to discharge their duties.

The total remuneration for the Non-Executive Directors individually from the Company in respect of FY2023 are set out below. They did not receive any remuneration from the subsidiaries of the Group:

	Fees (RM)	Salaries and bonuses (RM)	Defined contribution plan (RM)	*Fixed allowance (RM)	**Estimated monetary value of benefits-in-kind (RM)	Meeting Allowances (RM)	#Other emoluments (RM)	Total (RM)
Tan Sri Dato' Seri Shamsul Azhar bin Abbas *(redesignated as Chairman of the Board w.e.f. 1 June 2023)*	250,250.00	-	-	63,000.00	3,869.59	29,900.00	-	347,019.59
Datuk Vivekananthan a/l M.V. Nathan *(Deputy Chairman of Board)*	299,850.00	-	-	-	41,984.05	14,950.00	4,500.00	361,284.05
Dato' Izham bin Mahmud *(redesignated as Non-Independent Non-Executive Director w.e.f. 1 June 2023)*	202,083.31	-	-	-	36,266.53	13,800.00	84,000.00	336,149.84
Lee Yoke Khai *(redesignated as Senior Independent Non-Executive Director, Chairman of JRNC and member of BRC w.e.f. 1 June 2023)*	143,533.31	-	-	-	-	39,100.00	-	182,633.31
Datuk Manharlal a/l Ratilal *(Chairman of AC and redesignated as Member of JRNC w.e.f. 1 January 2023)*	129,633.31	-	-	-	-	37,950.00	-	167,583.31
Datin Aisah Eden *(Redesignated as Chairperson of BRC w.e.f. 1 June 2023)*	125,033.31	-	-	-	-	35,650.00	-	160,683.31
Total (RM)	1,150,383.24	-	-	63,000.00	82,120.17	171,350.00	88,500.00	1,555,353.41

* Comprised of car allowance.
** Comprised of prescribed value of company car, driver, petrol consumption and club subscription fees.
\# Comprised of general and financial advisory services, and long-service reward.

c) **Remuneration of Senior Management**

For FY2023, the aggregate total remuneration paid to Deleum Group's top five Key Senior Management personnel, who are not Directors is RM4,285,194.84 as follows:

Remuneration (RM)						
Salaries and bonuses	Defined contribution plan	*Fixed allowances	**Estimated monetary value of benefits-in-kind	LTIP	#Other emoluments	Total
3,335,450.00	452,722.00	433,663.33	51,951.13	0	11,408.38	4,285,194.84

* Comprised of car allowance.
** Comprised of prescribed value of company car and driver, petrol consumption and mobile expenses.
\# Comprised contribution to SOCSO, EIS, awards, and leave encashment.

In addition, they are covered under the Group insurance policies for Term Life, Hospitalisation and Personal Accident. The annual discretionary bonus is based on the individual's and the Group's performance as recommended by the JRNC and approved by the Board.

The top five Key Senior Management personnel's remuneration received during the financial year is categorised within the disclosure band as follows:

Remuneration Band (RM)	Number of Key Senior Management personnel
500,001 – 600,000	1
600,001 – 650,001	-
700,001 – 800,000	1
800,001 – 900,000	1
900,001– 1,000,000	-
>1,000,000.00	2

The Board is of the view that the disclosure in the above manner is appropriate.

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

No Director or Key Senior Management personnel is involved in deciding his/her own remuneration.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee and Financial Reporting

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 ("MFRS"), International Financial Reporting Standards ("IFRS") and Companies Act 2016 ("CA 2016"). The accounting policies, once adopted, are consistently applied and supported by reasonable judgments and estimates.

The GCEO and the Group Chief Financial Officer provide assurance in writing to the AC that adequate processes and controls are in place, that appropriate accounting policies have been adopted and applied consistently, and that the relevant financial statements give a true and fair view of the state of affairs of the Company and the Group.

Statement of Directors' Responsibilities in Relation to Audited Financial Statements

Directors are required by the CA 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable MFRS, IFRS and the requirements of the CA 2016. The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's financial position, performance and prospects through the quarterly and annual audited financial statements released to the shareholders.

In preparing the financial statements of the Group for FY2023, Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- ensured compliance with the MFRS, IFRS, CA 2016 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 and give a true and fair view of the state of affairs of the Company and the Group.

Directors have inquired of Management and the Auditors in respect of any fraud or irregularities impacting the Group. Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

External 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 relevant 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.

As prescribed in the AC's Terms of Reference, the AC is responsible for the recommendation of the appointment of external auditors, considering the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditors.

The external auditors also submitted their independence statement to the Board as part of their audit process. In order to further maintain independence of the external auditors, the audit partner-in-charge is rotated every seven years with the last rotation in FY2016. Assessment of the external auditors is disclosed in the AC Report.

II. Risk Management and Internal Control Framework

The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management. The Company has the Enterprise Risk Management ("ERM") Policy and Framework to ensure proper and structured enterprise risk management processes for the identification, assessment, response, monitoring and reporting of risks on an enterprise-wide basis. The BRC reviewed the ERM Policy and Framework as and when it is necessary.

Board Risk Committee

The BRC comprises a majority of independent directors to oversee the Company's risk management framework and policies.

As at the date of this Statement, the members of the BRC are as follows:

Name	Designation
Datin Aisah Eden	Chairperson/Independent Non- Executive Director
Datuk Vivekananthan a/l M. V. Nathan	Member/Non-Independent Non-Executive Deputy Chairman
Mr Lee Yoke Khai	Member/Senior Independent Non- Executive Director

During FY2023, four meetings of the BRC were held with the full attendance of members of the BRC as reflected on page 95 of this Annual Report.

More comprehensive information, including a summary of BRC's activities during the financial year, is set out in the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit Function

Deleum engaged the services of Baker Tilly Monteiro Heng Governance as the outsourced Internal Audit Function ("IAF") in respect of FY2023. The IAF reports directly to the AC and is independent from Management. It has full access to the Group's entities records and personnel.

A summary of the IAF's responsibilities and activities is set out in the AC Report.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognises the importance of an effective open dialogue with shareholders and investment community. In this respect, the Group has established processes to ensure disclosures made are clear, accurate, relevant and timely for the shareholders and investment community to make informed investment decisions and enjoy equal access to the information.

The Group continued to engage with analysts and fund managers on investor relations. In FY2023, the Group held two analyst briefings besides private meetings, teleconferences and e-mail-based communications as and when required, to provide updates to the investment community. Presentation materials of the analyst briefings are posted on the Company's corporate website to ensure universal access to the same. These investor relations initiatives provide an avenue for dialogue between institutional investors, fund managers and analysts with the Management. It also serves as a platform for fund managers and analysts to receive a balanced and complete view of the business operations, financial performance, key operating statistics and corporate development and challenges facing the Group.

Information on the Group's business operations and financial performance is also disseminated through various readily accessible channels including the announcements of quarterly and annual results to Bursa Securities, Annual Report, media releases and the Company's corporate website. The various disclosures are guided by the Listing Requirements 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. Deleum's corporate website at www.deleum.com has an Investor Relations section which provides relevant information of the Group, including all announcements to Bursa Securities, share price information, reports (annual reports, quarterly reports and analysts reports), key financial highlights of the Group as well as the investor relation contact. The website also has an e-mail alert service where shareholders and anyone who are interested may register to receive the latest announcements of the Company via e-mail.

II. Conduct of General Meetings

AGM is an important channel as it is the principal forum for dialogue and interaction amongst shareholders, the Board and Management, and for receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

The 18th AGM of the Company was convened virtually via live streaming from the broadcast venue in accordance with the Securities Commission Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. The Company appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for the 18th AGM to facilitate the Remote Participation and Voting ("RPV") via its TIIH Online website at https://tiih.online.

In line with best Corporate Governance practice, the notice of the 18th AGM held on 23 May 2023 was sent to shareholders at least 28 days ahead of the meeting. The Annual Report 2022 comprising the Audited Financial Statements for the financial year ended 31 December 2022 were issued on 20 April 2023. At the 18th AGM, the GCEO presented the Group's financial highlights and business updates to the shareholders.

Shareholders were invited to send questions before the meeting via Tricor's TIIH Online website in relation to the agenda items for the 18th AGM to further encourage engagement between Directors and shareholders. Besides this, the Chairman also invited shareholders to use the query box facility to submit questions (real time) during live streaming of the AGM. All relevant questions raised by shareholders were addressed during the Questions and Answers session. The Board members, Management and the Company's External Auditors were present to respond to the shareholders' questions during the meeting. Suggestions and comments communicated by shareholders were taken into careful consideration and well noted by the Board and Management.

Poll voting for all resolutions as set out in the notice of the AGM was conducted online via RPV facility. An independent scrutineer was appointed to validate the votes cast for each resolution. The outcomes of voting were announced to the shareholders at the AGM upon which the Chairman declared all the resolutions were carried, and to Bursa Securities after the AGM and posted on the Company's corporate website.

In line with the MCCG, the minutes of the 18th AGM was posted on the Company's website at https://www.deleum.com/agm2023 within thirty (30) business day after the 18th AGM.

III. Dividends

Deleum continues to commit to its dividend policy of distributing 50% of the Group's annual profit attributable to the equity holders of the Company, subject to the availability of adequate distributable reserves, operating cash flow, financial commitments and expansion plans.

For FY2023, the Company declared two dividend payments amounting to 5.70 sen per share with the first payment made on 29 September 2023 and the second payment on 29 March 2024.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Group has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to improve the Company's corporate governance practices and have identified the following forward looking action items:

i. Anti-Corruption Compliance Journey

   With the continuous efforts in the Anti-Corruption Compliance Journey with zero tolerance against bribery and corruption which was launched in 2022, we strive to strengthen our commitment to ethical business practices and fighting corruption complying to Anti-Bribery Management System (ABMS) ISO 37001:2016 standard.

ii. Sustainability Policy & Framework

   The Board has introduced and adopted the Sustainability Policy and Framework effective from 28 February 2023. This Sustainability Policy and Framework is to provide foundation, guidance and organisational arrangement to internalise sustainability considerations in business strategies and operations to drive sustainability performance, striving the focus beyond compliance. The Sustainability Policy and Framework will be reviewed at least once every two years or at any time if deemed necessary.

iii. Enhanced Sustainability Disclosures

   With the enhancement of the transparency sustainability reporting framework in the Listing Requirements, the Board takes cognisance of the compliance requirement and will work towards complying with the sustainability disclosures within the implementation dates. The Group disclosing three financial years performance data on the selected common material matters to comply with the Bursa Enhanced Reporting Requirement as set out in the Sustainability Statement of this Annual Report.

COMPLIANCE STATEMENT

The Board recognises and subscribes to the importance of the principles and best practices set out in the MCCG. In this respect, where practical and appropriate, the Board has applied the principles and recommendations under the MCCG for FY2023.

The application of each practice set out in the MCCG during FY2023 and the explanation for departure is disclosed in the Corporate Governance Report which is available on the Company's corporate website.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors passed on 26 February 2024.

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") and is in line with the Malaysian Code on Corporate Governance 2021.

BOARD OF DIRECTORS RESPONSIBILITIES

The Board of Directors ("the Board") of Deleum Berhad ("Deleum" or "the Company") affirms its overall responsibility for reviewing the adequacy and effectiveness of the Company and its subsidiaries ("the Group")'s risk management and internal control systems. The systems 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 in line with changes in the business environment, operating conditions, and regulatory requirements.

The Board is aware that the risk management and internal control systems can only provide reasonable and not absolute assurance against the risk of material errors, misstatements, fraud, or occurrences of unforeseeable circumstances.

RISK MANAGEMENT

Enterprise Risk Management ("ERM") Policy

Deleum's ERM Policy conveys the commitment from the Board and Management for the effective implementation of risk management over the Group's activities. The updated Policy, a crucial component of the ERM Framework, was approved by the Board in August 2023.

Risk Appetite Statement

At Deleum, we have developed the Risk Appetite Statement to provide clear boundaries on the risks that Deleum is willing and able to accept or retain. The statement outlines how Deleum conducts its operations, addresses risks across various dimensions, including financial, health and safety, anti-bribery and corruption and human capital. The statement is a vital component of the ERM Framework which was approved by the Board in August 2023.

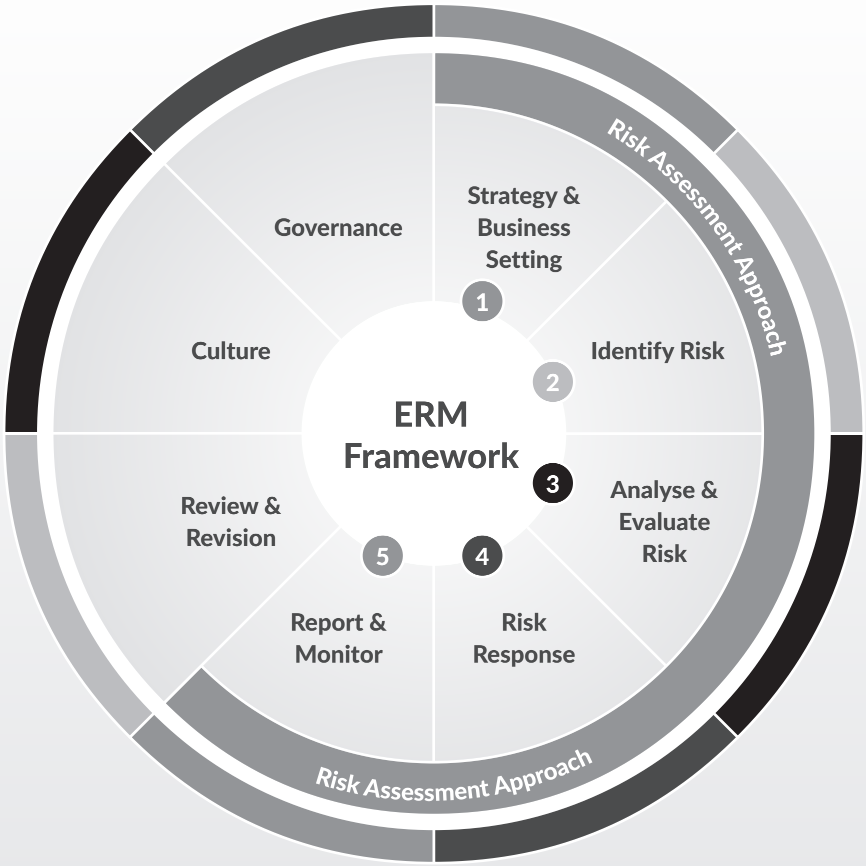
The Enterprise Risk Management Framework

Deleum's ERM Framework establishes the foundation and organisational structure for navigating risk throughout Deleum Group, encompassing matters relating to external threats, business strategy, sustainability, financial, human capital, operations, governance and integrity, health and safety, as well as cyber and technology. It demonstrates the integration of risk management into the Group's organisational systems at all levels and in various work contexts, making risk management a part of our everyday decision-making and business practices.

The framework is principally aligned with The Committee of Sponsoring Organisations of the Treadway Commission and has recently been revised and approved by the Board in August 2023.

The framework encompasses the following:

- **Governance** – Establishing principles and setting the organisational tone, defining policy and risk appetite, and reinforcing the significance of roles and responsibilities within the organisation.
- **Risk Assessment Approach** – Integrating risk management into the Group's strategy involving a thorough process of strategy and business setting, identifying, assessing, evaluating and prioritising risks, and implementing responses, as well as reporting and monitoring.
- **Review and Revision** – Reviewing and updating the Group's risk management practices adapting to the changing business conditions.
- **Culture** - Involving ethical values, behaviours, and understanding of risk. Promoting a risk awareness culture through leadership, accountability, and aligning behaviours with performance.



Enterprise Risk Management Framework

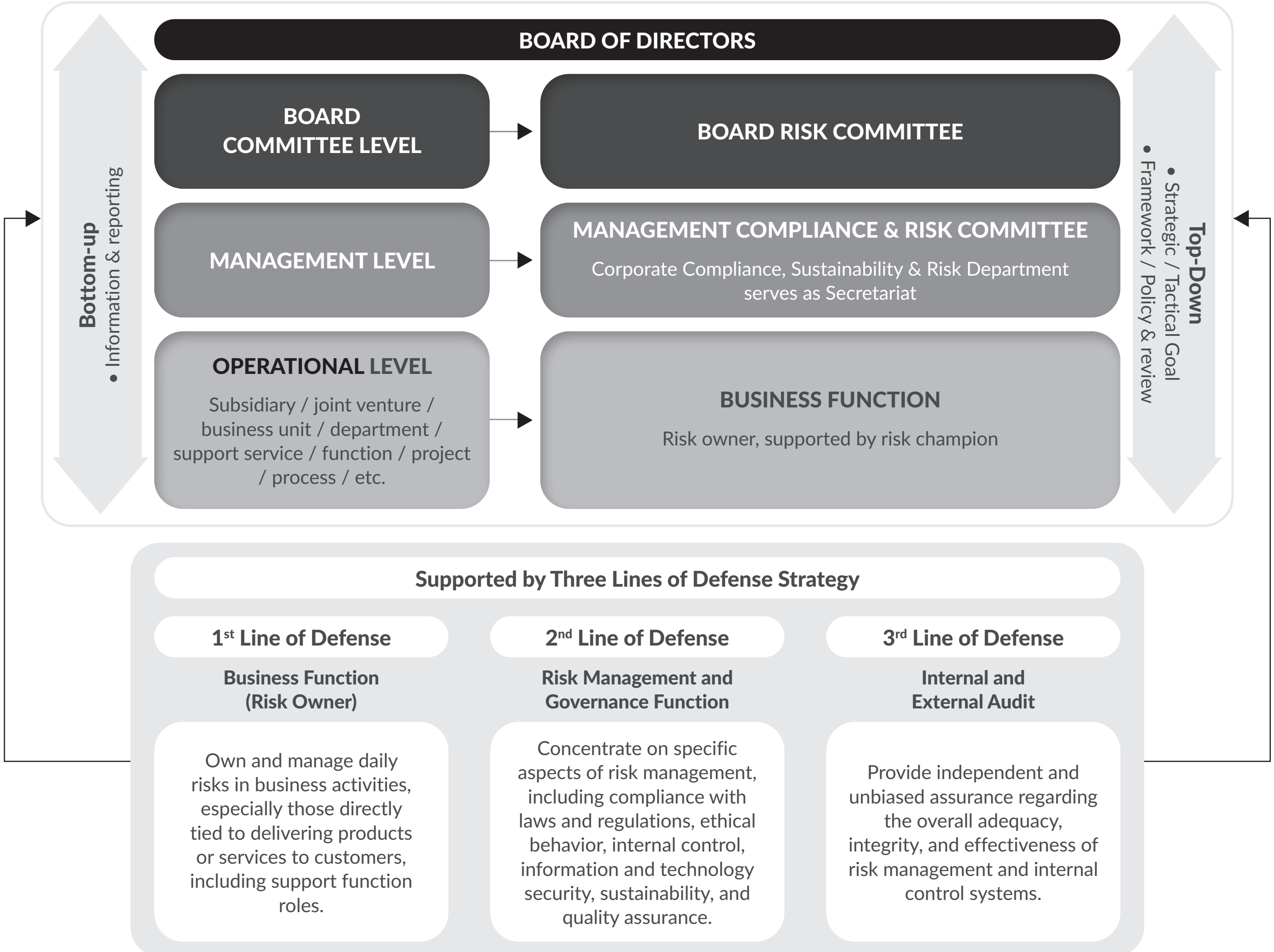
Governance

Risk Management Governance Structure

The Group adopts a 'Three Lines of Defence' strategy in risk management, to guide the organisation to identify and manage risks associated with the day-to-day operational activities in a robust manner.

The Board has the primary responsibility for risk oversight and has a fiduciary responsibility to Deleum Group's stakeholders, including conducting reviews of the Group's risk management practices.

Significant risk exposures are escalated, on a quarterly basis, by business functions/risk owners, with the support by the Risk Champions, to Deleum Group's Management Compliance and Risk Committee ("MCRC"), Board Risk Committee ("BRC") and ultimately the Board:



Board Risk Committee ("BRC")

Chaired by an Independent Non-Executive Director, the BRC is guided by its Terms of Reference ("TOR"), convenes quarterly to evaluate the effectiveness of the Group's compliance, risk, business continuity and sustainability management and practices. Throughout the year 2023, the BRC was involved in the following activities:

- Overseeing the application of the risk management framework, including business continuity management, policies, and procedures to identify and manage risks and resilience across the Group's business operations, including potential growth and investment opportunities.
- Overseeing the governance and compliance matters, addressing issues of corruption, fraud, malpractices, and unethical conduct by fostering a culture of good governance, ethics, and integrity within the Group.
- Overseeing the implementation of the Anti-Bribery Management system in accordance with Anti-Bribery Management System ("ABMS") - ISO37001:2016.
- Assisting the Board with the whistleblowing management by providing avenues for legitimate concerns to be objectively investigated and addressed.
- Overseeing the sustainability initiatives, covering the formulation and implementation of the sustainability strategies and its performance. This includes activities like gap assessments and participation in the FTSE4Good Index, with an emphasis on critical issues like climate change.

Management Compliance and Risk Committee ("MCRC")

The MCRC, guided by its TOR, is chaired by the Group Chief Executive Officer ("GCEO"). The MCRC comprises the senior management team, including Group Chief Financial Officer ("GCFO"), Head of Business Units, Group Corporate Services, Group QHSE, and Group Human Resources. The Head of Corporate Compliance, Sustainability and Risk ("CCSR") serves as the Secretariat for the committee.

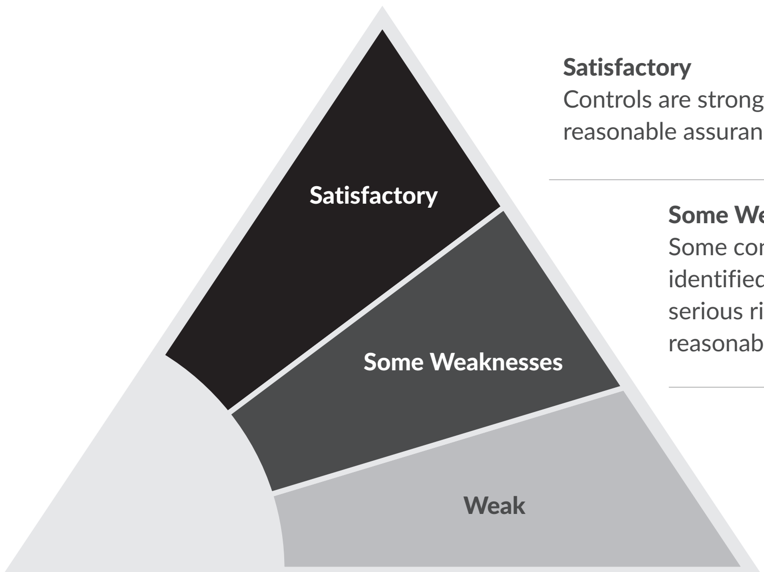
The MCRC convenes quarterly and provides reports to the BRC within the same quarter, to ensure sound implementation of the corporate compliance, sustainability, and risk practices within the Group. The MCRC members are collectively responsible for ensuring the BRC receives assurance that identified risks in the Group's business units are managed effectively.

Risk Assessment Approach

The risk assessment approach encompasses the complete process of strategy and business setting, identifying, analysing, evaluating, and prioritising risks. This process leads to implementing a risk response or action plan to address the identified risks, along with reporting and monitoring. The schematic diagram of the process steps is as follows:

Risk Assessment Approach

1. **Strategy and Business Setting** - Integrating risk management with strategy ensures a clear understanding and management of risks related to business objectives, guiding daily operations and priorities.
2. **Identify Risk** - Risk identification gains significance when specifically connected to both strategic and operational-level objectives.
3. **Analyse and Evaluate Risk** – Risks are analysed by evaluating their existing controls to ascertain the effectiveness of these controls in addressing the driving factors or root causes of the risks.



Satisfactory
Controls are strong and operating properly, providing reasonable assurance that the objectives are being achieved.

Some Weaknesses
Some control weaknesses/inefficiencies have been identified. Although these are not considered to present a serious risk exposure, improvements are required to provide reasonable assurance that the objectives will be achieved.

Weak
Controls do not meet an acceptable standard, as many weaknesses/inefficiencies exist. Controls do not provide reasonable assurance that the objectives will be achieved.

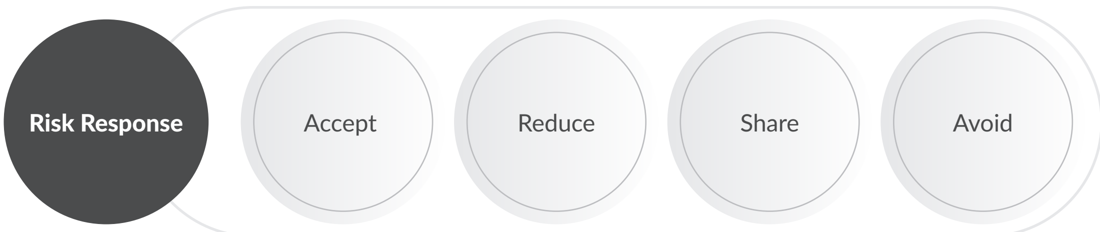
Control Effectiveness Rating

Risks are subsequently assessed and evaluated using a heat map/matrix format, prioritising based on likelihood and impact, with rankings of Low, Medium, Significant, and High. The prioritised risks serve as a guide for allocating resources and capabilities needed to mitigate the risk within the defined risk appetite.

Risk Heat Map / Matrix		Impact			
		Minor	Moderate	Major	Critical
Likelihood	Almost Certain	Medium	Significant	High	High
	Likely	Medium	Significant	High	High
	Possible	Low	Medium	Significant	Significant
	Unlikely	Low	Low	Medium	Medium

Risk Heat Map / Matrix

4. **Risk Response** – Responding to risk may comprise some or all of the following strategies:



Risk Response Option

5. **Report and Monitor** – Risk events and trends are continually scanned, assessed and monitored. The identified risks are escalated to the MCRC, BRC, and Board, initiating a comprehensive review and decision-making process.

Summary of Risk Management Activities

Several risk management activities were carried out in 2023, including:

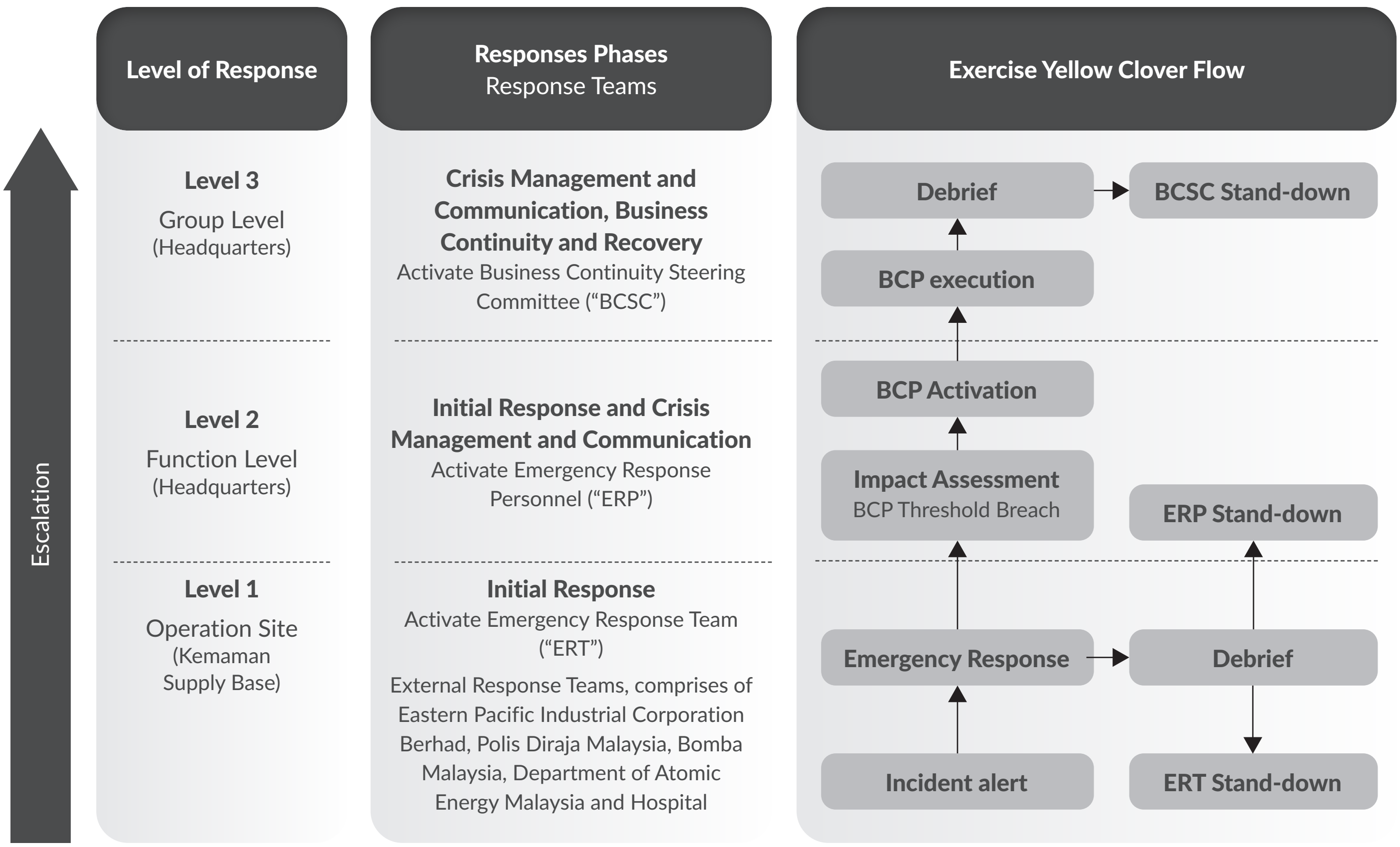
- Review of the revised ERM Framework, including components such as the ERM Policy, Risk Appetite Statement, Risk Taxonomy, and Risk Impact Parameters for both Financial and Non-Financial factors. This was deliberated by the MCRC, BRC, and approved by the Board in August 2023.
- The Group's Key Risk Profile undergoes regular monitoring, reviews, and updates, presented quarterly to the MCRC and BRC and Board. This process highlights the comprehensive risk assessment covering various aspects such as external threats, business strategy, sustainability risks, financial, human capital, operations, governance and integrity, health and safety, and cyber and technology.
- Consolidate and integrate sustainability risks into a comprehensive enterprise-wide risk heat map, encompassing risks such as human rights and labour standards, and climate-related risks (e.g., greenhouse gas emissions, waste and water management, transition risks, and physical risks).
- The specific risk profiles of business units are regularly monitored, reviewed, and updated, with presentations made to the MCRC and BRC for notation.

- Empower risk champions to conduct reviews and monitor risk controls using the Risk Control Self-Assessment Checklist.
- The CCSR Department facilitates and provides risk assessment consultations for projects, operations, potential investments and business opportunities (e.g., invitation-to-bids).
- Instilling a proactive, risk awareness culture within the Group through:
  - Assigning risk champions to reinforce accountability and enhance risk management practices within individual business units and support services.
  - Conducting regular risk awareness briefings and risk assessment sessions.
  - Introducing the CCSR One Stop Centre webpage, consolidating all risk and business continuity related news, infotainment, events, updates, policies, frameworks, etc.
  - Continuously aiming for improvements that enhance and fortify risk management practices within the Group, including review and revision of risk profiling, categorisation, assessment, and reporting.

BUSINESS CONTINUITY MANAGEMENT

With improvements to the Business Continuity Management ("BCM") operationalisation structure in 2022, the Group progressed further in strengthening BCM practices in 2023, from the development of a Business Continuity Plan ("BCP") for Office Inaccessibility to completing an inaugural full-scale integrated testing and exercise program named "Exercise Yellow Clover".

Exercise Yellow Clover ("Exercise"), a major simulation of a fire incident test scenario with the presence of active radiation sources response exercise was carried out at Kemaman Supply Base ("KSB") on 5 September 2023. Multiple levels and types of responders including government agencies and authorities participated in the exercise through physical mobilisation for responding to and managing simulated crises involving end-to-end escalation process as depicted in the table below:



Exercise Yellow Clover End-To-End Escalation Process

As a holistic view, the exercise enabled the Group to strengthen the coordination between response teams at both corporate and operational levels as well as gauge the response times, level of competence, and robustness of existing BCP against incorporated scenario injections for compromised business-critical facilities, equipment, and workforce. The initial post-mortem report further provided areas of improvement to the Group as gap closure measures on the existing response system, business continuity strategies, and competency-building programme.

For 2024, the Group will continue to oversee the improvement of inculcating BCM culture that focuses on concluding the gap closure measures from the conducted exercise, revision of Crisis Management Plan and the implementation of testing and exercise at East Malaysia operational facilities.

CORPORATE COMPLIANCE

At Deleum, we build strong foundations for growth through expansion, financial stability, and upholding our Core Values in integrity and accountability. As a public listed company, we are inline with good corporate governance practices, ensuring our activities align with the Corporate Anti-Bribery and Corruption Policy. The Board consistently oversees the policy's maintenance and updates, guided by relevant legal requirements like the Malaysian Anti-Corruption Commission (MACC) Act 2009, the Guidelines on Adequate Procedures issued by the Prime Minister's Department, and other regulations.

To foster compliance and good governance, Deleum initiated the Anti-Corruption Compliance Journey in early 2022, and it has been ongoing throughout the year 2023. This campaign, themed **"Educate, Comply, and Sustain"** demonstrates Deleum's strong stance against bribery and corruption. The goal is to raise awareness, enhance skills, and foster a lasting culture of anti-corruption compliance among employees through ongoing education and training on Adequate Procedure Guidelines, Corporate Anti-Bribery and Corruption ("ABC") Policy, section 17A Corporate Liability Provision, and related policies, procedures, and guidelines.

During the year 2023, we have strengthened our commitment to ethical business practices and fighting corruption by obtaining the ABMS ISO 37001:2016 certification. This effort is to establish effective procedures in safeguarding the Company, Directors, and Management against corporate liability as stipulated in the Act. To achieve this, Deleum is developing a comprehensive ABMS Policy and Manual, aligning our practices with ISO 37001 standards and demonstrating our proactive approach to ethical governance:

- Establish ABMS Policy and Manual to solidify a corruption-free culture within Deleum Group of Companies.
- Monitor the implementation of Corruption Risk Assessment across the Group's key business operations.
- Develop a Corruption Risk Management ("CRM") Procedure to identify corruption risks and oversee mitigation measures and action plans.
- Improve the policies and procedures to tackle key control issues and weaknesses.
- Conduct training and awareness events to heighten employees' understanding of Code of Business Conduct ("COBC"), anti-bribery, and anti-corruption related matters across the Group.

For improved consistency and efficiency, Group-level policies and documents are standardised based on our Integrated Management System (IMS). These documents are centrally stored on our Electronic Document Management System, ensuring accessibility and compliance Group wide.

Deleum has established Codes, Policies, and Procedures to reinforce our dedication to anti-bribery and corruption efforts, as follows:

1. **Code of Business Conduct ("COBC")**
    - Deleum is committed to upholding integrity in business dealings, guided by core values that prioritise transparency, open communication, mutual respect, a high standard for a safe and healthy environment, and a pursuit of excellence with a focus on continuous improvement.
    - The COBC is applicable to all Deleum directors, officers, and employees and third parties, serving as a guide for maintaining a standard of integrity and conduct in work performance and business practices. Deleum strictly prohibits any illegal or unethical conduct in its business dealings.

2. **Anti-Bribery Management System Policy**
    - Deleum is committed to conducting business with the utmost integrity. We expect our employees and business associates involved in the Group's activities to comply with this policy. Violations may lead to legal action and appropriate disciplinary measures in accordance with the Group's policies, procedures, directives, and guidelines.

3. **Anti-Bribery and Corruption Policy**
    - The Corporate ABC Policy outlines Deleum's stance on bribery and corruption in its operations. It is designed to prevent, detect, and address such issues by promoting a culture of integrity, transparency, and compliance. The policy guides on recognising and addressing potential acts of bribery and corruption faced during operations.

4. **Anti-Bribery Management System Manual**
    - Deleum sets up, documents, and continually improves an anti-bribery management system aligned with the MS ISO 37001:2016, Deleum's ABMS Policy, and Code of Business Conduct. The Group has integrated the "Adequate Procedures – T.R.U.S.T" principles from the Ministerial Guidelines into its business operations.

5. **Gift, Hospitality, Donation and Sponsorship ("GHDS") Procedure**
    - The GHDS procedure guides Deleum on acceptable practices for gifts, hospitality, donations, and sponsorships, with the aim of ensuring compliance with anti-bribery and corruption laws. It was first established in 2020. The guideline also outlines due processes and monitoring for directors and employees to manage courtesies extended to public/government officials. Changes to the GHDS, including new requirements and limits, and realignment of key controls and oversight functions, were approved for implementation in 2022.

6. **Whistleblowing ("WB") Policy and Procedure**
    - The Whistleblowing Policy and Procedure provide a channel for Deleum employees, third parties, and the public to disclose wrongdoing with assurance of protection.
    - The Whistleblowing Policy and Procedures were enhanced to align with Whistleblowing Management System ISO 37002:2021, including the establishment of a Whistleblowing Committee, its TOR, anonymous reporting, and a prescribed Lodgment Form. The revised version was approved by the Board on 22 February 2022 and is available in English and Bahasa Malaysia on Deleum's Corporate website.
    - Effective from 1 January 2023, all whistleblowing cases will be reported to the Senior Independent Non-Executive Director.

7. **Corruption Risk Management Procedure**
    - This Procedure aims to identify corruption risks in activities and processes across the Group during service execution. The identified corruption risks undergo assessment and management, with a risk treatment plan implemented to mitigate the impact of potential corruption incidents based on the assessed risk.

8. **Anti-Money Laundering and Counter Financing of Terrorism Guidelines**
    - Deleum is dedicated to preventing money laundering and terrorism financing to safeguard the Group from financial crime and reputational risks. This commitment prohibits directors, officers, and employees from engaging in financial transactions relating to properties or funds linked to criminal activities. Deleum also strictly prohibits any involvement in financing, sponsoring, facilitating, or assisting terrorist persons, activities, or organisations.

9. **Conflict of Interest ("COI") Guidelines**
    - The COI Guidelines provide guidance on recognising and addressing conflicts of interest within Deleum. Complying with these guidelines helps to prevent both actual and perceived biases, ensuring that disclosures of conflicts of interest are made transparently for informed decision-making within Deleum.

10. **Third Party Anti-Bribery and Corruption Management Guidelines ("TPABCMG")**
    - The TPABCMG establishes a general anti-bribery framework for managing Deleum's third-party relationships, setting minimum standards as the core of good practice. Effectively managing third-party bribery risk involves identifying high-risk parties and subjecting them to a thorough review. Deleum follows a comprehensive approach, including scoping, due diligence assessment, management, and record keeping and monitoring, to counter bribery effectively.

Summary of Corporate Compliance Activities

In 2023, the Group undertook targeted initiatives to strengthen business integrity and ethics by addressing corruption risk through a series of programmes that emphasised education, awareness, and governance. Key programmes/activities conducted include:

- Deleum initiated the collaborative Program Wira Anti Rasuah in partnership with the Malaysian Anti-Corruption Commission ("MACC") and SJK(T) Jalan Bangsar.
- The recently launched CCSR One Stop Centre is a centralised hub serving as a one-stop center for stakeholders and employees.
- The Speak Up and Listen Up ("SULU") Awareness initiative aims to create a workplace marked by transparency and openness, valuing everyone's voice. SULU serves as a platform to amplify the voices of employees, fostering an environment of trust and collaborative engagement.
- MS ISO 37001 ABMS training for the Board of Directors and Senior Management to enhance awareness of the standard's requirements, guidelines, and significance for implementing ABMS.
- Conducted the Anti-Bribery and Corruption Awareness Event 2023 in collaboration with Deleum Technology Solutions Sdn. Bhd. to raise awareness about the harmful effects of corruption on society.
- Disseminated ABC, COBC, and Whistleblowing posters through various communication channels to enhance awareness across the organisation.
- Group Human Resources and CCSR Department co-hosted COBC refresher sessions for each location of operational site, including mandatory COBC test completion and ABC and COI declaration.
- Incorporated integrity messages at the beginning of monthly operational/management meetings as well as in Quarterly Townhall sessions by GCEO.

Moving forward into 2024, the Group will continue to oversee the enhancement and implementation of the Anti-Corruption Compliance Journey as a measure to mitigate this risk.

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 Audit Committee ("AC"), Joint Remuneration and Nomination Committee ("JRNC") and BRC. Each Committee has its formal defined TOR and reports on activities of each Committee are presented to the Board on a regular basis. The Committee's TOR and the Board Charter are available for reference on the Company's corporate website.

- **Group Strategy, Budgeting, and Reporting**
  Each business unit and corporate resources function develops and submits its strategy and budget for the upcoming year, which are then consolidated into a Group Strategies and Budget.

  The Group Strategies and Budget for the upcoming year comprise of, inter alia, (i) the Group's focus areas namely growth plans, growth opportunities and strategies, segments' strategies and budget (ii) operating and financial budget and performance, (iii) capital expenditure, (iv) cash flow projections, and (v) statement of financial position and ratio analysis.

  The Group's and business unit's performances against the Group Budget are reported to the GCEO by the respective business units. The monitoring of actual results and projections are tracked and deliberated during the monthly operational meetings.

  The Board reviews the quarterly results against the Group Budget and historical results prior to the quarterly announcement made to Bursa Securities. A dashboard reporting which entails further details on the Group's financial performance comparing against corresponding and preceding quarters is prepared by the Management for the AC's notation. The report also consists of summary of key issues, updates for the three segments of the Group, balance sheet highlights, cash flow projections and any significant accounting matters highlights.

- **Audit Committee**
  The AC evaluates the adequacy and integrity of the Group's internal control systems. The AC reviews the Group's internal control, audit process, compliance, and governance. In addition, the AC monitors the independence and effectiveness of the external auditors; and receives Internal Auditor's reports from the outsourced internal auditors relating to the internal control reviews. 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 statements. Details of the AC's activities and responsibilities are set out in the AC Report in this Annual Report.

- **Internal Audit**
  In 2023, Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly") was engaged to conduct internal audit reviews for the Group.

  Baker Tilly's main role is to assess the Group's internal controls, as outlined in the annual audit plan approved by the AC. They report on the sufficiency and reliability of the internal controls and governance framework within the scope of the audit. Their assessment offers an independent and objective evaluation of the effectiveness of risk management, internal control, and governance processes. Any identified weaknesses in internal controls and areas for improvement during the reviewed financial period will be addressed by the Management.

- **Group Core Values and Code of Business Conduct**
  The Group's revised Core Values - **Service Quality, Health, Safety & Environment, Integrity, and Sustainability** - are communicated to employees through the Group's website, New Hire Orientation and On-Boarding Communication email blasts and Quarterly Townhall session. Aligned with Deleum's Vision, Mission, and Core Values, the Board, Management, and employees are devoted to nurture and embrace a corporate culture that upholds ethical practices and integrity. Furthermore, refresher training and updates on COBC and/or business policies are communicated to all employees. For contractors, subcontractors, vendors, and other service providers, the COBC is directly communicated via the Group's business terms and conditions.

  To raise awareness, posters highlighting COBC key elements are placed in common areas, like walkways, pantries, elevators, and notice boards at the Group's offices and operational sites. The COBC Refresher Campaign 2023 continued for the Board of Directors and Deleum employees, reinforcing the commitment to ethical behavioural standards.

  Employees completed the annual COI Declaration, a mandatory process requiring disclosure of shareholding, business activities, and relationships with specific parties or vendors. This vital declaration ensures the maintenance of integrity and professionalism, aligning with the Group's Core Values and COBC.

  Deleum is also committed to upholding the Universal Declaration of Human Rights, a commitment integrated into its Human Resources Policies and conveyed to employees during their onboarding process. The Universal Declaration of Human Rights is featured on Deleum's corporate website, and suppliers and subcontractors are encouraged to refer to it. Reminders on the Declaration are also included in the Group's purchase orders.

- **Authorisation Limits**
  Delegation of Authority for Operations including authorised limits at various levels of Management in the Group are documented and designed to ensure accountability and responsibility. Authorisation limits in respect of organisational requirements for decision-making limits such as purchasing of goods and/or services, cash management and disbursements, contracting, treasury and banking transactions, human resources, and approval of agreements for ordinary course of business are clearly defined and documented.

  The responsibilities, accountability of the Group's daily operations are vested with the GCEO and the Senior Management team accordingly.

  The Corporate Delegation Authority Guidelines outline the delegation of authority for matters related to shareholders, the Board and Key Senior Management. It sets out the matters reserved in relation to the power of the shareholders in general meetings and/or matters requiring the approval from the Board, and the delegated duties of the Board Committees and the delegated authority conferred to the GCEO. The limits are reviewed and revised during the year, with Board's approval obtained on 28 November 2023.

- **Policies and Procedures**
  Comprehensive internal policies and procedures are documented and made available to all employees across the Group to ensure strict compliance with internal controls, rules, and regulations. These policies and procedures are reviewed and updated by the respective business and functional units through a structured process of review to cater to changes in laws and regulations as well as changes to the business and operational environment. The internal auditors periodically assess these policies and procedures to address any shortcomings or areas of improvements. The Group's Process Improvement function systematically evaluates the efficiency and effectiveness of existing processes and procedures, aligning them with overarching business goals. This ongoing assessment ensures the Group remains compliant, adaptable, and strategically aligned.

- **Quality Management System ("QMS") and Environmental Management System ("EMS")**

  Under the purview of Group QHSE Department, the Group has successfully maintained its ISO 9001:2015 certifications under:
  - Deleum Services Sdn. Bhd. - the provision of products and services for the exploration and production of oil and gas which covers slickline, wellhead maintenance, oilfield services, specialty chemicals and well stimulation, integrated corrosion, inspection, and mitigation for surface preparation industry and topside major maintenance fabrication, installation, hook-up & commissioning of piping and secondary structure.
  - Turboservices Sdn. Bhd. - the provision of turbomachinery sales and services.

The Group also retained its ISO 14001:2015 EMS certification for Deleum Chemicals Sdn Bhd. These certifications provide customers with assurance in respect of the delivery of quality products and services and compliance with regulatory requirements.

In addition to ISO 9001:2015 and ISO 14001:2015 certification, Deleum Oilfield Services Sdn Bhd Kemaman operations maintained their American Petroleum Institute ("API") Specification Q2 2nd Edition. This certification validates our fulfilment of requirements by ExxonMobil Exploration and Production Malaysia Inc.

The Group has successfully attained ISO 37001:2016 Anti Bribery Management System certification during the year. This certification laid a strong confidence to our stakeholders especially our key customers.

Internal audits are conducted by competent certified Lead Auditors. The internal audits conducted in 2023 include:
- ISO 14001:2015 Environmental Management System
- ISO 9001:2015 Quality Management System
- API Specification Q2 2nd Edition
- ISO 37001:2016 Anti Bribery Management System
- 2022 Subcontractor/Supplier QHSE Compliance Audits

Insurance on Assets and People
Adequate insurance coverage and physical safeguards are in place for Group assets and human resources, to ensure comprehensive protection against potential mishaps leading to material loss and/or human bodily injury. This coverage encompasses damage to or theft of assets, liability for legal responsibility in accidents, bodily injury, or property damage, and medical coverage for treating injuries, illnesses, rehabilitation, and fatalities. Regular reviews of insurance coverage are conducted to ensure adequacy, considering changes in the business environment, assets and people.

Procurement
Group Procurement department operates as a centralised and coordinated function, overseeing and managing procurement activities across the Group. Potential risks associated with these key areas are addressed through procedural governance and ongoing compliance monitoring of process and practices. The procurement policies and procedures undergo periodic reviews and updates as needed, ensuring a continuous enhancement of internal controls and incorporating any necessary process improvements.

Embedded within the procurement ethos is the overarching COBC, reflecting Deleum's commitment to aligning procurement activities with the organisational values, promoting trust among stakeholders and fostering a culture of responsibility. Group Procurement reinforces the commitment to ethical procurement practices by embedding anti-bribery clauses within the contracts with the suppliers and contractors. These clauses are strategically included to serve as a safeguard against potential risks particularly associated with bribery and corruption in our procurement processes.

Management Information Systems
The Group is undergoing a digital transformation on its business application system, software, tools, and solutions to improve data collection, recording, analysis, reporting, and organisational development. This investment accelerates application development and streamlines technical operations. Prioritising cybersecurity and data protection, the Group enforces strong access controls and conducts security assessments and audits. This proactive approach ensures compliance with industry regulations and protects against evolving cyber threats.

- **Corporate Secretariat**
  The Company Secretarial function is overseen by Group Corporate Services Department, under the stewardship of the Company Secretaries whose roles and responsibilities are outlined in the Corporate Governance Overview Statement of this Annual Report.
- **Centralised Functions**
  The Corporate Resources functions, including Group Finance, Group Human Resources, Group Procurement, Corporate Compliance, Sustainability and Risk, Group Corporate Services, Information, Communications and Technology, and Group Facilities Management are centralised at the Group level. This centralisation fosters greater independence from the business units and instils a more structured process with standardised procedures, enhancing efficiency and effectiveness across the Group.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board had reviewed the effectiveness of the Group's risk management and internal control systems for the year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The Board is satisfied with the Group's ongoing process for identifying, evaluating, managing, and monitoring the risks of the business, including the scope and frequency of reports on both risk management and internal controls.

The Board is of the opinion that there are sufficient controls and appropriate management action plans in place to meet the business objectives and strategies of the Group. No weaknesses in internal control that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report were noted. Management is continuously reviewing the processes and procedures within the Group to further enhance the internal control systems.

Deleum's internal control systems are not extended to the associate company in which the Group's interests are monitored through board representation.

CONCLUSION

The external and internal auditors, in the course of executing their work based on the pre-approved review plans had highlighted their findings and recommendations for addressing the deficiencies and lapses in controls noted during their work. Management have considered their recommendations and implemented appropriate action plans on their findings and Management is of the view that the internal control systems are adequate.

For the financial year under review, the Board had received representations from the GCEO and GCFO, that the risk management and internal control processes were adequate to safeguard shareholders' investments and the Group's assets.

REVIEW OF THIS STATEMENT

As required by paragraph 15.23 of the Bursa Securities Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in this Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 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.

This Statement on Risk Management and Internal Control Report are made in accordance with a resolution of the Board of Directors passed on 4 March 2024.

The Board of Directors of Deleum Berhad ("Deleum" or "the Company") presents the Audit Committee Report which provides insights into the manner in which the Audit Committee ("AC") discharged its functions for Deleum and its subsidiaries ("the Group") for the financial year ended 31 December 2023 ("FY2023").

The AC reviews the Group's system of internal control, audit process, compliance, and governance. In addition, the AC monitors the independence and effectiveness of the external and internal auditors. The management of risks is the responsibility of the Board Risk Committee ("BRC") which reports directly to the Board. The Chairperson of the BRC is also a member of the AC.

(I) COMPOSITION

The AC currently comprises three members, all of whom are Independent Non-Executive Directors with sufficient understanding of the Group's business and financially literate. The AC members undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The AC members are:

Name of Committee Members	Appointment Date	Designation
Datuk Manharlal a/l Ratilal	1 October 2020	Chairman/Independent Non-Executive Director
Lee Yoke Khai	15 March 2019	Member/Senior Independent Non-Executive Director
Datin Aisah Eden	1 June 2023	Member/Independent Non-Executive Director

Mr Lee Yoke Khai is a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Association of Certified Public Accountants, which is in compliance with Paragraph 15.09(1)(c) of Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR").

The composition of the AC also meets the requirement of paragraph 15.09(1)(a) and (b) of the MMLR, which stipulates that the AC must be composed of not fewer than three members, of which all must be non-executive, with a majority of them being independent directors.

The AC in its Terms of Reference ("TOR") requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The Board via the AC also observed the requirement under paragraph 15.09(2) of the MMLR to ensure that no alternate director is appointed as a member of the AC.

(II) COMMITTEE MEETINGS

The AC held four meetings in 2023 with full attendance of the members. Details of the AC meeting attendance are set out in the Corporate Governance Overview Statement. By invitation, the Group Chief Executive Officer, the Group Chief Financial Officer and other relevant senior management personnel, and representatives from the external and internal auditors attended the AC meetings to brief and provide clarification to the AC on their areas of responsibility. At the Board meeting, the Chairman of the AC highlighted the relevant findings and issues, and presented the AC's recommendations.

The external and internal auditors were present during deliberations at AC meetings on matters relating to external audit and internal audit.

Time was also set aside for both the external and internal auditors to have separate private discussions with the AC in the absence of Management.

The Company Secretary is the Secretary of the AC who keeps records of the minutes of AC meetings. Minutes of each AC meeting is circulated to the AC members after the meeting for review and comments before confirmation at the next AC meeting and subsequently tabled to the Board meeting for notation.

During FY2023, the matters in relation to the quarterly and annual financial results and annual reporting, key audit matters, internal control reviews, and related party transactions were discussed at AC meetings which were summarised under Section (III) of this Report.

(III) SUMMARY OF KEY ACTIVITIES

During the financial year under review, the AC's key focus areas were as follows:
- Quarterly and annual financial results and annual reporting;
- External audit;
- Internal audit; and
- Related party transactions.

1. Financial Results and Annual Reporting

a) Reviewed with Management and the external auditors the appropriateness of the unaudited quarterly interim reporting and annual financial statements, before recommending them to the Board for consideration and approval and the release of the Group's results to Bursa Securities, with emphasis being given to:
   - the quality and appropriateness of accounting policies and practices;
   - the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
   - key areas in which significant judgements and estimates have been applied and used for the preparation of the financial statements;
   - whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
   - any correspondence from regulators in relation to financial reporting; and
   - the significant audit issues the AC considered in relation to the financial reporting.

   When considering the quarterly interim reporting and annual financial statements, the AC considered the quarterly financial reporting from the Group Finance function and the report from the external auditors on their quarterly review and annual audit. In this respect, the AC reviewed the significant audit and accounting issues and the Group's critical accounting policies, with particular on the following:

   i. Asset Impairment Testing

   The judgements in relation to asset impairment largely relate to the assumptions underlying the calculation of the value-in-use of the business being tested for impairment, primarily the achievability of the long-term business plans and macroeconomic assumptions underlying the valuation process.

   This review was centred on the carrying value of the plant and equipment in the Oilfield Services segment.

   During the financial year, as the financial performance remained unpromising with low utilisation of the equipment and tools of a subsidiary in the segment, it continued to give rise to an impairment indicator to the carrying value of its assets. The recoverable amounts of the equipment and tools were calculated using value-in-use method based on the approved budget for the financial year ending 2024 and projections for the remaining useful lives of these assets with assumptions of its major contract extension for an interim period and subsequent securing of a new long-term contract. Key elements and assumptions consisting primarily of revenue growth rate, earnings before interest, tax, depreciation and amortisation margin, probability of achievement of budgeted financials and basis of discount rate were reviewed and noted. It is concluded from the assessment that the previously impaired plant and equipment did not warrant any further impairment charge to be made or written back during the financial year.

ii. **Revenue Recognition**

The Group recognised revenue mainly derived from its sales of gas turbines packages after sale support and services, sales of valves and flow regulator, provision of slickline equipment and services, and provision of integrated corrosion and inspection, blasting technology, maintenance, construction and modification services. Revenue from certain business streams is recognised over time and the remaining is based on at a point of time. The external auditors have placed their audit emphasis on the revenue in view of its significant value reported and the significant time spent auditing the revenue amounts by undertaking various audit procedures to review the effectiveness of key controls on material revenue streams for accuracy and completeness of revenue, performing substantive procedures on significant revenue balances by examining sales transactions to proof of delivery and acceptance by customers; performing cut off procedures on revenue; examined journal entries to revenue accounts and reviewed management's assessment of principal versus agent. The findings and conclusions were brought to the meeting for discussion and deliberation with the AC members.

The AC has satisfied itself that the reviews and related actions taken for the above have been properly prepared by the Management and reviewed by the external auditors.

b) Reviewed the annual consolidated audited financial statements for the year under review 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;
- Companies Act 2016 and other relevant legal and regulatory requirements; and
- Applicable approved Malaysian Financial Reporting Standards and International Financial Reporting Standards.

c) Reviewed the Statement on Risk Management and Internal Control and the AC Report to ensure adherence to legal and regulatory reporting requirements prior to the Board's approval for inclusion into this Annual Report.

2. External Audit

a) Reviewed the external auditors' scope of work, audit plan and audit strategy for FY2023 to ensure appropriate focus on the key risk areas.

b) Reviewed the external auditors' report to the AC in relation to their review of the relevant quarterly results and announcements along with resolution of issues highlighted in their report to the AC.

c) Reviewed the external auditors' report to the AC for the year under review in relation to the audit and accounting issues arising from the audit and Management's responses.

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

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

f) Reviewed the independence and objectivity of the external auditors, guided by the procedure set out in the AC's TOR which is available on the Company's website at www.deleum.com.

As part of the annual audit exercise, the Company had obtained written assurance from PricewaterhouseCoopers PLT ("PwC") confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. PwC has complied with the requirement of MIA and the firm's Guidelines in rotating audit partners every seven years.

g) Monitored the non-audit related fees paid to the external auditors, so that the services provided did not affect the objectivity and independence of the external auditors.

The amount of audit fees and non-audit fees paid/payable to PwC or a firm or corporation affiliated to PwC by the Company and the Group respectively in respect of FY2023 were as follows:

	Company (RM)	Group (RM)
Statutory audit fee	161,550	535,244
Audit related services	174,022	174,022
Non-audit services	71,796	132,016

The non-audit services conducted during FY2023 by other PwC entities comprised mainly tax services and Materiality Assessment and Sustainability Framework Review.

The provision of non-audit services during FY2023 did not compromise PwC's independence and objectivity as the non-audit services were conducted by different teams from the statutory audit team of PwC. The AC concluded that it continued to be satisfied with the performance of PwC and that throughout the year the objectivity and independence of PwC in relation to the audit was not in any way impaired by either the nature of the non-audit related services, the level of non-audit fees charged, or any other facts or circumstances.

During FY2023, AC reviewed and approved the policy-based concurrence for PwC to provide any Non-Assurance Services that are deemed permissible under IESBA Code of Ethics for Professional Accountants, including the International Independence Standards (IESBA Code) Part 4A and Part 4B to Deleum Group of Companies.

h) Reviewed the performance and effectiveness of the external auditors and recommended to the Board for their re-appointment and fees for statutory audit.

i) Reviewed with the external auditors the impact of new or proposed changes in accounting standards, regulatory requirements including changes in tax legislation and recent development. The AC will continue to monitor and review with the external auditors on regulatory updates and the impact to the accounting, auditing and financial reporting practices and processes.

j) Held at least two private meetings with the external auditors without the presence of the Executive Director and Management. The AC is satisfied that appropriate actions were taken to address the issues and concerns raised by the external auditors arising from these meetings.

k) Carried out evaluation of the external auditors and internal auditors, the details of which are in Section (VI) – "Evaluation" of this Report.

3. Internal Audit

a) Reviewed and approved the Internal Audit Plan prepared by the internal auditors, Baker Tilly Monteiro Heng Governance ("Baker Tilly") to ensure the adequacy of its scope and coverage of the Group's activities.

b) Reviewed and assessed 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, including 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 arising from the findings raised in the internal audit reviews and in respect of outstanding issues identified from the follow-up audits.

e) Held one private meeting with the internal auditors without the presence of the Executive Director and Management to discuss any areas of concern.

4. Related Party Transactions

a) Apprised the 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 recommendation to the Board for consideration and approval.

(IV) INTERNAL AUDIT FUNCTION

The AC is supported by Baker Tilly, a well-established firm that complies with the International Professional Practices Framework issued by the Institute of Internal Auditors, as the Internal Audit Function ("IAF") of the Group. In carrying out the internal audit for the Group, the IAF team is headed by Partner of Internal Audit & Risk Advisory of Baker Tilly who possesses the relevant qualifications and experience and who is assisted by no fewer than four staff including a senior manager.

The IAF's primary role is to assist the AC in reviewing the state of the systems of internal control maintained by Management and to provide assurance to the AC on the adequacy and integrity of the internal control and governance framework of the Group. The IAF reviews and assesses whether the systems of internal control and related procedures are effective and provides recommendations to strengthen internal control procedures and processes.

The IAF independently reviews the approved audit areas and reports directly to the AC. The IAF team has, and has exercised, direct access to the members of the AC as deemed necessary. The AC reviews and approves the internal auditors' annual audit plan. The IAF also works closely with the external auditors to avoid any activity overlap and to share their findings.

During the financial year, the cost incurred for the outsourced IAF amounted to RM84,000 excluding the out-of-pocket expenses and relevant applicable government tax. The activities carried out by the IAF were as follows:

a) Conducted Internal Audit engagements consistent with the annual audit plan presented to and approved by the AC.

The plan adopts a risk-based methodology by focusing on key risk areas, which is partly guided by the Group's Enterprise Risk Management framework. The plan is designed and executed upon with the express objectives of testing financial, operational and compliance controls of the Group, as well as the design and operation of key business processes operated. Each annual plan is reviewed throughout the course of the fiscal year and presented to Management and the AC to ensure continued relevance of areas covered in each fiscal year.

There were four (4) internal control reviews performed in year 2023 based on the approved Internal Audit Plan. Their findings, together with related recommendations and Management's responses thereto, are reported to the AC on a bi-annual basis.

b) Reviewed the adequacy and integrity of the system of controls to ensure there is a systematic methodology for 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 resources; and
   - compliance with laws, regulations and contractual obligations within the Company's governance, operations and information systems.

c) Conducted follow up reviews on actions taken by Management in implementing their recommendations arising from prior audits.

The Company continues to outsource its IAF of the Group for the ensuing year as opposed to establishing an in-house IAF after considering the size of the Group as well as in-house resources and difficulty in attracting and retaining qualified and competent internal audit staff.

Baker Tilly has no relationship with the Group and is independent from Management, staff, Directors, and substantial shareholders.

(V) EVALUATION

The evaluations of the external and internal auditors were reviewed by the AC based on the feedback obtained from the AC members and self-assessment carried out by external auditors and internal auditors respectively. Summary of results of the assessments were tabled to the AC for deliberation at the meeting.

The AC was satisfied with the performance of PwC and that throughout the year the objectivity and independence of PwC in relation to the audit was not in any way impaired by either the nature of the non-audit related services, the level of non-audit fees charged, or any other facts or circumstances.

The Board on the recommendation of the AC, is satisfied that PwC remains effective, objective and independent in carrying out its role as external auditors of the Company. The Board has at the Board meeting held on 26 February 2024 approved the AC's recommendation for the re-appointment of PwC for the ensuing year to be tabled at the Nineteenth Annual General Meeting for shareholders' approval.

The Board through the Joint Remuneration and Nomination Committee ("JRNC") had conducted an annual evaluation and assessment on the performance of the AC and its members in respect of FY2023. The evaluation was based on self-assessment carried out by the AC members to monitor their overall effectiveness in meeting their responsibilities.

The evaluation focused on the structure and process including the composition and level of accountability and responsibility demonstrated by the AC. The JRNC was satisfied that the AC had carried out its duties and responsibilities effectively in accordance with its TOR and had demonstrated a high level of diligence, independence and commitment in discharging its responsibilities. The results of the evaluation were reported to the Board accordingly.

The AC members have considerable accounting, financial and business experience and the Board is satisfied with the composition of the AC and considers that the membership as a whole has sufficient relevant expertise and resource to discharge its responsibilities effectively.

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

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 were no significant changes in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to		
- Equity holders of the Company	45,735,036	24,935,501
- Non-controlling interest	17,616,230	0
Profit for the financial year	63,351,266	24,935,501

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2022 were as follows:

	RM
In respect of the financial year ended 31 December 2022, as shown in the Directors' report of that year, a second interim single tier dividend of 3.25 sen per share on 401,553,500 ordinary shares, paid on 30 March 2023	13,050,489
In respect of the financial year ended 31 December 2023, a first interim single tier dividend of 2.00 sen per share on 401,553,500 ordinary shares, paid on 29 September 2023	8,031,070
	21,081,559

The Directors, had on 26 February 2024 declared a second interim single tier dividend of 3.70 sen per share in respect of the financial year ended 31 December 2023, totalling RM14,857,480, payable on 29 March 2024.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2023.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

The Directors of the Company who have held office during the financial year and up to the date of this report are as follows:

Tan Sri Dato' Seri Shamsul Azhar bin Abbas
Datuk Vivekananthan a/l M.V. Nathan
Ramanrao bin Abdullah
Dato' Izham bin Mahmud
Lee Yoke Khai
Datuk Manharlal a/l Ratilal
Datin Aisah Eden

DIRECTORS OF SUBSIDIARIES

The Directors who have held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report are as follows:

Directors of Subsidiaries	Subsidiary
Mohammad Kamal bin Md Yosof	Deleum Technology Solutions Sdn. Bhd.
Nuruzzatulain binti Sahamah	Deleum Technology Solutions Sdn. Bhd.
Ahmad Rizal bin Omar	Deleum Rotary Services Sdn. Bhd.
Nuruzzatulain binti Sahamah	Turboservices Sdn. Bhd.
Seow Keng Seng	Turboservices Sdn. Bhd.
Nurul Aznin binti Mamat	Turboservices Sdn. Bhd.
Daryl Uei Wang (appointed on 23 October 2023)	Turboservices Sdn. Bhd.
Jean-Marc Alex Cocheteux (resigned on 23 October 2023)	Turboservices Sdn. Bhd.
Eric Kurt Strecker	Penaga Dresser Sdn. Bhd.
Akira Fukasawa	Penaga Dresser Sdn. Bhd.
Azman bin Jemaat @ Hassan	Penaga Dresser Sdn. Bhd.
Nuruzzatulain binti Sahamah	Penaga Dresser Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Penaga Dresser Sdn. Bhd.
Azman bin Jemaat @ Hassan	Deleum Services Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Deleum Services Sdn. Bhd.
Nurul Aznin binti Mamat	Deleum Services Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Deleum Oilfield Services Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Deleum Oilfield Solutions (Thailand) Co. Ltd.
Suthee Chivaphongse	Deleum Oilfield Solutions (Thailand) Co. Ltd.

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

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, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Directors has received or become entitled to receive a benefit 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' REMUNERATION

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

	Company	
	2023 RM	2022 RM
Executive Director:		
- salaries and bonuses	1,805,000	1,330,000
- defined contribution plan	292,350	221,100
- other emoluments	144,986	145,002
- estimated monetary value of benefits-in-kind	78,934	22,592
	2,321,270	1,718,694
Non-Executive Directors:		
- fees	1,150,383	1,060,683
- other emoluments	322,850	114,700
- estimated monetary value of benefits-in-kind	82,120	85,472
	1,555,353	1,260,855
	3,876,623	2,979,549

DIRECTORS' INTERESTS IN SHARES

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 in the Company			
	At 1.1.2023	Acquired	Sold	At 31.12.2023
Direct interest				
Dato' Izham bin Mahmud	11,200,000	0	0	11,200,000
Datuk Vivekananthan a/l M.V. Nathan	43,302,600	100,000	0	43,402,600
Indirect interest				
Dato' Izham bin Mahmud	138,466,598	0	*81,740,900	56,725,698
Datuk Vivekananthan a/l M.V. Nathan	81,740,900	0	0	81,740,900
Ramanrao bin Abdullah	0	**81,740,900	0	81,740,900

	Number of ordinary shares in a subsidiary, VSM Technology Sdn. Bhd.			
	At 1.1.2023	Acquired	Sold	At 31.12.2023
Direct interest				
Datuk Vivekananthan a/l M.V. Nathan	40,400	0	0	40,400

By virtue of their interest in shares in the Company pursuant to Section 8 of the Companies Act 2016, Dato' Izham bin Mahmud, Datuk Vivekananthan a/l M.V. Nathan and Ramanrao bin Abdullah are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Note:

* Ceased to have deemed interest in the Company via Lantas Mutiara Sdn. Bhd. ("LMSB") by virtue of Section 8 of the Companies Act 2016 following the disposal of his entire interest in LMSB.

** Deemed to have interest in the Company via LMSB by virtue of Section 8 of the Companies Act 2016 following the acquisition of shares by Integrity Strategic Sdn. Bhd., a body corporate controlled by his children, in LMSB.

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

INDEMNITY AND INSURANCE COSTS

The Group has in force a Directors and Officers Liability insurance policy essentially covering the acts of Directors and Officers. The current policy has a limit of liability of RM30,000,000. Annual premiums paid amounted to RM38,300.

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 of 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 of 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 of 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 of 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 of 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 of 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 of 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 of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment on non-financial assets as disclosed in Note 3(a)(iii); 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.

SUBSIDIARIES

Details of subsidiaries are set out in Note 34 to the financial statements.

AUDITORS

Auditors' remuneration for the financial year is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- statutory audit	535,244	513,601	161,550	159,163
- other audit related services	174,022	191,765	174,022	191,765
- non-audit related services	132,016	293,864	71,796	183,594
	841,282	999,230	407,368	534,522

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 March 2024.

TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS
DIRECTOR

RAMANRAO BIN ABDULLAH
DIRECTOR

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Continuing operations					
Revenue	5	791,991,344	698,048,846	55,048,600	47,994,601
Cost of sales		(626,709,784)	(554,331,796)	(25,952,400)	(22,575,300)
Gross profit		165,281,560	143,717,050	29,096,200	25,419,301
Other operating income		6,776,291	5,704,226	594,371	613,805
Selling and distribution costs		(41,860,309)	(37,401,795)	0	0
Administrative expenses		(53,718,489)	(51,474,770)	(3,772,231)	(3,497,534)
Other operating gains/(losses)		2,929,834	1,530,639	(641,893)	(1,013,636)
Operating profit		79,408,887	62,075,350	25,276,447	21,521,936
Finance cost	8	(198,506)	(638,243)	(38,803)	(195,905)
Share of results of a joint venture (net of tax)	16	1,063,838	1,146,612	0	0
Share of results of an associate (net of tax)	17	4,642,812	5,307,695	0	0
Profit before tax	6	84,917,031	67,891,414	25,237,644	21,326,031
Tax expense	9	(21,565,765)	(16,933,210)	(302,143)	(343,057)
Profit from continuing operations (net of tax)		63,351,266	50,958,204	24,935,501	20,982,974
Discontinued operation					
Gain from discontinued operation (net of tax)	39	0	283,280	0	0
Profit for the financial year		63,351,266	51,241,484	24,935,501	20,982,974
Other comprehensive losses					
Item that may be subsequently reclassified to profit or loss					
Currency translation differences of foreign operations		(33,991)	(34,164)	0	0
Reclassification adjustment relating to a subsidiary liquidated during the financial year	40	0	394,857	0	0
Total comprehensive income for the financial year		63,317,275	51,602,177	24,935,501	20,982,974

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit attributable to:					
Owners of the Company		45,735,036	42,141,697	24,935,501	20,982,974
Non-controlling interest		17,616,230	9,099,787	0	0
		63,351,266	51,241,484	24,935,501	20,982,974
Total comprehensive income attributable to:					
Owners of the Company		45,718,381	42,543,975	24,935,501	20,982,974
Non-controlling interest		17,598,894	9,058,202	0	0
		63,317,275	51,602,177	24,935,501	20,982,974
Earnings per share (sen)					
- Basic/diluted	10				
- From continuing operations		11.39	10.42		
- From discontinued operation		0.00	0.07		
		11.39	10.49		

The above statements of comprehensive income are to be read in conjunction with the material accounting policies and notes 1 to 41 to the Financial Statements.

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	91,145,019	110,290,814	4,037,550	3,435,463
Investment properties	13	676,546	700,122	0	0
Intangible assets	14	188,298	211,886	79,279	101,298
Subsidiaries	15	0	0	132,384,848	132,384,848
Joint venture	16	35,143,972	34,080,134	29,375,937	29,375,937
Associate	17	22,803,933	23,921,121	0	0
Other investment	18	1,166,750	0	0	0
Deferred tax assets	28	5,974,485	2,186,118	1,308,877	1,109,113
Other receivables	21	2,652,587	2,296,099	0	0
Amounts due from subsidiaries	19	0	0	15,354,651	12,677,395
Cash and bank balances	24	0	3,696,186	0	0
		159,751,590	177,382,480	182,541,142	179,084,054
CURRENT ASSETS					
Amounts due from subsidiaries	19	0	0	34,321,394	33,181,767
Tax recoverable		1,674,130	1,673,858	0	0
Inventories	20	17,736,104	40,014,420	0	0
Receivables, deposits and prepayments	21	225,223,775	318,279,913	696,574	1,371,451
Amounts due from an associate	22	0	1,920,813	0	813
Amounts due from a joint venture	23	369,035	223,484	365,000	223,484
Cash and bank balances	24	215,879,540	174,320,618	12,333,078	13,726,135
		460,882,584	536,433,106	47,716,046	48,503,650

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
LESS: CURRENT LIABILITIES					
Amounts due to subsidiaries	19	0	0	3,935,380	2,479,289
Borrowings	25	1,515,242	7,612,014	28,790	2,625,571
Derivative financial instrument	26	338,086	1,512,231	0	0
Taxation		9,284,608	9,048,051	335,765	812,026
Trade and other payables and contract liabilities	27	149,485,857	265,066,794	5,451,861	5,009,814
		160,623,793	283,239,090	9,751,796	10,926,700
NET CURRENT ASSETS		300,258,791	253,194,016	37,964,250	37,576,950
NON-CURRENT LIABILITIES					
Borrowings	25	894,845	1,175,178	64,966	74,520
Deferred tax liabilities	28	12,458,439	14,596,167	0	0
Deferred income	29	206,069	259,079	0	0
		13,559,353	16,030,424	64,966	74,520
		446,451,028	414,546,072	220,440,426	216,586,484
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	30	201,801,508	201,801,508	201,801,508	201,801,508
Retained earnings		263,291,221	238,637,744	18,638,918	14,784,976
Merger deficit	31	(50,000,000)	(50,000,000)	0	0
Foreign currency translation		(1,702,443)	(1,685,788)	0	0
Shareholders' equity		413,390,286	388,753,464	220,440,426	216,586,484
NON-CONTROLLING INTEREST	15	33,060,742	25,792,608	0	0
TOTAL EQUITY		446,451,028	414,546,072	220,440,426	216,586,484

The above statements of financial position are to be read in conjunction with the material accounting policies and notes 1 to 41 to the Financial Statements.

		Attributable to equity holders of the Company							
		Issued and fully paid ordinary shares		Non-distributable		Distributable			
Group	Note	Number of shares	Share capital RM	Foreign currency translation RM	Merger deficit RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
At 1 January 2023		401,553,500	201,801,508	(1,685,788)	(50,000,000)	238,637,744	388,753,464	25,792,608	414,546,072
Profit for the financial year		0	0	0	0	45,735,036	45,735,036	17,616,230	63,351,266
Other comprehensive losses for the financial year		0	0	(16,655)	0	0	(16,655)	(17,336)	(33,991)
Total comprehensive (losses)/income for the financial year		0	0	(16,655)	0	45,735,036	45,718,381	17,598,894	63,317,275
Dividends	11	0	0	0	0	(21,081,559)	(21,081,559)	(10,330,760)	(31,412,319)
At 31 December 2023		401,553,500	201,801,508	(1,702,443)	(50,000,000)	263,291,221	413,390,286	33,060,742	446,451,028
At 1 January 2022		401,553,500	201,801,508	(2,088,066)	(50,000,000)	208,537,361	358,250,803	20,518,267	378,769,070
Profit for the financial year		0	0	0	0	42,141,697	42,141,697	9,099,787	51,241,484
Other comprehensive income/(losses) for the financial year		0	0	7,421	0	0	7,421	(41,585)	(34,164)
Reclassification adjustment relating to a subsidiary liquidated during the financial year	40	0	0	394,857	0	0	394,857	0	394,857
Total comprehensive income for the financial year		0	0	402,278	0	42,141,697	42,543,975	9,058,202	51,602,177
Acquisition of non-controlling interest	40	0	0	0	0	808,398	808,398	(1,518,931)	(710,533)
Incorporation of a subsidiary with non-controlling interest	40	0	0	0	0	0	0	16,270	16,270
Dividends	11	0	0	0	0	(12,849,712)	(12,849,712)	(2,281,200)	(15,130,912)
At 31 December 2022		401,553,500	201,801,508	(1,685,788)	(50,000,000)	238,637,744	388,753,464	25,792,608	414,546,072

The above consolidated statement of changes in equity is to be read in conjunction with the material accounting policies and notes 1 to 41 to the Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2023

Company	Note	Issued and fully paid ordinary shares		Distributable	
		Number of shares	Nominal value RM	Retained earnings RM	Total RM
At 1 January 2023		401,553,500	201,801,508	14,784,976	216,586,484
Total comprehensive income for the financial year		0	0	24,935,501	24,935,501
Dividends	11	0	0	(21,081,559)	(21,081,559)
At 31 December 2023		401,553,500	201,801,508	18,638,918	220,440,426
At 1 January 2022		401,553,500	201,801,508	6,651,714	208,453,222
Total comprehensive income for the financial year		0	0	20,982,974	20,982,974
Dividends	11	0	0	(12,849,712)	(12,849,712)
At 31 December 2022		401,553,500	201,801,508	14,784,976	216,586,484

The above statement of changes in equity is to be read in conjunction with the material accounting policies and notes 1 to 41 to the Financial Statements.

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year from:					
- Continuing operations		63,351,266	50,958,204	24,935,501	20,982,974
- Discontinued operation		0	283,280	0	0
		63,351,266	51,241,484	24,935,501	20,982,974
Adjustments for:					
Trade receivables:					
- impairment		1,235,273	23,850	0	0
- write back of impairment		(465,385)	(4,068,605)	0	0
Contract assets:					
- write back of impairment		0	(97,578)	0	0
Other receivables:					
- impairment		26,468	358,968	0	0
Amounts due from subsidiaries					
- impairment		0	0	600,000	1,000,000
Inventories:					
- impairment		2,901,033	2,202,123	0	0
- write back of impairment		(725,838)	(258,129)	0	0
Foreseeable loss:					
- write back		(106,807)	0	0	0
Income accretion on other receivable		(147,113)	(112,440)	0	0
Amortisation of intangible assets		23,060	71,338	21,493	66,486
Amortisation of government grants		(53,010)	(53,010)	0	0
Depreciation					
- property, plant and equipment		32,922,839	33,436,714	571,569	639,869
- investment properties		23,576	23,576	0	0
Liquidated damages:					
- provision		1,799,188	451,258	0	0
- write back		(98,600)	(107,511)	0	0
Gain on disposal of property, plant and equipment		(57,867)	(2,003,836)	(661)	0
Loss on disposal of right-of-use assets		0	8,174	0	0
Write off:					
- property, plant and equipment		54,809	5,320	0	2,800
- intangible assets		528	0	526	0
- inventories		254,597	525,630	0	0
Interest income		(5,092,205)	(2,676,819)	(268,470)	(190,993)
Dividend income		0	0	(26,500,000)	(23,161,101)
Inter-company interest income		0	0	(116,629)	(286,858)
Finance cost		198,506	638,243	38,803	195,905
Share of results of an associate		(4,642,812)	(5,307,695)	0	0
Share of results of a joint venture		(1,063,838)	(1,146,612)	0	0
Loss on liquidation of a subsidiary		0	352,370	0	0
Tax expense		21,565,765	17,000,825	302,143	343,057
Unrealised net foreign exchange (gain)/loss		(888,299)	415,818	0	0

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Adjustments for: (continued)					
Net fair value (gain)/loss on forward foreign currency exchange contracts		(940,077)	1,610,537	0	0
Operating profit/(loss) before working capital changes		110,075,057	92,533,993	(415,725)	(407,861)
Changes in working capital					
Amounts due from subsidiaries		0	0	(6,311,871)	(6,215,201)
Inventories		19,848,524	(10,472,446)	0	0
Receivables, deposits, prepayments and contract assets		92,887,271	(130,435,290)	674,877	(63,421)
Amounts due from a joint venture		0	0	(141,800)	(96,269)
Amounts due to subsidiaries		0	0	1,456,091	1,313,897
Trade and other payables and contract liabilities		(116,556,954)	83,764,688	442,049	1,663,139
Cash generated from/(used in) operation		106,253,898	35,390,945	(4,296,379)	(3,805,716)
Tax paid		(27,255,575)	(12,786,951)	(978,168)	(340,815)
Interest paid		(198,506)	(625,542)	(43,003)	(188,507)
Net cash generated from/(used in) operating activities		78,799,817	21,978,452	(5,317,550)	(4,335,038)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		4,631,153	2,585,732	1,135,071	693,596
Purchase of property, plant and equipment		(12,071,543)	(8,595,661)	(1,152,148)	(172,543)
Proceeds from disposal of property, plant and equipment		62,643	3,153,421	661	0
Amounts due from/(to) an associate		813	(447)	813	(797)
Amounts due (to)/from a joint venture		(145,551)	(47,153)	284	49,116
Dividends received from subsidiaries		0	0	23,000,000	17,157,567
Dividends received from an associate		7,680,000	5,760,000	0	0
Repayment of advances from subsidiaries		0	0	4,649,214	5,804,806
Acquisition of non-controlling interest	40	0	(710,533)	0	0
Incorporation of a subsidiary with non-controlling interest	40	0	16,270	0	0
Purchase of other investment		(1,166,750)	0	0	0
Net cash (used in)/generated from investing activities		(1,009,235)	2,161,629	27,633,895	23,531,745

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Term loan:					
- repayments		(4,200,000)	(17,480,000)	0	0
Revolving credit:					
- repayments		(2,580,000)	(4,560,000)	(2,580,000)	(4,560,000)
Lease liabilities on right-of-use assets:					
- repayments		(1,362,191)	(1,257,249)	(47,843)	(52,644)
Dividends paid to:					
- shareholders		(21,081,559)	(12,849,712)	(21,081,559)	(12,849,712)
- non-controlling interest		(10,330,760)	(2,281,200)	0	0
Increase in restricted cash		(8,158,980)	(142,967)	0	0
Net cash used in financing activities		(47,713,490)	(38,571,128)	(23,709,402)	(17,462,356)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		30,077,092	(14,431,047)	(1,393,057)	1,734,351
FOREIGN CURRENCY TRANSLATION		(373,336)	(407,663)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		168,540,010	183,378,720	13,726,135	11,991,784
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	24	198,243,766	168,540,010	12,333,078	13,726,135

The above statements of cash flows are to be read in conjunction with the material accounting policies and notes 1 to 41 to the Financial Statements.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions 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 and assumptions are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and IC Interpretation that are effective and applicable to the Group and the Company.

The new amendments to published standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2023 are as follows:

- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to MFRS 17 Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amendments to published standards listed above did not have any material impact to the Group and the Company on the current periods or any prior period and is not likely to affect future periods.

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

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

(i) Financial year beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-current liabilities with covenants
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure – Supplier Finance Arrangements

(ii) Financial year beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability

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

- 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 Associate or Joint Venture

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 to direct the relevant activities of 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 adopted the transitional provisions as 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. ("DSSB"). DSSB, 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.

The excess of the 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 fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss. Refer to accounting policy Note C(a) on goodwill.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying 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 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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 transactions with equity owners of the Group. Any change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(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. This fair value becomes 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.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

B CONSOLIDATION (CONTINUED)

(d) Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to "share of profit/(loss) of a joint venture" in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is 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.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(e) 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. 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 amounts due from an 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 long-term interests that, in substance, form part of the Group's net investment in the associate, 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.

B CONSOLIDATION (CONTINUED)

(e) Associates (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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.

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.

(f) 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 consolidated 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 is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(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 INTANGIBLE ASSETS (CONTINUED)

(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 and the Company 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, JOINT VENTURE AND ASSOCIATES

In the Company's separate financial statements, investments in subsidiaries, joint venture 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, joint venture 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 includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note S 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. 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%
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%

E PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

At the end of the reporting period, the Group and the Company assess 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 (refer to 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 other income or other operating losses 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.

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 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 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 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 LEASES

Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date which the leased asset is available for use by the Company (i.e. the commencement date).

Contract may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

G LEASES (CONTINUED)

Accounting by lessee (continued)

Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company re-assess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in re-measurements of the lease liabilities. See accounting policy below on re-assessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

ROU assets that are not investment properties are subsequently measured at costs, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset shall be depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain re-measurements of the lease liabilities. The Group and the Company present the ROU assets within the 'property, plant and equipment' line item in the statement of financial position. For existing leasehold properties with no corresponding lease liabilities due to full settlement upfront, at initial date of adoption of MFRS 16, these leasehold properties shall continue to be presented as part of property, plant and equipment.

ROU assets that meet the definition of investment property in accordance with MFRS 140 are presented in the statement of financial position as investment property. Subsequent measurement of the ROU asset is consistent with those investment properties owned by the Group (refer to accounting policy Note F on investment properties).

Leasehold land and buildings classified as lease is amortised in equal instalments over the period of the respective leases that range from 20 to 99 years.

Lease liabilities

Lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- penalties payments for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

G LEASES (CONTINUED)

Accounting by lessee (continued)

Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. 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.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities within the borrowings line item in the statements of financial position. Interest expense on the lease liabilities is presented within the finance cost in the statements of comprehensive income.

Re-assessment of lease liabilities

Lease liability is re-measured when there is a change in the future variable lease payments arising from a change in an index or rate, or if there is a revision of in-substance fixed lease payments, or a revision in the lease term, or if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, which are not included in the lease liability until they take effect. When these adjustments to the lease payments take effect, the lease liability is re-measured and adjusted against the ROU assets.

Short term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. Payments associated with short-term leases of tools and equipment for oilfield activities, tools and equipment and chartering of vessels for project based activities of short tenure and leases of low value assets are recognised on a straight-line basis over the lease term as expense in profit or loss.

H INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost of purchased inventories for resale purpose is determined after deducting discounts and rebates. 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.

Where a subsidiary adopts accounting policies that are different from the Group, their reported results shall be re-stated to comply with the Group accounting policies unless the discrepancy is immaterial.

I CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other 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 costs of disposal 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 which are largely independent of the cash inflows from other assets or groups of assets (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 and the Company classify its financial assets at the time it is initially recognised and is subsequently measured at either amortised costs, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial asset at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing the financial assets. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets change.

(b) Recognition and initial measurement

At initial recognition, with the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient is measured at the transaction price as determined under MFRS 15 (see accounting policy Note P and Note T).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(c) Subsequent measurement – debts instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition of the Group's and Company's financial assets are recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

K FINANCIAL ASSETS (CONTINUED)

(c) Subsequent measurement – debts instruments (continued)

(ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented in other operating gains/(losses). When it is deemed to be material in nature, the impairment expenses shall be presented as separate line item in the statement of comprehensive income.

(iii) FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

(d) Subsequent measurement – equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(e) Impairment of financial assets

The Group and the Company assess on a forward looking basis on the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, amounts due from subsidiaries, amounts due from an associate and amounts due from a joint venture

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

K FINANCIAL ASSETS (CONTINUED)

(e) Impairment of financial assets (continued)

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward looking information that includes historical default rate, internal and external credit rating (as applicable), actual or expected changes in economic and regulatory environment that are expected to cause a significant change to the debtor's ability to meet its obligations.

A significant increase in credit risk is presumed if a debtor become inactive, indication of consistent delay in making contractual payments that are long past due with history of default or the debtor is expected to/or is experiencing significant financial difficulties and cash flow problems.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default when counterparty become inactive and/or consistently slow in making contractual payments that are long past due with history of default or the debtor is insolvent or has significant financial difficulties. For certain categories of financial assets such as trade receivables and contract assets balances, they are assessed on an individual basis.

Prior to the adoption of the new MFRS 9, 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.

(f) 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 and the Company have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company 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. Management determines the classification of financial liabilities at initial recognition.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classify all its financial liabilities as other financial liabilities. The Group's and the Company's other financial liabilities comprised of "amounts due to subsidiaries", "borrowings" and "trade and other payables (excluding contract liabilities and statutory obligations)" in the statements of financial position (Notes 19, 25 and 27).

L FINANCIAL LIABILITIES (CONTINUED)

(b) Recognition and measurement

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

All fair value changes on financial liabilities which are irrecoverably designated as FVTPL is to be recognised in the statement of comprehensive income other than the amount of change in the fair value of the financial liability that is attributable to the change in the Group and the Company's own equity credit risks which is to be presented in the OCI.

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 and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) De-recognition

A financial liability is de-recognised 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 de-recognition 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 is presented in the statements 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 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments to manage its exposure to foreign currency exchange rate risk, comprising of forward foreign currency exchange contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured at their fair values at the end of each reporting period. The method on recognising the subsequent changes in the fair value depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss upon when the fair value changes on the derivatives arise.

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) 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. Distributions to holders of an equity instrument is recognised directly in equity.

P RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. 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 the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest rate method. See accounting policy Note K(e) on impairment of financial assets.

Q TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. 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.

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

R CONTRACT BALANCES

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditional on something other than the passage of time. Contract asset is the excess of cumulative revenue earned over the billings to-date. Contract asset also includes advance payment to supplier or advance billing from suppliers where the performance obligation is yet to be satisfied.

Impairment on contract asset is assessed based on the policy in Note K(e).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or is the excess of the billings to-date over the cumulative revenue earned.

S BORROWINGS AND BORROWING COSTS

(a) 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 and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired.

S BORROWINGS AND BORROWING COSTS (CONTINUED)

(b) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of 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.

T REVENUE RECOGNITION

Revenue from contracts with customers is recognised by reference to each distinct promise of goods and services (a performance obligation) in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. When the standalone selling prices are not directly observable, they are estimated based on expected cost-plus margin. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:

(a) Power and Machinery ("P&M")

P&M segment revenue focuses on the sale and provision of after sales support services for gas turbines generators and compressors packages, supply, installation, repair and maintenance of safety valves and flow regulators, and maintenance, repair and overhaul services for motor, generators and transformers.

(i) Sale of gas turbine packages and after sales support services

After sales support services

The Group provides various after sales support services in respect of gas turbines generators and compressors that the Group sells. After sales support services includes but not limited to gas turbines exchange services, compressors maintenance and technical services, and sale of gas turbines parts and components with installation services and other ancillary services. Provision of maintenance services is either performed based on a scheduled interval periods or on an ad hoc basis at the request of customers.

Revenue from gas turbines exchange services which involve the delivery of the gas turbine is recognised when the customer accepts the delivery of the gas turbines.

Revenue from maintenance and technical services is recognised over the period in which the services are rendered.

Maintenance and technical services may be bundled with sale of parts and components. Sale of parts and components is assessed as separate performance obligations and revenue allocated to the parts and components is recognised when the parts and components are delivered and accepted by customers.

Sale of parts and components with installation services is assessed as separate performance obligations and revenue allocated to the parts and components is recognised when the parts and components are delivered and accepted by customers. Revenue allocated to installation services is recognised over the period in which the services is rendered based on input method.

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

T REVENUE RECOGNITION (CONTINUED)

(a) Power and Machinery ("P&M") (continued)

(i) Sale of gas turbine packages and after sales support services (continued)

Sale of gas turbine generators and compressors packages

Revenue from the sale of gas turbine generators and compressors including sale of parts and components ("gas turbine packages") is recognised when the control of the gas turbine packages has been transferred, being when these gas turbine packages are delivered and accepted by the customers.

Revenue from the provision of freight and handling services is assessed as a single performance obligation with the sale of gas turbine parts and components as the control of goods are transferred after the delivery services. Revenue is recognised when the gas turbine parts and components are delivered and accepted by customers.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

(ii) Sales of valves and flow regulators and after sales support services

After sales support services

The Group provides after sales support services including repair and maintenance in relation to valves and flow regulators that the Group sells.

Revenue from repair and maintenance services is recognised over the period in which the services are rendered.

Repair and maintenance services may be bundled with sale of valves and flow regulators. Sale of valves and flow regulators is assessed as separate performance obligations and revenue allocated to the sale of valves and flow regulators is recognised when the valves and flow regulators are delivered and accepted by the customers.

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

Sale of valves and flow regulators

Revenue from sale of valves and flow regulators on stand-alone is recognised when the Group sells the valves and flow regulators to customers and control of the valves and flow regulators has been transferred, being when the valves and flow regulators are delivered and accepted by the customer.

Revenue for provision of installation, repair and maintenance of valves and flow regulators are recognised over the period in which the performance of services is rendered.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of valve and flow regulators as the control of goods is transferred after the delivery services. Revenue is recognised when the valves and flow regulators are delivered and accepted by customer.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

T REVENUE RECOGNITION (CONTINUED)

(a) Power and Machinery ("P&M") (continued)

(iii) Sale, repair and maintenance of motors, generators and transformers

Sale of motors, generators and transformers

Revenue from sale of motors, generators and transformers including parts and components is recognised when the Group sells the motors, generators and transformers to customers and control of the motors, generators and transformers has transferred, being when the motors, generators and transformers are delivered and accepted by the customer.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of motors, generators and transformers as the control of goods is transferred after the delivery services. Revenue is recognised when the motors, generators and transformers are delivered and accepted by customer.

Repair and maintenance services

The Group provides repair and maintenance services in relation to motors, generators and transformers that the Group sells. Revenue from repair and maintenance services is recognised over the period in which the services is rendered.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

(b) Oilfield Services ("OS")

Oilfield Services segment specialises mainly in upstream operations, topside and downhole support services which consist of the provision of slickline equipment and services, well intervention and cased hole logging services, asset integrated solution services, gas lift valve and insert strings equipment, accessories and services and drilling and production services, provision of specialty chemicals, solid control and well stimulation services.

(i) Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve and insert strings equipment, accessories and services and drilling and production services.

The Group provides slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve and insert strings equipment, accessories and services and drilling and production services. Revenue from slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services and gas lift valve services is recognised over the period in which the services is rendered.

Revenue from sale of insert strings equipment, accessories and/or drilling products are recognised when the Group sells the insert strings equipment, accessories and/or drilling products to customers and control of insert strings equipment, accessories and/or drilling products have transferred, being when the insert strings equipment, accessories and drilling products are delivered and accepted by the customer.

(ii) Provision of specialty chemicals, solid control and well stimulation services

Well stimulation services

The Group provides well stimulation services at request from customers. Revenue from well stimulation services is recognised over the period in which the services are rendered.

Well stimulation services may be bundled with sale of specialty chemicals. Sale of specialty chemicals is assessed as separate performance obligations and revenue allocated to the sale of specialty chemicals is recognised when the chemicals are delivered and accepted by customers.

T REVENUE RECOGNITION (CONTINUED)

(b) Oilfield Services ("OS") (continued)

(ii) Provision of specialty chemicals, solid control and well stimulation services (continued)

Solid control services

The Group provides solid control services to customers. Revenue from solid control is recognised over the period in which the services are rendered.

Sale of chemicals

Revenue from chemicals is recognised when the Group sells the chemicals to customers and control of the chemicals has been transferred, being when the chemicals are delivered to the customer.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of chemicals as the control of goods is transferred after the delivery services. Revenue is recognised when the chemicals are delivered and accepted by customer.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

(c) Integrated Corrosion Solution ("ICS")

ICS segment is involved in the provision of integrated corrosion and inspection, blasting technology, maintenance, construction and modification ("MCM") maintenance services.

(i) Provision of integrated corrosion and inspection, blasting technology and maintenance services

The Group provides integrated corrosion and inspection, blasting technology and maintenance services in relation to corrosion for tanks, structures and piping. Revenue from integrated corrosion inspection, blasting technology and maintenance services is recognised over the service period as customer receives and consumes the benefit of the Group's performance as the Group performs.

Revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total budgeted costs. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

Revenue recognised from provision of integrated corrosion and inspection, blasting technology and maintenance services involves management's estimation on the total budgeted costs. Estimates of total budgeted costs are revised if circumstances change. Any resulting increases or decreases in the estimates of total budgeted costs would result in a change in the measure of progress and a corresponding change in the amount of revenue recognised. The change in estimates are reflected in profit or loss in the period in which the circumstances that give rise to the revision occurs. Refer Note 3 for critical accounting estimates and judgments.

Provision of integrated corrosion and inspection, blasting technology and maintenance services may be bundled with sale of sponge jet media and consumables. Sale of sponge jet media and consumables are assessed as separate performance obligations and revenue allocated to the sale of sponge jet media and consumables respectively are recognised when the sponge jet media and consumables are delivered and accepted by customers.

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

T REVENUE RECOGNITION (CONTINUED)

(c) Integrated Corrosion Solution ("ICS") (continued)

(ii) Provision of maintenance, construction and modification ("MCM") maintenance services

Provision of maintenance, construction and modification ("MCM") maintenance services covers provision of site surveys, supply of materials and consumables, fabrication and offshore maintenance services, and provision of marine spread.

Provision of site surveys

Revenue from site surveys is recognised when the reports on site survey are completed and accepted by customers.

Supply of materials and consumables

The Group sells materials and consumables to customers upon request. Revenue from supply of materials and consumables are recognised when the customer accepts the delivery of the goods.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of materials and consumables as the control of goods is transferred after the delivery services. Revenue is recognised when the supply of materials and consumables are delivered and accepted by customer.

Fabrication and offshore maintenance works

The Group provides fabrication or offshore maintenance works at the request of the customer. Revenue from fabrication or offshore maintenance works is recognised over the services period as the customer receives and consumes the benefit of the Group's performance as the Group performs and/or the Group is enhancing the assets that the customer controls.

Revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total budgeted costs. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

Revenue recognised from the provision of fabrication or offshore maintenance services involves management's estimation on the total budgeted costs. Estimates of total budgeted costs are revised if circumstances change. Any resulting increases or decreases in the estimates of total budgeted costs would result in a change in the measure of progress and a corresponding change in the amount of revenue recognised. The change in estimates are reflected in profit or loss in the period in which the circumstances that give rise to the revision occurs. Refer Note 3 for critical accounting estimates and judgments.

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

Marine spread

The Group provides vessels and associated services to customers at the request of the customer. Provision of vessels and associated services is a single performance obligation. Revenue from marine spread is recognised over the period based on time elapsed method, determined based on the actual time lapsed relative to the total services period.

There is no element of financing contained in the revenue as sales are generally made with a standard credit term which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

T REVENUE RECOGNITION (CONTINUED)

Other revenue earned by the Group includes management fees, principal and commission based income services. Revenue from third party based transactions is recognised upon when the Group's right to receive the payment is established.

Other Operating Income

Government grant is recognised initially as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. The grant is treated as part of deferred income under non-current liabilities and that they are credited to profit or loss on a straight-line basis over the expected lives of the related assets or over the period of the operating expenditures to which the grant is intended to compensate.

Other than income from government grants, 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.

U 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.

The Group and the Company recognise a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(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.

V 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, joint venture 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.

V CURRENT AND DEFERRED INCOME TAXES (CONTINUED)

Deferred tax is provided in full, 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 liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 liabilities are recognised on temporary differences arising on investments in subsidiaries, associates and a joint venture 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 joint venture and associates are included in the Group's share of results of joint venture and associates.

W 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 Company'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. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses arising from the settlement on foreign currency transactions and retranslation of balances on monetary assets and liabilities that are denominated in foreign currencies are presented in profit or loss on a net basis within "other operating gains/(losses)".

W FOREIGN CURRENCIES (CONTINUED)

(c) Group companies

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.

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 that will result in a loss of control, exchange differences that were recorded in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss. If the partial disposal did not result in a loss of control over a subsidiary that includes a foreign operation, the proportionate shares of exchange differences that were recorded in other comprehensive income and accumulated in the separate component of equity shall be reclassified to non-controlling interest.

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 are recognised in other comprehensive income.

X 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 Chief Executive Officer who makes strategic decisions.

Y CONTINGENT LIABILITIES

The Group and the Company do 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 and the Company 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.

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.

Referring to Foreign Exchange Administration Rules (FEA) which come into effect on 15th April 2021, Bank Negara Malaysia (BNM) has announced further liberalisation of foreign exchange policy (FEP) which provides greater flexibilities. This is by allowing Resident to make or receive payment in Foreign Currency, to or from another Resident for settlement of domestic trade in goods and services between Resident exporter and Resident entity involved in Global Supply Chain operations in Malaysia. However, despite the flexibility, we have also some clients that are not categorised under Global Supply Chain due to the activities held within Malaysia and/or not meeting BNM's requirements. To mitigate this risk, the Group had reviewed its financial risk management policies and framework of which a new foreign exchange management policy was established during that year that permits derivatives to be undertaken principally on forward foreign currency exchange contracts by the Group to manage its foreign currency exchange risks. Fair value changes on derivatives undertaken shall be charged to profit or loss as and when it arises.

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 uses financial instruments such as forward foreign currency exchange contracts to minimise the exposure of transaction risk in addition to the natural hedges 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			
	2023		2022	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
US Dollar	75,720,030	92,882,665	207,288,768	188,243,076
Others	8,212,281	518,979	5,757,699	8,449,005
	83,932,311	93,401,644	213,046,467	196,692,081

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 or loss will increase/(decrease) by:

	Group	
	2023 RM	2022 RM
Weaken by 10% impact to profit or loss		
US Dollar	1,304,360	(1,447,473)
Strengthen by 10% impact to profit or loss		
US Dollar	(1,304,360)	1,447,473

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 floating 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 or loss would increase by RM Nil (2022: RM51,528). Similarly, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's profit or loss 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.

The Group is not subject to significant exposure to price risk in respect of other investment and accordingly, no sensitivity analysis is being presented.

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 statements of financial position.

(i) Receivables and contract assets (excluding deferred costs)

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.

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 Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets are assessed individually.

The expected loss rates are determined based on historical information about counterparty default rates. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

(i) Receivables and contract assets (excluding deferred costs) (continued)

Trade receivables

	Group	
	2023 RM	2022 RM
Neither past due nor impaired:		
Counterparties without external credit rating		
- New customers during the year	337,372	2,242,627
- Existing customers with no defaults in the past	90,687,961	89,388,192
Total unimpaired trade receivables	91,025,333	91,630,819
Past due but not impaired:		
Counterparties without external credit rating		
- New customers during the year	1,235,259	5,271,616
- Existing customers with no defaults in the past	22,706,236	23,396,074
Total past due but not impaired trade receivables	23,941,495	28,667,690
Past due and impaired:		
Counterparties without external credit rating		
- Existing customers	1,527,128	977,440
Total past due and impaired trade receivables	1,527,128	977,440

Contract assets (excluding deferred costs)

	Group	
	2023 RM	2022 RM
Neither past due nor impaired:		
Counterparties without external credit rating		
- New customers during the year	2,365,643	16,694,648
- Existing customers	88,231,801	161,910,830
Total unimpaired contract assets	90,597,444	178,605,478

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Credit risk (continued)

(ii) Other financial assets

The Group's and the Company's exposure to credit risks for other financial assets arises from other receivables and deposits, amounts due from subsidiaries, an associate and a joint venture. Management has taken reasonable steps to ensure these financial assets are recoverable.

These financial assets are assessed on an individual basis for ECL measurement and the impairment losses recognised are disclosed in Note 19 and Note 21 to the financial statements.

(iii) Cash and bank balances

For cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions.

No expected credit loss was recognised arising from cash at banks, deposits with licensed banks and other financial institutions because the probability of default from these financial institutions is negligible.

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 statements 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	
	2023 RM	2022 RM	2023 RM	2022 RM
AAA	215,808,326	177,949,500	12,329,790	13,721,792
AA	40,245	40,591	2,331	3,329

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

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company have sufficient cash and bank balances and maintain 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.

	2023			
	On demand or within one year RM	One to two years RM	Two to five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables (excluding contract liabilities and statutory obligations)	123,473,233	0	0	123,473,233
Borrowings	1,609,106	869,539	64,580	2,543,225
Total undiscounted financial liabilities	125,082,339	869,539	64,580	126,016,458
Company				
Financial liabilities				
Amounts due to subsidiaries	3,935,380	0	0	3,935,380
Borrowings	31,624	23,760	44,780	100,164
Other payables and accruals (excluding contract liabilities and statutory obligations)	5,124,877	0	0	5,124,877
Total undiscounted financial liabilities	9,091,881	23,760	44,780	9,160,421

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	2022			
	On demand or within one year RM	One to two years RM	Two to five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables (excluding contract liabilities and statutory obligations)	256,540,987	0	0	256,540,987
Borrowings	7,663,006	735,801	439,378	8,838,185
Total undiscounted financial liabilities	264,203,993	735,801	439,378	265,379,172
Company				
Financial liabilities				
Amounts due to subsidiaries	2,479,289	0	0	2,479,289
Borrowings	2,632,968	24,755	49,764	2,707,487
Other payables and accruals (excluding contract liabilities and statutory obligations)	4,677,349	0	0	4,677,349
Total undiscounted financial liabilities	9,789,606	24,755	49,764	9,864,125

In additions to the amount disclosed above, the Company also provides financial guarantees amounting to RM31,651,000 (2022: RM31,651,000) for its subsidiaries to banks and third parties for their operational requirements, utilities and maintenance contracts. In the event of defaults, these financial guarantees provided by the Company shall be payable on demand or within one year.

Fair value estimation

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Fair value estimation (continued)

(i) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximated their fair values except as set out below measured using Level 2 valuation technique:

	2023		2022	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liability				
Borrowings	2,410,087	2,410,087	8,787,192	8,787,192
Company				
Financial liability				
Borrowings	93,756	93,756	2,700,091	2,700,091

The fair values of borrowings are determined using KLIBOR as at each reporting date.

(ii) Financial instruments carried at fair value through profit or loss

The following table represents the liability measured at fair value, using Level 2 valuation technique, at reporting date:

	Group	
	2023 RM	2022 RM
Financial liability		
Derivative financial instrument	338,086	1,512,231

The fair values of forward foreign currency exchange contracts are determined using forward foreign currency exchange rates as at each reporting date.

2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

Fair value estimation (continued)

(iii) Financial instrument carried at fair value through other comprehensive income

The following table represents the asset measured at fair value, using Level 3 valuation technique, at reporting date:

	Group	
	2023 RM	2022 RM
Financial asset		
Other investment	1,166,750	0

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 and judgments

The Group makes estimates and judgments 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) Revenue recognition

Revenue is recognised as and when the control of the asset is transferred to our customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the measurement of the Group's progress towards complete satisfaction of that performance obligation.

Significant judgments are required in determining the progress towards complete satisfaction of that performance obligation based on the actual costs incurred to-date over the total budgeted costs. The total budgeted costs are based on management's best estimates, relying on historical experiences and collaboration with their specialists and expertise.

(ii) Impairment of financial assets

The impairment loss for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, expected change in economy and regulatory environment that results in change in credit risks, expected change in internal or external credit rating, if any, changes in operating results as well as forward looking estimates at the end of each reporting period.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Critical accounting estimates and judgments (continued)

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. (continued)

(iii) 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 costs of disposal 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 estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

Impairment on plant and equipment

During the financial year, the Group performed an impairment assessment in accordance with its accounting policy Note J on impairment of non-financial assets. The lower utilisation of its plant and equipment has led to the weak financial performance of the Oilfield Services segment during the year. These have given rise to an impairment indicator to the carrying value of these assets. Accordingly, the Group has performed an impairment assessment on these plant and equipment in the Oilfield Services segment based on the smallest identifiable cash generating unit ("CGU").

Based on the impairment assessment performed on chemical and slickline asset of the segment, no further impairment or reversal of impairment is required during the financial year.

The recoverable amount of the assets of its slickline business CGU was determined using the value-in-use calculation based on the number of years that cash flow is expected to be generated by these assets. The cash flow projections are based on approved budgeted financials for first year and forecasted financials for the subsequent years based on the following assumptions.

The projected cash flows are estimated for a period of 5 years based on the expected useful life of the slickline assets. The key assumption for the five-years cash flow projections for this CGU is the projected revenue with a growth rate of 3.0%, at a discount rate of 12.0%. The key estimation uncertainty over the assumption used in the value-in-use calculations is the achievability of the projected revenue from the slickline assets of Oilfield Services segment. Should the projected growth rate of 3.0% drop to 0.3%, with other variables remain constant, the recoverable amounts of the asset will be equal to the carrying amounts.

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

In determining and applying accounting policies, judgments are 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 judgments which may materially affect the reported results and financial position of the Group.

4 SEGMENTAL REPORTING

The Group Chief Executive Officer is the Group's Chief Operating Decision Maker ("CODM"). Management has determined the operating segments based on the information reviewed by the Group Chief Executive Officer 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 ("P&M") – Mainly consists of:
  - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewal and retrofit;
  - Supply and commission of combined heat and power plants; and
  - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment.

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

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

- Other non-reportable segment comprises management fees charged to a joint venture which does not meet the quantitative threshold for a reporting segment in 2023.

The P&M and OS segments comprise a series of cohesive and linked business activities within each of this segment within the Group. These business activities are aggregated to form an operating segment due to the similar nature and economic characteristics of the products and services.

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 comprises 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 and other common corporate overhead costs that are not charged to business segments.

4 SEGMENTAL REPORTING (CONTINUED)

Tax expenses and results of joint venture and associate 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, investments in joint venture and associates, deferred tax assets and tax recoverable that are not allocated by business segments.

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

(a) Business Segments

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2023				
SEGMENT REVENUE				
External revenue	667,928,898	118,114,615	5,210,131	791,253,644
Other non-reportable segment				737,700
				791,991,344
SEGMENT RESULTS				
Segment operating profit/(loss)	99,331,751	(7,276,851)	(8,603,470)	83,451,430
Other non-reportable segment				73,800
				83,525,230
Profit from operations				83,525,230
Unallocated income				471,960
Unallocated corporate expenses				(4,786,809)
Share of results of a joint venture				1,063,838
Share of results of an associate				4,642,812
Profit before tax				84,917,031
Tax expense				(21,565,765)
Profit for the year				63,351,266

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2023 (continued)				
Other information:				
Depreciation and amortisation	2,688,175	29,521,181	167,058	32,376,414
Other material items				
Impairment for				
- trade receivables				
- impairment	0	1,235,273	0	1,235,273
- write back of impairment	(103,100)	(362,285)	0	(465,385)
Inventories				
- impairment	1,386,194	1,514,839	0	2,901,033
- write back	(404,735)	0	(321,103)	(725,838)
Foreseeable loss				
- write back	0	0	(106,807)	(106,807)
Write off of				
- property, plant and equipment	34	54,775	0	54,809
- inventories	96,185	100,339	58,073	254,597
Liquidated damages				
- provision	1,799,188	0	0	1,799,188
- write back	(98,600)	0	0	(98,600)
Unrealised net foreign exchange (gain)/loss	(1,227,375)	38,822	300,254	(888,299)
Net fair value gain on forward foreign currency exchange contracts	(940,077)	0	0	(940,077)
Finance cost	88,822	68,474	2,407	159,703
Revenue contributed by major customer which individually contributed to more than 10% of the Group's total revenue:				
- Customer A	(270,043,658)	(61,658,190)	(3,873,293)	(335,575,141)
- Customer B	(113,875,616)	(156,100)	0	(114,031,716)
Additions of plant and equipment	(2,156,325)	(8,711,761)	(51,309)	(10,919,395)
Amortisation of government grants	0	(53,010)	0	(53,010)
Gain on disposal of property, plant and equipment	(13,065)	(44,100)	(41)	(57,206)

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2023 (continued)				
Segment assets	365,083,823	153,100,365	11,704,659	529,888,847
Unallocated corporate assets				90,745,327
Total assets				620,634,174
Segment liabilities	128,410,801	15,906,247	2,535,274	146,852,322
Unallocated corporate liabilities				27,330,824
Total liabilities				174,183,146

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022				
SEGMENT REVENUE				
External revenue	504,394,453	119,301,915	73,700,828	697,397,196
Other non-reportable segment				651,650
				698,048,846
SEGMENT RESULTS				
Segment operating profit	48,137,141	346,820	17,534,065	66,018,026
Other non-reportable segment				69,586
				66,087,612
Profit from operations				66,087,612
Unallocated income				362,235
Unallocated corporate expenses				(5,012,740)
Share of results of a joint venture				1,146,612
Share of results of an associate				5,307,695
Profit before tax				67,891,414
Tax expense				(16,933,210)
Profit from continuing operations (net of tax)				50,958,204
Profit from discontinued operation (net of tax)				283,280
Profit for the year				51,241,484

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022 (continued)				
Other information from continuing operations:				
Depreciation and amortisation	3,018,982	29,049,256	752,901	32,821,139
Other material items				
Impairment for				
- trade receivables				
- impairment	23,850	0	0	23,850
- write back of impairment	(401,652)	(3,531,639)	(135,314)	(4,068,605)
- contract assets				
- write back of impairment	0	0	(97,578)	(97,578)
Inventories				
- impairment	656,000	543,021	1,003,102	2,202,123
- write back	(258,129)	0	0	(258,129)
Write off of				
- property, plant and equipment	2,500	0	17	2,517
- inventories	10,954	65,352	449,324	525,630
Liquidated damages				
- provision	451,258	0	0	451,258
- write back	(107,511)	0	0	(107,511)
Unrealised net foreign exchange loss	127,962	82,937	204,919	415,818
Net fair value loss on forward foreign currency exchange contracts	1,610,537	0	0	1,610,537
Finance cost	44,884	585,499	3,917	634,300
Revenue contributed by major customer which individually contributed to more than 10% of the Group's total revenue:				
- Customer A	(174,046,396)	(65,274,711)	(34,576,033)	(273,897,140)
Additions of plant and equipment	2,732,464	7,547,199	15,317	10,294,980
Amortisation of government grants	0	(53,010)	0	(53,010)
Gain on disposal of property, plant and equipment	(25,898)	(1,560,343)	(66,700)	(1,652,941)

4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022 (continued)				
Segment assets	405,990,601	169,206,986	50,501,197	625,698,784
Unallocated corporate assets				88,116,802
Total assets				713,815,586
Segment liabilities	224,668,149	20,392,603	25,425,036	270,485,788
Unallocated corporate liabilities				28,783,726
Total liabilities				299,269,514

(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.

5 REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:				
- Goods and services	791,253,644	697,397,196	0	0
- Management fee*	730,200	640,400	28,548,600	24,833,500
Revenue from other source:				
- Dividend income	7,500	11,250	26,500,000	23,161,101
	791,991,344	698,048,846	55,048,600	47,994,601

* Management fees income is being recognised over time upon when the services are being rendered.

5 REVENUE (CONTINUED)

Revenue from contracts with customers:

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2023				
Type of goods and services				
Sale of gas turbine packages and after sales support and services	522,944,238	0	0	522,944,238
Commission based income services	5,487,258	0	0	5,487,258
Principal based income services	30,150,147	1,061,963	0	31,212,110
Sale of valves and flow regulators and after sales support and services	109,347,255	0	0	109,347,255
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, and drilling and completion services	0	107,781,403	0	107,781,403
Provision of specialty chemicals and well stimulation services	0	4,620,741	0	4,620,741
Provision of solid control services	0	4,650,508	0	4,650,508
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	0	0	1,336,838	1,336,838
Provision of maintenance, construction and modification maintenance services	0	0	3,873,293	3,873,293
	667,928,898	118,114,615	5,210,131	791,253,644

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2023				
Timing of revenue recognition:				
- At a point in time	543,487,678	3,631,272	420,552	547,539,502
- Over time	124,441,220	114,483,343	4,789,579	243,714,142
	667,928,898	118,114,615	5,210,131	791,253,644

5 REVENUE (CONTINUED)

Revenue from contracts with customers: (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022				
Type of goods and services				
Sale of gas turbine packages and after sales support and services	404,759,495	0	0	404,759,495
Commission based income services	2,107,417	0	0	2,107,417
Principal based income services	17,809,153	184,074	0	17,993,227
Sale of valves and flow regulators and after sales support and services	79,718,388	0	0	79,718,388
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, and drilling and completion services	0	113,380,136	0	113,380,136
Provision of specialty chemicals and well stimulation services	0	5,737,705	0	5,737,705
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	0	0	39,562,526	39,562,526
Provision of maintenance, construction and modification maintenance services	0	0	34,138,302	34,138,302
	504,394,453	119,301,915	73,700,828	697,397,196

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022				
Timing of revenue recognition:				
- At a point in time	409,870,625	3,607,771	11,078,102	424,556,498
- Over time	94,523,828	115,694,144	62,622,726	272,840,698
	504,394,453	119,301,915	73,700,828	697,397,196

6 PROFIT BEFORE TAX

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
The following items have been charged/(credited) in arriving at profit before tax from operations:				
Inventories consumed and recognised as cost of sales	121,596,960	125,254,006	0	0
Cost of services purchased	386,132,445	310,167,788	0	0
Purchase of products, parts and consumable	39,747,311	31,070,999	0	0
Inter-company interest income	0	0	(116,629)	(286,858)
Impairment for:				
- trade receivables				
- impairment	1,235,273	23,850	0	0
- write back of impairment	(465,385)	(4,068,605)	0	0
- contract assets				
- write back of impairment	0	(97,578)	0	0
- other receivables				
- impairment	26,468	358,968	0	0
- amounts due from subsidiaries				
- impairment	0	0	600,000	1,000,000
Property, plant and equipment:				
- write off	54,809	5,320	0	2,800
Intangible assets:				
- write off	528	0	526	0
Depreciation:				
- property, plant and equipment	32,922,839	33,436,714	571,569	639,869
- investment properties	23,576	23,576	0	0
Liquidated damages:				
- provision	1,799,188	451,258	0	0
- write back	(98,600)	(107,511)	0	0
Loss on liquidation of a subsidiary	0	352,370	0	0
Fees to PricewaterhouseCoopers PLT Malaysia:				
- statutory audit services	518,844	497,926	161,550	159,163
- audit related services	174,022	191,765	174,022	191,765
Fees to member firms of PricewaterhouseCoopers PLT, Malaysia				
- non-audit related services*:	132,016	293,864	71,796	183,594

6 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
The following items have been charged/(credited) in arriving at profit before tax from operations (continued):				
Fee to PricewaterhouseCoopers ABAS Ltd.:				
- statutory audit service	16,400	15,675	0	0
(Gain)/loss on foreign exchange:				
- realised	(2,205,557)	(3,037,542)	(3,728)	6,604
- unrealised	(888,299)	415,818	0	0
Net fair value (gain)/loss on forward foreign currency exchange contracts	(940,077)	1,610,537	0	0
Inventories				
- impairment	2,901,033	2,202,123	0	0
- write back	(725,838)	(258,129)	0	0
- write off	254,597	525,630	0	0
Foreseeable loss:				
- write back	(106,807)	0	0	0
Interest income	(5,092,205)	(2,676,819)	(268,470)	(190,993)
Rental expense:				
- business premises	2,329,367	2,069,187	0	0
- equipment	6,816,082	5,957,796	5,127	2,355
Staff cost (including Executive Directors' remuneration as disclosed in Note 7)				
- wages, salaries and others	93,326,823	92,753,103	20,103,007	17,806,020
- defined contribution plan	9,014,051	9,714,382	2,158,459	1,980,989
Subcontractor cost	444,175	2,187,980	0	0
Gain on disposal of property, plant and equipment	(57,867)	(2,003,836)	(661)	0
- continuing operations	(57,867)	(1,652,941)	(661)	0
- discontinued operation	0	(350,895)	0	0

* Non audit services comprise mainly tax services and materiality assessment review and sustainability framework and reporting review.

7 DIRECTORS' REMUNERATION

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

	Company	
	2023 RM	2022 RM
Executive Director:		
- salaries and bonuses	1,805,000	1,330,000
- defined contribution plan	292,350	221,100
- other emoluments	144,986	145,002
- estimated monetary value of benefits-in-kind	78,934	22,592
	2,321,270	1,718,694
Non-Executive Directors:		
- fees	1,150,383	1,060,683
- other emoluments	322,850	114,700
- estimated monetary value of benefits-in-kind	82,120	85,472
	1,555,353	1,260,855
	3,876,623	2,979,549

8 FINANCE COST

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest on revolving credit facility	38,568	195,562	38,568	195,562
Interest on term loans	54,554	384,683	0	0
Interest on lease liabilities on right-of-use assets	105,384	57,998	235	343
	198,506	638,243	38,803	195,905

During the current financial year, finance cost incurred of RM38,568 (2022: RM195,562) at the Company level had been re-charged to its subsidiaries for the utilisation of the revolving credit facility.

9 TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Continuing Operations				
Current tax:				
- Malaysian tax	28,266,431	13,797,542	718,261	1,095,344
- Foreign tax*	0	5,795,910	0	0
Over provision in prior years:				
- Malaysian tax	(286,250)	(1,440,218)	(216,354)	(22,241)
- Foreign tax	(488,321)	0	0	0
Deferred tax (Note 28):				
- Origination and reversal of temporary differences	(5,923,973)	(3,177,200)	(304,714)	(730,046)
- (Over)/under recognition of prior years temporary differences	(2,122)	542,426	104,950	0
- Effect of tax rate in foreign jurisdiction	0	1,414,750	0	0
	21,565,765	16,933,210	302,143	343,057

* The foreign taxation charge is relating to income derived from a subsidiary operating in Indonesia at the corporate income tax of 22.0% and withholding tax on the net profit of 12.5%.

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

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate				
Malaysian tax rate	24	24	24	24
Tax effects of:				
- expenses not deductible for tax purposes	3	2	3	3
- income not subject to tax	(2)	0	(25)	(25)
- share of results of associate and joint venture	(2)	(2)	0	0
- deferred tax assets not recognised	3	0	0	0
- over provision in prior years	(1)	(1)	(1)	0
- effect of tax in different jurisdiction	0	2	0	0
Effective tax rate	25	25	1	2

10 EARNINGS PER SHARE

Basic and diluted earnings per share

Basic and diluted 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	
	2023 RM	2022 RM
Profit for the financial year attributable to equity holders of the Company		
- From continuing operations	45,735,036	41,858,417
- From discontinued operation	0	283,280
	45,735,036	42,141,697
Number of ordinary shares	401,553,500	401,553,500
Adjusted weighted average number of ordinary shares	401,553,500	401,553,500
Basic and diluted earnings per share (sen)		
- From continuing operations	11.39	10.42
- From discontinued operation	0.00	0.07
	11.39	10.49

11 DIVIDENDS

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

	2023		2022	
	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 2021				
Second interim single tier dividend, on 401,553,500 ordinary shares, paid on 30 March 2022	0	0	1.20	4,818,642
In respect of the financial year ended 31 December 2022				
First interim single tier dividend, on 401,553,500 ordinary shares, paid on 30 September 2022	0	0	2.00	8,031,070
Second interim single tier dividend, on 401,553,500 ordinary shares, paid on 30 March 2023	3.25	13,050,489	0	0
In respect of the financial year ended 31 December 2023				
First interim single tier dividend, on 401,553,500 ordinary shares, paid on 29 September 2023	2.00	8,031,070	0	0
		21,081,559		12,849,712

The Directors had on 26 February 2024 declared a second interim single tier dividend of 3.70 sen per share in respect of the financial year ended 31 December 2023, totalling RM14,857,480, payable on 29 March 2024.

Total dividend for the financial year ended 31 December 2023 is 5.70 sen (2022: 5.25 sen) based on ordinary shares of 401,553,500 (2022: 401,553,500).

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2023.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Plant, machinery and other equipment RM	Motor vehicles RM	Total RM
Year ended 31 December 2023						
Net book value						
At 1 January 2023	2,764,848	4,150,875	2,636,114	100,217,973	521,004	110,290,814
Additions	0	3,199,061	1,168,023	8,525,853	943,692	13,836,629
Written off	0	0	(34)	(54,775)	0	(54,809)
Disposals	0	0	(4,776)	0	0	(4,776)
Depreciation charge	(87,758)	(1,480,066)	(1,053,247)	(29,955,075)	(346,693)	(32,922,839)
At 31 December 2023	2,677,090	5,869,870	2,746,080	78,733,976	1,118,003	91,145,019
At 31 December 2023						
Cost	4,387,284	34,310,971	13,513,647	392,617,443	3,536,470	448,365,815
Accumulated depreciation	(1,710,194)	(25,173,887)	(10,767,567)	(281,542,593)	(2,418,467)	(321,612,708)
Accumulated impairment	0	(3,267,214)	0	(32,340,874)	0	(35,608,088)
Net book value	2,677,090	5,869,870	2,746,080	78,733,976	1,118,003	91,145,019
At 31 December 2022						
Cost	4,387,284	33,044,715	13,014,120	404,064,679	3,259,560	457,770,358
Accumulated depreciation	(1,622,436)	(25,626,626)	(10,378,006)	(271,505,832)	(2,738,556)	(311,871,456)
Accumulated impairment	0	(3,267,214)	0	(32,340,874)	0	(35,608,088)
Net book value	2,764,848	4,150,875	2,636,114	100,217,973	521,004	110,290,814

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Plant, machinery and other equipment RM	Motor vehicles RM	Total RM
Year ended 31 December 2022						
Net book value						
At 1 January 2022	2,852,606	4,204,992	3,479,155	123,216,622	772,908	134,526,283
Additions	0	1,780,854	1,051,949	7,540,669	181,202	10,554,674
Written off	0	0	(5,203)	0	(117)	(5,320)
Disposals	0	(187,436)	(12,872)	(1,147,799)	(2)	(1,348,109)
Depreciation charge	(87,758)	(1,647,535)	(1,876,915)	(29,391,519)	(432,987)	(33,436,714)
At 31 December 2022	2,764,848	4,150,875	2,636,114	100,217,973	521,004	110,290,814
At 31 December 2022						
Cost	4,387,284	33,044,715	13,014,120	404,064,679	3,259,560	457,770,358
Accumulated depreciation	(1,622,436)	(25,626,626)	(10,378,006)	(271,505,832)	(2,738,556)	(311,871,456)
Accumulated impairment	0	(3,267,214)	0	(32,340,874)	0	(35,608,088)
Net book value	2,764,848	4,150,875	2,636,114	100,217,973	521,004	110,290,814
At 31 December 2021						
Cost	4,387,284	32,372,318	12,992,252	406,977,163	3,372,317	460,101,334
Accumulated depreciation	(1,534,678)	(24,900,112)	(9,513,097)	(249,208,454)	(2,599,409)	(287,755,750)
Accumulated impairment	0	(3,267,214)	0	(34,552,087)	0	(37,819,301)
Net book value	2,852,606	4,204,992	3,479,155	123,216,622	772,908	134,526,283

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Year ended 31 December 2023					
Net book value					
At 1 January 2023	1,764,202	916,655	641,847	112,759	3,435,463
Additions	0	254,624	216,951	702,081	1,173,656
Depreciation charge	(48,892)	(45,653)	(364,264)	(112,760)	(571,569)
At 31 December 2023	1,715,310	1,125,626	494,534	702,080	4,037,550
At 31 December 2023					
Cost	2,444,000	4,433,822	2,708,788	1,186,880	10,773,490
Accumulated depreciation	(728,690)	(3,308,196)	(2,214,254)	(484,800)	(6,735,940)
Net book value	1,715,310	1,125,626	494,534	702,080	4,037,550
At 31 December 2022					
Cost	2,444,000	4,179,198	2,501,320	965,683	10,090,201
Accumulated depreciation	(679,798)	(3,262,543)	(1,859,473)	(852,924)	(6,654,738)
Net book value	1,764,202	916,655	641,847	112,759	3,435,463

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Year ended 31 December 2022					
Net book value					
At 1 January 2022	1,813,094	945,153	752,779	307,411	3,818,437
Additions	0	0	259,695	0	259,695
Written off	0	0	(2,684)	(116)	(2,800)
Depreciation charge	(48,892)	(28,498)	(367,943)	(194,536)	(639,869)
At 31 December 2022	1,764,202	916,655	641,847	112,759	3,435,463
At 31 December 2022					
Cost	2,444,000	4,179,198	2,501,320	965,683	10,090,201
Accumulated depreciation	(679,798)	(3,262,543)	(1,859,473)	(852,924)	(6,654,738)
Net book value	1,764,202	916,655	641,847	112,759	3,435,463
At 31 December 2021					
Cost	2,444,000	4,179,198	2,259,314	972,682	9,855,194
Accumulated depreciation	(630,906)	(3,234,045)	(1,506,535)	(665,271)	(6,036,757)
Net book value	1,813,094	945,153	752,779	307,411	3,818,437

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Included in the property, plant and equipment are rights-of-use assets of the Group and of the Company as follows:

Group	Leasehold land RM	Leasehold buildings RM	Rented office and warehouse RM	Office equipment under lease RM	Motor vehicle under lease RM	Total RM
2023						
Net book value						
At 1 January	2,764,848	2,453,661	1,608,663	358,892	27,625	7,213,689
Addition	0	0	1,743,578	21,508	0	1,765,086
Depreciation charge	(87,758)	(171,203)	(1,195,561)	(157,029)	(22,101)	(1,633,652)
At 31 December	2,677,090	2,282,458	2,156,680	223,371	5,524	7,345,123
Cost	4,387,284	5,880,747	4,918,442	888,915	44,202	16,119,590
Accumulated Depreciation	(1,710,194)	(3,598,289)	(2,761,762)	(665,544)	(38,678)	(8,774,467)
At 31 December	2,677,090	2,282,458	2,156,680	223,371	5,524	7,345,123
2022						
Net book value						
At 1 January	2,852,606	2,628,997	1,044,615	398,393	23,402	6,948,013
Addition	0	0	1,760,242	154,568	44,203	1,959,013
Disposals	0	0	(187,327)	(11,197)	0	(198,524)
Depreciation charge	(87,758)	(175,336)	(1,008,867)	(182,872)	(39,980)	(1,494,813)
At 31 December	2,764,848	2,453,661	1,608,663	358,892	27,625	7,213,689
Cost	4,387,284	5,880,747	5,107,669	874,730	161,218	16,411,648
Accumulated depreciation	(1,622,436)	(3,427,086)	(3,499,006)	(515,838)	(133,593)	(9,197,959)
At 31 December	2,764,848	2,453,661	1,608,663	358,892	27,625	7,213,689

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Included in the property, plant and equipment are rights-of-use assets of the Group and of the Company as follows (continued):

Company	Leasehold land RM	Leasehold buildings RM	Office equipment under lease RM	Total RM
2023				
Net book value				
At 1 January	1,764,202	916,650	118,188	2,799,040
Addition	0	0	21,508	21,508
Depreciation charge	(48,892)	(26,190)	(48,092)	(123,174)
At 31 December	1,715,310	890,460	91,604	2,697,374
Cost	2,444,000	1,309,500	212,176	3,965,676
Accumulated depreciation	(728,690)	(419,040)	(120,572)	(1,268,302)
At 31 December	1,715,310	890,460	91,604	2,697,374
2022				
Net book value				
At 1 January	1,813,094	942,840	83,658	2,839,592
Addition	0	0	87,152	87,152
Depreciation charge	(48,892)	(26,190)	(52,622)	(127,704)
At 31 December	1,764,202	916,650	118,188	2,799,040
Cost	2,444,000	1,309,500	197,991	3,951,491
Accumulated depreciation	(679,798)	(392,850)	(79,803)	(1,152,451)
At 31 December	1,764,202	916,650	118,188	2,799,040

The Group's net book value of motor vehicles acquired under hire purchase arrangement amounted to RM5,524 (2022: RM27,625) as at financial year end.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2023 RM	2022 RM
Net book value of property, plant and equipment of the Group pledged as security:		
- long term leasehold land	961,783	1,000,649
- long term leasehold buildings	467,554	585,824
- office equipment, furniture and fittings and renovations	0	193,271
- plant, machinery and other equipment	0	98,832,152
- motor vehicles	0	199,928
	1,429,337	100,811,824

The property, plant and equipment above have been pledged as security for borrowings as disclosed in Note 25 and the unutilised banking facilities as at financial year end.

The property, plant and equipment including right-of-use assets acquired by way of lease by the Group and the Company during the year are RM13,836,629 (2022: RM10,554,674) and RM1,173,656 (2022: RM259,695) respectively.

The property, plant and equipment acquired by way of cash by the Group and the Company during the year are RM12,071,543 (2022: RM8,595,661) and RM1,152,148 (2022: RM172,543) respectively.

13 INVESTMENT PROPERTIES

	Group	
	2023 RM	2022 RM
Net book value		
At 1 January	700,122	723,698
Depreciation charge	(23,576)	(23,576)
At 31 December	676,546	700,122
Cost	1,178,764	1,178,764
Accumulated depreciation	(470,755)	(447,179)
Accumulated impairment loss	(31,463)	(31,463)
	676,546	700,122
Fair value of investment properties	1,542,500	1,542,500

13 INVESTMENT PROPERTIES (CONTINUED)

The following is recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM	2022 RM
Rental income	85,152	92,248

There were no direct operating expenses incurred in respect of investment properties as they were borne by the lessee.

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 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 foot	RM500	The higher the price per square foot, the higher fair value

14 INTANGIBLE ASSETS

Group	Goodwill RM	Contracts RM	Software costs RM	Total RM
2023				
At 1 January	108,997	0	102,889	211,886
Written off	0	0	(528)	(528)
Amortisation	0	0	(23,060)	(23,060)
At 31 December	108,997	0	79,301	188,298
Cost	108,997	3,953,810	2,393,292	6,456,099
Accumulated amortisation	0	(3,953,810)	(2,313,991)	(6,267,801)
At 31 December	108,997	0	79,301	188,298
2022				
At 1 January	108,997	0	174,227	283,224
Amortisation	0	0	(71,338)	(71,338)
At 31 December	108,997	0	102,889	211,886
Cost	108,997	3,953,810	2,883,691	6,946,498
Accumulated amortisation	0	(3,953,810)	(2,780,802)	(6,734,612)
At 31 December	108,997	0	102,889	211,886

14 INTANGIBLE ASSETS (CONTINUED)

Company	Software costs RM	Total RM
2023		
At 1 January	101,298	101,298
Written off	(526)	(526)
Amortisation	(21,493)	(21,493)
At 31 December	79,279	79,279
Cost	192,958	192,958
Accumulated amortisation	(113,679)	(113,679)
	79,279	79,279
2022		
At 1 January	167,784	167,784
Amortisation	(66,486)	(66,486)
At 31 December	101,298	101,298
Cost	335,059	335,059
Accumulated amortisation	(233,761)	(233,761)
	101,298	101,298

15 SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares at cost	146,217,367	146,217,367
Less: Impairment loss	(13,832,519)	(13,832,519)
	132,384,848	132,384,848

Details of subsidiaries, the Company's effective interest, principal activities and country of incorporation are set out in Note 34 to the financial statements.

During the financial year, the Company performed impairment assessment on its investment in subsidiaries for any potential impairment of its subsidiaries which show indicators of impairment. Based on the result of the impairment assessment, no further impairment is required.

15 SUBSIDIARIES (CONTINUED)

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

	Penaga Dresser Sdn. Bhd.	Turboservices Sdn. Bhd.	Deleum Technology Solutions Sdn. Bhd.	Other individually immaterial subsidiary	Total
In RM					
Year ended 31 December 2023					
NCI percentage of ownership interest and voting interest	49%	26%	13.33%		
Carrying amount of NCI	18,242,711	13,595,175	972,481	250,375	33,060,742
Year ended 31 December 2022					
NCI percentage of ownership interest and voting interest	49%	26%	13.33%		
Carrying amount of NCI	15,741,836	7,948,934	2,129,628	(27,790)	25,792,608

Summarised financial information on subsidiaries with material NCI

Summarised statements of comprehensive income

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd.	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	109,347,255	79,718,388	522,944,239	404,662,071	5,300,773	73,700,828
Profit/(loss) before tax	31,961,368	13,455,344	33,429,898	13,742,412	(9,249,361)	16,819,597
Tax (expense)/credit	(7,857,542)	(3,274,026)	(7,787,588)	(3,441,689)	570,755	(5,455,072)
Profit/(loss) for the year/ Total comprehensive income/(loss) for the financial year	24,103,826	10,181,318	25,642,310	10,300,723	(8,678,606)	11,364,525
Total profit/(loss) allocated to NCI	11,810,875	4,988,846	6,667,001	2,678,188	(1,157,147)	1,468,307
Total comprehensive income/(loss) allocated to NCI	11,810,875	4,988,846	6,667,001	2,678,188	(1,157,147)	1,468,307
Dividends to NCI	9,310,000	1,470,000	1,020,760	811,200	0	0

15 SUBSIDIARIES (CONTINUED)

Summarised statements of financial position

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd.	
	As at 31 December		As at 31 December		As at 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Current						
Assets	55,808,336	44,524,886	185,066,403	259,039,048	12,442,154	50,232,570
Liabilities	(23,426,431)	(15,654,498)	(135,846,800)	(233,786,176)	(4,181,017)	(33,383,802)
Total current net assets	32,381,905	28,870,388	49,219,603	25,252,872	8,261,137	16,848,768
Non-current						
Assets	5,294,050	3,722,507	3,456,956	6,279,178	154,450	270,200
Liabilities	(20,692)	(41,458)	(387,425)	(959,226)	(744)	(25,519)
Total non-current net assets	5,273,358	3,681,049	3,069,531	5,319,952	153,706	244,681
Net assets	37,655,263	32,551,437	52,289,134	30,572,824	8,414,843	17,093,449

Summarised statements of cash flows

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd.	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities						
Cash generated from/(used in) operations	30,395,066	7,457,587	43,423,831	(4,527,997)	111,485	11,231,801
Tax paid	(5,252,862)	(3,760,716)	(7,381,429)	(3,420,780)	(6,841,553)	(664,659)
Interest (paid)/received	(33,192)	(14,888)	1,550,333	936,214	(2,407)	(3,917)
Net cash generated from/(used in) operating activities	25,109,012	3,681,983	37,592,735	(7,012,563)	(6,732,475)	10,563,225
Net cash (used in)/generated from investing activities	(324,145)	(476,224)	(347,795)	(385,852)	124,674	156,371
Net cash used in financing activities	(19,339,162)	(3,503,412)	(14,962,336)	(7,144,711)	(80,036)	(612,653)

15 SUBSIDIARIES (CONTINUED)

Summarised statements of cash flows (continued)

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd.	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Net increase/(decrease) in cash and cash equivalents	5,445,705	(297,653)	22,282,604	(14,543,126)	(6,687,837)	10,106,943
Foreign currency translation	101,078	(4,490)	(398,803)	(226,797)	0	0
Cash and cash equivalents at beginning of the financial year	6,191,994	6,494,137	30,798,121	45,568,044	12,679,849	2,572,906
Cash and cash equivalents at end of the financial year	11,738,777	6,191,994	52,681,922	30,798,121	5,992,012	12,679,849

16 JOINT VENTURE

	Company	
	2023 RM	2022 RM
Unquoted shares at cost	29,375,937	29,375,937

	Group	
	2023 RM	2022 RM
Group's share of net assets of joint venture	35,143,972	34,080,134

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

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

16 JOINT VENTURE (CONTINUED)

Summarised statement of comprehensive income

	For the financial year ended	
	2023 RM	2022 RM
Revenue	4,562,536	4,562,536
Depreciation	(1,188,957)	(1,164,294)
Interest expense	(653)	(349)
Interest income	855,207	503,902
Profit before tax	1,767,138	1,891,484
Tax expense	(441,199)	(468,005)
Profit for the year/Total comprehensive income for the financial year	1,325,939	1,423,479
Interest in joint venture (80.55%)		
Share of results for the financial year	1,068,044	1,146,612
Others	(4,206)	0
	1,063,838	1,146,612

Summarised statement of financial position

	As at 31 December	
	2023 RM	2022 RM
Current		
Cash and bank balances	33,912,068	31,374,238
Other current assets (excluding cash and bank balances)	225,863	686,770
Total current assets	34,137,931	32,061,008
Financial liabilities (excluding trade payables)	(346,572)	(166,678)
Other current liabilities (including trade payables)	(390,993)	(234,325)
Total current liabilities	(737,565)	(401,003)
Non-current		
Assets	10,884,478	11,470,361
Liabilities	(654,835)	(821,075)
Net assets	43,630,009	42,309,291

16 JOINT VENTURE (CONTINUED)

Reconciliation of summarised financial information

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

	As at 31 December	
	2023 RM	2022 RM
Opening net assets		
1 January	42,309,291	40,885,812
Other adjustments	(5,221)	0
Profit for the year	1,325,939	1,423,479
Closing net assets	43,630,009	42,309,291
Interest in joint venture (80.55%)	35,143,972	34,080,134
Carrying value	35,143,972	34,080,134

17 ASSOCIATE

	Group	
	2023 RM	2022 RM
Group's share of net assets of associate	22,803,933	23,921,121

In the opinion of the Directors, as at 31 December 2023, Malaysian Mud and Chemicals Sdn. Bhd. ("MMC") is a material associate. The Group's effective equity interest in the associate, the nature of the relationship and place of business/country of incorporation is set out in Note 34 to the financial statements. The associate has share capitals consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

MMC, being the sole associate to the Group, is a private company and there is no quoted market price available for the shares.

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

17 ASSOCIATE (CONTINUED)

Summarised statement of comprehensive income

	MMC	
	For the financial year ended	
	2023 RM	2022 RM
Revenue	40,252,985	47,684,071
Depreciation	(7,992,247)	(8,884,533)
Profit before tax	17,610,663	22,296,195
Tax expense	(3,101,874)	(5,545,486)
Profit for the year/Total comprehensive income for the financial year	14,508,789	16,750,709
Interest in associate (32%)		
Share of results for the financial year	4,642,812	5,360,227
Others	0	(52,532)
	4,642,812	5,307,695
Dividends receivable/distribution of net asset surplus from associate	5,760,000	5,760,000

Summarised statement of financial position

	MMC	
	As at 31 December	
	2023 RM	2022 RM
Current		
Cash and bank balances	20,516,950	21,027,536
Other current assets (excluding cash and bank balances)	13,718,103	15,739,953
Total current assets	34,235,053	36,767,489
Financial liabilities (excluding trade payables)	(3,276,429)	(3,889,907)
Other current liabilities (including trade payables)	(2,436,950)	(1,844,150)
Total current liabilities	(5,713,379)	(5,734,057)
Non-current		
Assets	50,412,312	52,590,381
Liabilities	(7,671,695)	(8,870,311)
Net assets	71,262,291	74,753,502

17 ASSOCIATE (CONTINUED)

Reconciliation of summarised financial information

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

	MMC	
	2023 RM	2022 RM
Opening net assets		
1 January	74,753,502	76,166,952
Other adjustments	0	(164,159)
Profit for the year	14,508,789	16,750,709
Dividends	(18,000,000)	(18,000,000)
Closing net assets	71,262,291	74,753,502
Interest in associate (32%)	22,803,933	23,921,121
Carrying value	22,803,933	23,921,121

18 OTHER INVESTMENT

	Group	
	2023 RM	2022 RM
Financial asset at fair value through other comprehensive income		
Unquoted shares outside Malaysia	1,166,750	0

The other investment is classified as financial asset at fair value through other comprehensive income. This is a strategic investment for which the Group considers this classification to be appropriate and relevant.

19 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Non-current:		
Amounts due from subsidiaries	16,420,361	13,239,839
Less: Impairment of amounts due from subsidiaries	(1,065,710)	(562,444)
	15,354,651	12,677,395
Current:		
Amounts due from subsidiaries	34,855,684	33,619,323
Less: Impairment of amounts due from subsidiaries	(534,290)	(437,556)
	34,321,394	33,181,767
Amounts due to subsidiaries	(3,935,380)	(2,479,289)

Movement in impairment of amounts due from subsidiaries is as follows:

	Company	
	2023 RM	2022 RM
At 1 January	1,000,000	0
Impairment made during the year	600,000	1,000,000
At 31 December	1,600,000	1,000,000

Included in amounts due from subsidiaries were amounts due from a subsidiary amounting to RM Nil (2022: RM2,200,000) in relation to the finance of the purchase of equipment. These amounts were unsecured, interest is charged at 4.15% per annum (2022: 4.15% per annum) and were fully repaid during the year.

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

The carrying amounts of the amount due from/(to) subsidiaries of the Company at the reporting date approximates their respective fair values.

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

20 INVENTORIES

	Group	
	2023 RM	2022 RM
At cost:		
Finished goods	25,730,941	20,734,520
Goods in transit	6,360,200	31,459,742
Less: Allowance for slow moving inventories	(14,355,037)	(12,179,842)
	17,736,104	40,014,420

Included in costs of sales are inventories consumed and recognised as cost of sales during the year of RM121,596,960 (2022: RM125,254,006).

Movement in allowance for slow moving inventories is as follows:

	Group	
	2023 RM	2022 RM
At 1 January	12,179,842	10,490,851
Allowance made during the year	2,901,033	2,202,123
Reversal of allowance made	(725,838)	(258,129)
Written off during the year	0	(255,003)
At 31 December	14,355,037	12,179,842

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current:				
Other receivables	3,992,366	4,055,647	0	0
Less: Impairment of other receivable	(1,798,715)	(1,759,548)	0	0
	2,193,651	2,296,099	0	0
Prepayments	458,936	0	0	0
	2,652,587	2,296,099	0	0
Current:				
Trade receivables	116,493,956	121,275,949	0	0
Less: Impairment of trade receivables	(1,527,128)	(977,440)	0	0
Trade receivables, net	114,966,828	120,298,509	0	0
Contract assets	90,597,444	178,605,478	0	0
Other receivables	612,543	7,724,472	14,533	6,578
Less: Impairment of other receivables	(3,566)	(16,265)	0	0
	608,977	7,708,207	14,533	6,578
Deposits	1,552,149	1,332,487	35,335	21,489
Prepayments*	17,498,377	10,335,232	646,706	1,343,384
	19,659,503	19,375,926	696,574	1,371,451
	225,223,775	318,279,913	696,574	1,371,451

* Included advances to trade suppliers.

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Other receivables

Included in other receivables is upfront deposits paid by the Group for an investment which involves a joint collaborative effort with an independent third party and are held for long-term strategical purposes.

In the financial year ended 31 December 2020, the Group has decided to withdraw its interest from this jointly collaborative investment plan. As part of an amicable mutual settlement, the other independent third party has decided to re-acquire back the investment rights currently held by the Group at a sum of Euro 800,000 payable on a staggered basis over a three years period. Balance of the payment milestones has been re-negotiated and revised to ten years in the previous financial year. An impairment loss made in the financial year ended 31 December 2023 and 31 December 2022 as follows:

	Group	
	2023 RM	2022 RM
At 1 January	1,775,813	1,416,845
Impairment made during the year	26,468	358,968
At 31 December	1,802,281	1,775,813

The maturity profile of other receivable can be analysed as follows:

	Group	
	2023 RM	2022 RM
Due after 12 months	2,193,651	2,296,099
Due within 12 months	268,910	307,055

Deposits

Other receivables, deposits and prepayments are non-trade in nature, unsecured, interest free, payable on demand.

The currency profile of other receivables, deposits and prepayments is as follows:

	Group	
	2023 RM	2022 RM
- Ringgit Malaysia	19,787,195	15,281,299
- Euro	2,462,561	4,682,885
- US Dollar	44,752	856,462
- Sterling Pound	0	822,929
- Indonesian Rupiah	17,582	28,450
	22,312,090	21,672,025

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Trade receivables

The currency profile of trade receivables is as follows:

	Group	
	2023 RM	2022 RM
- Ringgit Malaysia	60,299,173	39,997,190
- US Dollar	49,253,129	80,119,640
- Sterling Pound	4,179,267	181,679
- Indonesian Rupiah	759,895	0
- Euro	475,364	0
	114,966,828	120,298,509

Credit terms of trade receivables range from 30 to 90 days (2022: 30 to 90 days) and trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their transaction price on initial recognition.

62% of the Group's trade receivables as at 31 December 2023 (2022: 74%) relates to 5 (2022: 5) main customers while the remaining balance is spread over a large number of customers. The major customers are primarily companies involved in the oil and gas industry.

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

	Group	
	2023 RM	2022 RM
Neither past due nor impaired	91,025,333	91,630,819
1 to 30 days past due not impaired	15,153,024	22,560,848
31 to 60 days past due not impaired	1,227,000	5,163,192
61 to 90 days past due not impaired	2,676,170	593,222
91 to 120 days past due not impaired	2,254,939	298,839
More than 121 days past due not impaired	2,630,362	51,589
Past due and impaired:		
More than 121 days past due and impaired	1,527,128	977,440
	116,493,956	121,275,949
Less: Impairment of receivables	(1,527,128)	(977,440)
	114,966,828	120,298,509

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Trade receivables (continued)

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 RM23,941,495 (2022: RM28,667,690) 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.

Receivables that are not past due but impaired

Trade receivables that are not past due but impaired are specific debtors that are identified in which collection are in doubt.

Movement in impairment of trade receivables is as follows:

	Group	
	2023 RM	2022 RM
At 1 January	977,440	6,446,841
Impairment made during the year	1,235,273	23,850
Reclassification	0	98,600
Written off during the year	(220,200)	(1,523,246)
Reversal of impairment losses	(465,385)	(4,068,605)
At 31 December	1,527,128	977,440

All impaired trade receivables are individually or collectively determined on the basis of shared credit risk characteristics. These impaired receivables are from customers whose credit risks have significantly increased since initial recognition. These receivables are not secured by collateral or credit enhancements.

Contract assets

	Group	
	2023 RM	2022 RM
Accrued revenue	85,839,725	175,703,292
Retention sum	4,757,719	2,902,186
	90,597,444	178,605,478

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Contract assets (continued)

The Group's movement in contract assets is summarised as follows:

	Group	
	2023 RM	2022 RM
At 1 January	178,605,478	88,167,286
Transferred to receivables	(804,818,074)	(605,886,240)
Revenue recognised during the year	716,810,040	696,128,254
Reclassification	0	98,600
Reversal of impairment	0	97,578
At 31 December	90,597,444	178,605,478

Contract assets of which performance obligations have been satisfied

a. Accrued Revenue and Retention Sum

Accrued revenue represents timing difference in revenue earned from customers against the corresponding billings made to the respective customers. This includes accrued revenue arising from project based contracts where this represents the excess of cumulative revenue earned over the total billings made to-date on the contract. These billings will be issued when the billing milestone is met. Retention sum receivables are monies withheld by contract customers and will be released upon the completion of the contract jobs and/or expiry of the defect liability period of the contract.

Contract assets have decreased by RM88,008,034 due to amount transferred to trade receivables when the billing milestone is met, offset by unbilled amount on goods delivered and services performed.

The currency profile of contract assets consisting of accrued revenue and retention sum are as follows:

	Group	
	2023 RM	2022 RM
- Ringgit Malaysia	68,844,090	69,143,568
- US Dollar	21,546,034	109,455,642
- Indonesian Rupiah	101,152	0
- Euro	6,268	6,268
- Sterling Pound	99,900	0
	90,597,444	178,605,478

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Contract assets of which performance obligations have been satisfied (continued)

a. Accrued Revenue and Retention Sum (continued)

Movement in impairment of accrued revenue and retention sum is as follows:

	Group	
	2023 RM	2022 RM
At 1 January	0	196,178
Reclassification	0	(98,600)
Reversal of impairment losses	0	(97,578)
At 31 December	0	0

The Group applies the practical expedient in MFRS 15 on not disclosing the expected revenues and costs to be recognised in the future for the above mentioned deferred costs and revenue respectively as these performance obligations are part of contracts that have an original expected duration of one year or less.

22 AMOUNTS DUE FROM AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amounts due from an associate	0	1,920,813	0	813

Included in the amounts due from an associate were dividend receivable of RM Nil (2022: RM1,920,000).

Except as mentioned above, the amounts due from an associate were non-trade in nature, unsecured, interest free, repayable on demand and in relation to payments made on behalf for operating expenses.

The amounts due from an associate were denominated in Ringgit Malaysia.

23 AMOUNTS DUE FROM A JOINT VENTURE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Amounts due from a joint venture	369,035	223,484	365,000	223,484

The amounts due from a joint venture are unsecured, interest free, repayable on demand and are denominated in Ringgit Malaysia.

24 CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current:				
Deposits pledged as security	0	3,696,186	0	0
Total cash and bank balances	0	3,696,186	0	0
Current:				
Cash and cash equivalents*	198,243,766	168,540,010	12,333,078	13,726,135
Add:				
Cash held in a designated account	0	1,694,541	0	0
Deposits pledged as security	17,635,774	4,086,067	0	0
Total cash and bank balances	215,879,540	174,320,618	12,333,078	13,726,135
	215,879,540	178,016,804	12,333,078	13,726,135
Represented by:				
Deposits with licensed banks	203,646,150	169,620,209	12,305,000	13,695,000
Cash and bank balances	12,233,390	8,396,595	28,078	31,135
Total cash and bank balances	215,879,540	178,016,804	12,333,078	13,726,135

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
- Ringgit Malaysia	210,893,133	161,124,292	12,333,078	13,726,135
- US Dollar	4,876,115	16,857,024	0	0
- Hong Kong Dollar	0	3,535	0	0
- Thai Baht	102,704	31,953	0	0
- Indonesian Rupiah	7,588	0	0	0
	215,879,540	178,016,804	12,333,078	13,726,135

24 CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2023	2022	2023	2022
Interest rate (%)	2.00 - 4.83	0.01 - 3.45	2.30 - 2.85	1.50 - 2.40
Maturities (days)	1 - 730	1 - 730	1 - 37	1 - 92

Cash held in a designated account was escrow account required by the terms of the term loans undertaken by subsidiary companies (Note 25).

* Included in cash and cash equivalents of the Group and of the Company as at 31 December 2023 are cash in hand of RM30,969 (2022: RM26,464) and RM957 (2022: RM1,014) respectively.

25 BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revolving credits	0	2,580,000	0	2,580,000
Lease liabilities on right-of-use assets	2,410,087	2,007,192	93,756	120,091
Term loans	0	4,200,000	0	0
	2,410,087	8,787,192	93,756	2,700,091
Less: amount repayable within 12 months				
Revolving credits	0	(2,580,000)	0	(2,580,000)
Lease liabilities on right-of-use assets	(1,515,242)	(832,014)	(28,790)	(45,571)
Term loans	0	(4,200,000)	0	0
	(1,515,242)	(7,612,014)	(28,790)	(2,625,571)
Amount repayable after 12 months	894,845	1,175,178	64,966	74,520

25 BORROWINGS (CONTINUED)

(a) Term loans (secured)

The above term loans were structured as follows:

	Group	
	2023 RM	2022 RM
Term loan – TL 1	0	4,200,000

Term loan – TL 1

On 21 July 2020, a subsidiary of the Group drew down an additional term loan to part finance the purchase of the new slickline equipment and tools. Full drawdown of RM18,000,000 was made as at 31 December 2020. The term loan is secured by an "all monies" first legal charge over the newly purchased slickline equipment and tools of the subsidiary as disclosed in Note 12 and corporate guarantees comprising of RM20,000,000 and RM136,000,000 furnished by the Company and another subsidiary of the Group respectively covering the existing and new term loan raised to part finance the purchase of slickline equipment and tools.

The term loan carries an interest of 1.25% per annum above the KLIBOR. The loan is repayable by way of 30 monthly equal principal instalments of RM600,000. The first instalment commences on the 6th month from the date of the first drawdown or the 6th month from the date of the full drawdown, whichever is earlier. The first instalment payment was made on 21 February 2021. The tenure of the loan is 3 years.

Under the loan covenant, the subsidiary is required to open an escrow account under its own name. A minimum of two instalments (principal and interest) must be maintained at all time in that account. The balance in the escrow account as at 31 December 2023 is RM Nil (2022: RM623,265) (Note 24).

The term loan was fully repaid during the year.

The period in which the term loans of the Group attain maturity is as follows:

	Group	
	2023 RM	2022 RM
Not later than 1 year	0	4,200,000

(b) Revolving credits (unsecured)

The revolving credits facility was drawn 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 4.61% (1% per annum above the bank's cost of fund) (2022: 3.84%). The interest is fixed at the date of each drawdown and subsequently revised at the commencement of each roll-over period. No securities have been pledged under this facility.

The revolving credit was fully repaid during the year.

25 BORROWINGS (CONTINUED)

(c) Lease liabilities

Lease liabilities on right-of-use assets

	Group	
	2023 RM	2022 RM
Future minimum lease payments on right-of-use assets and hire purchase:		
Not later than 1 year	1,609,106	895,463
Later than 1 year but not later than 2 years	869,539	770,706
Later than 2 years but not later than 5 years	64,580	449,106
	2,543,225	2,115,275
Less: Future finance charges	(133,138)	(108,083)
Present value of lease liabilities and hire purchase	2,410,087	2,007,192
Analysis of present value of lease liabilities on right-of-use assets and hire purchase:		
Not later than 1 year	1,515,242	832,014
Later than 1 year but not later than 2 years	832,409	735,800
Later than 2 years but not later than 5 years	62,436	439,378
	2,410,087	2,007,192
Analysed as:		
Due within 12 months	1,515,242	832,014
Due after 12 months	894,845	1,175,178
	2,410,087	2,007,192

The lease liabilities on right-of-use assets carry interest rates ranging from 2.55% to 4.68% (2022: 2.46% to 4.68%).

25 BORROWINGS (CONTINUED)

(c) Lease liabilities (continued)

Lease liabilities on right-of-use assets (continued)

	Company	
	2023 RM	2022 RM
Future minimum lease payments on right-of-use assets:		
Not later than 1 year	31,624	49,478
Later than 1 year and not later than 2 years	23,760	26,824
Later than 2 years but not later than 5 years	44,780	52,141
	100,164	128,443
Less: Future finance charges	(6,408)	(8,352)
Present value of lease liabilities	93,756	120,091
Analysis of present value of lease liabilities on right-of-use assets:		
Not later than 1 year	28,790	45,571
Later than 1 year and not later than 2 years	21,775	24,755
Later than 2 years but not later than 5 years	43,191	49,765
	93,756	120,091
Analysed as:		
Due within 12 months	28,790	45,571
Due after 12 months	64,966	74,520
	93,756	120,091

The lease liabilities on right-of-use assets carry interest rates ranging from 3.41% - 4.40% (2022: 3.41% - 3.82%).

25 BORROWINGS (CONTINUED)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Other borrowings* RM	Lease liabilities on right-of-use assets RM	Total RM
As at 1 January 2023	6,780,000	2,007,192	8,787,192
Cash flows:			
- Repayments	(6,780,000)	(1,362,191)	(8,142,191)
- Interest paid	(93,122)	(105,384)	(198,506)
Non-cash changes:			
- Finance costs	93,122	105,384	198,506
- Acquisition of new leases	0	1,765,086	1,765,086
As at 31 December 2023	0	2,410,087	2,410,087
As at 1 January 2022	28,820,000	1,495,776	30,315,776
Cash flows:			
- Repayments	(22,040,000)	(1,257,249)	(23,297,249)
- Interest paid	(567,577)	(57,965)	(625,542)
Non-cash changes:			
- Finance costs	580,278	57,965	638,243
- Movement in finance cost payable	(12,701)	0	(12,701)
- Acquisition of new leases	0	1,959,013	1,959,013
- Disposal	0	(190,348)	(190,348)
As at 31 December 2022	6,780,000	2,007,192	8,787,192

* Other borrowings include revolving credits and term loans.

25 BORROWINGS (CONTINUED)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Company	Other borrowings* RM	Lease liabilities on right-of-use assets RM	Total RM
As at 1 January 2023	2,580,000	120,091	2,700,091
Cash flows:			
- Repayments	(2,580,000)	(47,843)	(2,627,843)
- Interest paid	(38,568)	(4,435)	(43,003)
Non-cash changes:			
- Finance costs	38,568	235	38,803
- Finance costs re-charged to subsidiaries	0	4,200	4,200
- Acquisition of new leases	0	21,508	21,508
As at 31 December 2023	0	93,756	93,756
As at 1 January 2022	7,140,000	85,583	7,225,583
Cash flows:			
- Repayments	(4,560,000)	(52,644)	(4,612,644)
- Interest paid	(184,564)	(3,943)	(188,507)
Non-cash changes:			
- Finance costs	195,562	343	195,905
- Finance costs re-charged to subsidiaries	0	3,600	3,600
- Movement in finance cost payable	(10,998)	0	(10,998)
- Acquisition of new leases	0	87,152	87,152
As at 31 December 2022	2,580,000	120,091	2,700,091

* Other borrowings include revolving credits.

26 DERIVATIVE FINANCIAL INSTRUMENT

Movement in derivative (liabilities)/assets are as follows:

	Group	
	Liabilities 2023 RM	**Liabilities 2022 RM**
As at 1 January	**(1,512,231)**	84,454
Changes in fair value (Note 6)	**940,077**	(1,610,537)
Settlement during the year	**234,068**	13,852
As at 31 December	**(338,086)**	(1,512,231)

Forward foreign currency exchange contracts are used to manage the foreign currency exposures arising from the Group's obligation to settle its liabilities that are denominated in currencies other than the functional currency of the Group. The settlement dates on forward foreign currency exchange contracts range between 4 to 184 days (2022: 25 to 184 days). As at the reporting date, the notional principal amount of the outstanding forward foreign currency exchange contracts was RM28,005,339 (2022: RM55,313,615).

The Group determines the fair value of the derivative financial instrument relating to the forward foreign currency exchange contracts using a valuation technique which utilises input from recognised and reliable financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value of forward foreign currency exchange contracts is determined by using the forward foreign currency exchange rates as at each reporting date.

The fair value losses arising from the forward foreign currency exchange contracts entered by the Group and remained outstanding as at 31 December 2023 is RM338,086 (2022: RM1,512,231).

27 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Trade payables	95,671,053	219,691,323	0	0
Contract liabilities	19,475,080	5,552,635	0	0
Other payables	7,574,979	12,309,719	426,660	889,694
Staff related accruals	18,189,449	16,135,209	4,510,237	3,610,115
Other accruals	8,575,296	11,377,908	514,964	510,005
	26,764,745	27,513,117	5,025,201	4,120,120
	34,339,724	39,822,836	5,451,861	5,009,814
	149,485,857	265,066,794	5,451,861	5,009,814

27 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

The currency profile of trade payables is as follows:

	Group	
	2023 RM	2022 RM
- Ringgit Malaysia	22,143,199	25,328,486
- US Dollar	73,121,928	185,921,685
- Singapore Dollar	16,286	470,706
- Sterling Pound	72,884	1,328,276
- Euro Dollar	53,115	156,105
- Indonesian Rupiah	261,615	6,486,065
- Japanese Yen	2,026	0
	95,671,053	219,691,323

The currency profile of other payables is as follows:

	Group	
	2023 RM	2022 RM
- Ringgit Malaysia	32,361,592	37,493,592
- US Dollar	1,918,076	2,321,391
- Indonesian Rupiah	5,938	7,853
- Thai Baht	34,542	0
- Sterling Pound	19,122	0
- Singapore Dollar	454	0
	34,339,724	39,822,836

Other payables of the Company are denominated in Ringgit Malaysia.

Credit terms of payment granted by the suppliers of the Group are 30 to 60 days (2022: 30 to 60 days).

Contract liabilities have increased by RM13.9 million due to additional advance billings done on certain projects in which the performance obligations have not been satisfied, goods not delivered and services not performed during the year offset by the recognition of revenue during the year on the prior year contract liabilities.

The currency profile of contract liabilities is as follows:

	Group	
	2023 RM	2022 RM
- Ringgit Malaysia	1,579,422	5,552,635
- US Dollar	17,842,661	0
- Indonesian Rupiah	52,997	0
	19,475,080	5,552,635

28 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	5,974,485	2,186,118	1,308,877	1,109,113
Deferred tax liabilities	(12,458,439)	(14,596,167)	0	0
At 1 January	(12,410,049)	(13,630,073)	1,109,113	379,067
Credited/(charged) to profit or loss (Note 9)				
- property, plant and equipment	2,214,457	(719,926)	(36,651)	91,945
- deferred cost	(1,903,908)	287,872	0	0
- deferred revenue	4,188,011	(458,527)	0	0
- provisions	1,981,628	1,792,878	236,568	638,101
- others	(554,093)	317,727	(153)	0
	5,926,095	1,220,024	199,764	730,046
	(6,483,954)	(12,410,049)	1,308,877	1,109,113
Recognised deferred tax assets				
Deferred tax assets (before offsetting)				
Property, plant and equipment	0	1,695,893	0	77,781
Deferred revenue	4,387,874	199,863	0	0
Provisions	6,251,907	4,270,279	1,341,596	1,105,028
Others	208,978	663,125	0	153
	10,848,759	6,829,160	1,341,596	1,182,962
Less: Offsetting	(4,874,274)	(4,643,042)	(32,719)	(73,849)
Deferred tax assets (after offsetting)	5,974,485	2,186,118	1,308,877	1,109,113

28 DEFERRED TAX (CONTINUED)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Recognised deferred tax liabilities				
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(14,609,519)	(18,519,869)	(32,719)	(73,849)
Deferred cost	(2,306,658)	(402,750)	0	0
Others	(416,536)	(316,590)	0	0
	(17,332,713)	(19,239,209)	(32,719)	(73,849)
Less: Offsetting	4,874,274	4,643,042	32,719	73,849
Deferred tax liabilities (after offsetting)	(12,458,439)	(14,596,167)	0	0

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM	2022 RM
Property, plant and equipment	2,509,746	3,887,606
Unutilised tax losses:		
- expires by YA 2028	6,905,858	6,905,858
- expires by YA 2030	816,921	816,921
- expires by YA 2031	1,120,939	1,120,939
- expires by YA 2032	1,809,598	1,768,836
- expires by YA 2033	10,917,098	0
Deferred revenue	53,276	512,275
Accruals	8,200,719	6,303,879
Others	312,782	719,852
Total unrecognised temporary differences	32,646,937	22,036,166
Unrecognised deferred tax assets	7,835,265	5,288,680

Any unutilised tax losses from 2019 onwards shall only be allowed to be carried forward for a maximum period of ten (10) consecutive years commencing from the year such unutilised tax losses were incurred or from 2019 onwards for any unutilised tax losses that were incurred prior to 2019 whilst unused capital allowance is allowed to be carried forward indefinity. Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group can utilise the benefits therefrom or upon when such tax benefits had expired under the prevailing tax laws on that reporting date.

29 DEFERRED INCOME

	Group	
	2023 RM	2022 RM
Non-current		
As at 1 January	259,079	312,089
Recognised in profit or loss	(53,010)	(53,010)
As at 31 December	206,069	259,079

The subsidiaries of the Group had received conditional government grants for the purpose of developing specialty chemical solutions for production enhancement and undertaking asset integrated solutions services respectively in the oil and gas industry.

30 SHARE CAPITAL

	Group and Company	
	2023 RM	2022 RM
Issued and fully paid ordinary shares:		
At 1 January/31 December		
- 401,553,500 ordinary shares with no par value		
(2022: 401,553,500 ordinary shares with no par value)	201,801,508	201,801,508

31 MERGER DEFICIT

	Group	
	2023 RM	2022 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.

32 FINANCIAL INSTRUMENTS

Financial instruments by category

Year ended 31 December 2023

Group	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Fair value through profit or loss RM	Fair value through OCI RM	Total RM
Assets					
Receivables, deposits and prepayments (excluding prepayments, SST receivables and contract assets)	118,862,669	0	0	0	118,862,669
Amounts due from a joint venture	369,035	0	0	0	369,035
Cash and bank balances	215,879,540	0	0	0	215,879,540
Other investment	0	0	0	1,166,750	1,166,750
	335,111,244	0	0	1,166,750	336,277,994
Liabilities					
Trade and other payables (excluding statutory obligations and contract liabilities)	0	123,473,233	0	0	123,473,233
Derivative financial instrument	0	0	338,086	0	338,086
Borrowings	0	2,410,087	0	0	2,410,087
	0	125,883,320	338,086	0	126,221,406

32 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Year ended 31 December 2023

Company	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Total RM
Assets			
Receivables, deposits and prepayments (excluding prepayments and contract assets)	49,868	0	49,868
Amounts due from subsidiaries	49,676,045	0	49,676,045
Amounts due from a joint venture	365,000	0	365,000
Cash and bank balances	12,333,078	0	12,333,078
	62,423,991	0	62,423,991
Liabilities			
Other payables and accruals (excluding statutory obligations and contract liabilities)	0	5,124,877	5,124,877
Amounts due to subsidiaries	0	3,935,380	3,935,380
Borrowings	0	93,756	93,756
	0	9,154,013	9,154,013

Year ended 31 December 2022

Group	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Fair value through profit or loss RM	Total RM
Assets				
Receivables, deposits and prepayments (excluding prepayments, SST receivables and contract assets)	131,635,302	0	0	131,635,302
Amounts due from associates	1,920,813	0	0	1,920,813
Amounts due from a joint venture	223,484	0	0	223,484
Cash and bank balances	178,016,804	0	0	178,016,804
	311,796,403	0	0	311,796,403
Liabilities				
Trade and other payables (excluding statutory obligations and contract liabilities)	0	256,540,987	0	256,540,987
Derivative financial instrument	0	0	1,512,231	1,512,231
Borrowings	0	8,787,192	0	8,787,192
	0	265,328,179	1,512,231	266,840,410

32 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Year ended 31 December 2022

Company	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Total RM
Assets			
Receivables, deposits and prepayments (excluding prepayments and contract assets)	28,067	0	28,067
Amounts due from subsidiaries	45,859,162	0	45,859,162
Amount due from a joint venture	223,484	0	223,484
Amount due from an associate	813	0	813
Cash and bank balances	13,726,135	0	13,726,135
	59,837,661	0	59,837,661
Liabilities			
Other payables and accruals (excluding statutory obligations and contract liabilities)	0	4,677,349	4,677,349
Amounts due to subsidiaries	0	2,479,289	2,479,289
Borrowings	0	2,700,091	2,700,091
	0	9,856,729	9,856,729

33 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 excluding independent directors.

33 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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	
	2023 RM	2022 RM
- Management fees	27,818,400	24,193,100
- Dividend income	26,500,000	23,161,101
- Inter-company interest income	116,629	286,858
- Re-charge of expenses	3,241,749	2,059,093

(b) The following transactions are with a joint venture of the Group and the Company

	Group and Company	
	2023 RM	2022 RM
- Management fees	730,200	640,400
- Re-charge of expenses	76,071	72,994

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

	Group	
	2023 RM	2022 RM
Purchases from Solar Turbines International Company ("STICO")	348,866,227	306,977,384
Purchases from affiliated companies of STICO	41,270,669	35,724,642
Technical fees to STICO	1,429,345	1,438,412
	391,566,241	344,140,438

	Group	
	2023 RM	2022 RM
Manpower services to STICO and its affiliated companies	6,904,249	2,506,609
Rental income from an affiliated company of STICO	54,672	54,432
	6,958,921	2,561,041

33 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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

Significant outstanding balances arising from the above transactions during the financial year are as follows:

	Group	
	2023 RM	2022 RM
Amounts due from STICO and its affiliated company	3,409,677	8,705,649
Amounts due to STICO and its affiliated company	62,064,937	178,357,501

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

	Group	
	2023 RM	2022 RM
Sales to related parties of Dresser Italia S.R.L	349,288	1,918,340
Purchases from Dresser Italia S.R.L	452,042	171,640
Purchases from related parties of Dresser Italia S.R.L	39,423,527	41,893,984
	39,875,569	42,065,624

Significant outstanding balances arising from the above transactions during the financial year are as follows:

	Group	
	2023 RM	2022 RM
Amounts due from related parties of Dresser Italia S.R.L	320,807	111,242
Amounts due to related parties of Dresser Italia S.R.L	6,089,344	7,070,821

33 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(e) TOSB is a joint venture between the Company and Solar Turbines International Company ("STICO") and the related party transactions during the year are as follows:

	Group	
	2023 RM	2022 RM
Sales to STICO	4,000,000	4,000,000
Rental income from affiliated company of STICO	562,536	562,536
	4,562,536	4,562,536

Significant outstanding balance arising from the above transactions during the financial year is as follows:

	Group	
	2023 RM	2022 RM
Amount due from STICO and its affiliated company	0	380,211

(f) The remuneration of key management personnel during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees	585,933	690,000	585,933	690,000
Salaries and bonuses	10,878,224	8,668,207	5,179,060	4,083,347
Defined contribution plans	1,402,638	1,144,649	735,625	600,959
Other remuneration	1,417,220	2,000,684	509,146	510,107
Estimated monetary value of benefits-in-kind	366,357	251,505	197,893	148,240
	14,650,372	12,755,045	7,207,657	6,032,653

The above is excluding independent Directors' remuneration.

(g) The provision of general and financial advisory services by a non-independent director is as follows:

	Group and Company	
	2023 RM	2022 RM
Provision for general and financial advisory services	109,097	0

34 CORPORATIONS IN THE GROUP

The Group's effective equity interest in the subsidiaries, joint venture and associates, their respective principal activities and country of incorporation are as follows:

Name of company	Place of business/ Country of incorporation	Group's effective equity interest 2023 %	2022 %	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.
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.
Delcom Holdings Sdn. Bhd.	Malaysia	100	100	Dormant.

34 CORPORATIONS IN THE GROUP (CONTINUED)

Name of company	Place of business/ Country of incorporation	Group's effective equity interest 2023 %	2022 %	Principal activities
SUBSIDIARIES (CONTINUED):				
Subsidiaries of Deleum Services Sdn. Bhd. (continued)				
Deleum Rotary Services Sdn. Bhd.	Malaysia	100	100	Servicing, repair and maintenance of motors, generators, transformers, pumps and valves.
Deleum Technology Solutions Sdn. Bhd.	Malaysia	86.67	86.67	Provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification maintenance activities, services for tanks, vessels, structures and piping.
Penaga Dresser Sdn. Bhd.	Malaysia	51	51	Supply, repair, maintenance and installation of valves and flow regulators for the oil and gas industry.
Deleum Oilfield Solutions (Thailand) Co. Ltd. @	Thailand	49	49	Provision of software, oilfield and chemical services in Thailand.
JOINT VENTURE:				
Joint venture of Deleum Berhad				
Turboservices Overhaul Sdn. Bhd.	Malaysia	80.55	80.55	Overhaul of gas turbine and maintenance services to oil and gas companies.
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.

34 CORPORATIONS IN THE GROUP (CONTINUED)

* Corporations not audited by PricewaterhouseCoopers PLT, Malaysia or member firm of PricewaterhouseCoopers International Limited.

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

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

^ On 19 January 2024, the Group completed the deregistration of Deleum Services Holdings Limited from the Registrar of Companies under Section 751 of the Companies Ordinance.

35 CAPITAL COMMITMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Authorised and contracted for at the end of the reporting period but not yet incurred				
- Plant and machinery	6,563,017	2,292,571	0	0
- Others	497,472	411,023	101,330	128,315
Authorised but not contracted for at the end of the reporting period				
- Plant and machinery	47,444,569	15,310,975	0	0
- Others	6,078,000	4,853,500	769,500	471,500
	60,583,058	22,868,069	870,830	599,815
Share of capital commitment of a joint venture	905,329	1,249,500	0	0
	61,488,387	24,117,569	870,830	599,815

36 CONTINGENT LIABILITIES

In the ordinary course of business, the Group has given guarantees amounting to RM35,505,696 (2022: RM13,137,237) to third parties in respect of operational requirements, utilities and maintenance contracts.

37 MATERIAL LITIGATION

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

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

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

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

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

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

(a) The Plaintiff's claim is dismissed;
(b) The Defendant's counterclaim is dismissed, save for the declaration sought by the Defendant, namely for a declaration that the termination of the CHE Project by the Defendant was lawful and valid, which declaration was granted; and
(c) The Plaintiff and the Defendant shall bear its own costs.

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

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

At the Case Management on 30 November 2022, solicitors for the Plaintiff informed that they have filed a letter in Court on 22 November 2022 enclosing the DGI's approval of the Plaintiff's application for sanction to continue the above action.

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

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

Item 1 and 3 have been paid to the Plaintiff on 23 February 2023 whilst item 2 was paid on 3 March 2023.

37 MATERIAL LITIGATION (CONTINUED)

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

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

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

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

(a) Amend the original claim sum from RM1,568,048.66 to an amended claim sum of RM2,184,584.45; and
(b) Withdraw their claim for a declaration and injunction as the amended claim sum has rendered the declaration and injunction as no longer applicable

The amendments have been sought on the basis that Invoice No. SS/CWR/BAP A Standby dated 3 November 2020 for the amount of RM616,535.79 became due and payable on 3 December 2020 (i.e. after the filing of their suit on 23 November 2020). Therefore, the Plaintiff has included the invoice amount in the total sum claimed.

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

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

(a) Judgment for the sum of RM2,184,584.45 being the total sum from invoices allegedly outstanding;
(b) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
(c) Costs; and
(d) Any other relief deemed fit by the High Court.

Pursuant to the Case Management on 21 July 2021, the suit was initially fixed for Trial on 22, 23 and 29 September 2022, but was subsequently rescheduled by the Court to 22 and 23 March 2023.

Following the conclusion of the trial on 23 March 2023, the following decisions were delivered by the High Court on 24 May 2023:

(a) Defendant is to pay the judgment sum of RM2,184,584.45 to the Plaintiff as well as 5% interest per annum on the judgment sum until full settlement; and
(b) Defendant is to pay RM100,000.00 as the costs of the Suit to the Plaintiff.

The above decisions do not have material financial impact on the Group for the financial year ending 31 December 2023.

The case has been reviewed and considered and it has been decided not to proceed with the appeal at the Court of Appeal.

Item (a) and (b) have been paid to the Plaintiff on 10 August 2023.

37 MATERIAL LITIGATION (CONTINUED)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Technology Solutions Sdn. Bhd. ("Plaintiff") against Mazrin Bin Ramli and 9 Others ("Defendants") ("The Civil Suit")

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

(a) Filing of the amended statement of claim

Pursuant to the winding up of D8 and a forensic report prepared by VLC dated 19 March 2023, DTS has filed an application to amend its Statement of Claim on 12 April 2023 which has been allowed by the Court and the Amended Statement of Claim has been filed on 25 September 2023. The amended Defense by D1-D4 was filed on 18 October 2023 and the Plaintiff has filed its amended reply on 15 December 2023.

During the case management on 30 November 2023, the Court has directed that the case management in relation to the amended Statement of Claim is fixed on 28 February 2024 to update on the status of the pre-trial documents.

During the case management on 28 February 2024, the judge had proceeded to fix the next CM date on 17 April 2024 to update the court on the status of the filing of the Common Bundle of Documents and for directions on List of Witnesses to be filed.

The trial date has been fixed is on 15 July 2024 to 19 July 2024.

(b) Contempt of court proceeding against D1 to D4, D8 and D10

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

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

Pursuant to the above, DTS have filed an Application for an Order of Committal against all of the above except for Zul Hafizi bin Zainal Karib, a director of D10.

During the case management for the Application on 30 November 2023, the Court has fixed a hearing date for the contempt application on 23 January 2023 which has been rescheduled to 15 April 2024 at the request of the Defendants.

38 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 as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and cash equivalents	198,243,766	168,540,010	12,333,078	13,726,135
Less: Total borrowings	(2,410,087)	(8,787,192)	(93,756)	(2,700,091)
	195,833,679	159,752,818	12,239,322	11,026,044
Total equity	446,451,028	414,546,072	220,440,426	216,586,484

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.

39 DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides repair, servicing, maintenance and overhaul of motors, generators, transformers and other related services had ceased its active business activities in the previous financial year following the Group's decision to exit from this business unit segment.

Profit attributable to the discontinued operation is as follow:

	Group	
	2023 RM	2022 RM
Other income	0	350,895
Profit before tax	0	350,895
Tax expense	0	(67,615)
Profit for the financial year/Total comprehensive income for the financial year	0	283,280

The profit from discontinued operation of RM Nil (2022: RM283,280) is attributable entirely to the owners of the Company.

39 DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

Impact to statements of cash flows attributable to the discontinued operation is as follows:

	Group	
	2023 RM	2022 RM
Net cash generated from operating activities	0	283,280
Effect on cash flows	0	283,280

The Group had presented the impact of the discontinued operation in the statement of cash flows in the notes to financial statements. Therefore, the statement of cash flows for the year ended did not separately present the effects arising from the discontinued operation.

40 CHANGES IN THE COMPOSITION OF THE GROUP

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

	Group	
	2023 RM	2022 RM
Carrying amount of non-controlling interest acquired	0	1,518,931
Consideration paid to non-controlling interest	0	(710,533)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	0	808,398

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

The effect of the incorporation on cash flow from non-controlling interest is as follows:

	Group	
	2023 RM	2022 RM
Net cash flows from investing activities		
Net cash inflow on incorporation	0	16,270

40 CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

On 24 June 2022, the Group completed the winding up of Delcom Utilities (Cambodia) Limited by way of members' voluntary winding up pursuant to Section 208 of the BVI Business Companies Act, 2014. The effect of the winding up of Delcom Utilities (Cambodia) Limited is as follows:

	Group	
	2023 RM	2022 RM
Carrying amount of shares at the date of winding up	0	0
Less: Realisation of post-acquisition reserves		
Accumulated losses	0	(42,487)
Exchange translation reserve reclassified to profit or loss	0	394,857
Loss on liquidation of a subsidiary	0	352,370

41 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 4 March 2024.

STATEMENT BY DIRECTORS PURSUANT TO
Section 251(2) of the Companies Act 2016

We, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Ramanrao bin Abdullah, being two of the Directors of Deleum Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 131 to 238 are drawn up in accordance with the provisions of Companies Act 2016 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 2023 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 March 2024.

TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS
DIRECTOR

RAMANRAO BIN ABDULLAH
DIRECTOR

STATUTORY DECLARATION PURSUANT TO
Section 251(1)(b) of the Companies Act 2016

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 131 to 238 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: 4 March 2024

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELEUM BERHAD

(INCORPORATED IN MALAYSIA) REGISTRATION NO. 200501033500 (715640-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Deleum Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 131 to 238.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on contracts with customers *Refer to Note T - Significant accounting policies: Revenue Recognition, Note 3 - Critical accounting estimates and judgements, Note 5 - Revenue* The Group recognised revenue of RM792.0 million mainly derived from sale of gas turbine packages after sale support and services, sales of valves and flow regulator, provision of slickline equipment, provision of integrated corrosion and inspection, blasting technology and maintenance services and provision of maintenance, construction and modification maintenance activities services. As disclosed in Note 5, RM244.4 million of the revenue is recognised over time and the remaining RM547.6 million is based on point in time. We focused on this area due to the significant revenue amounts reported and the significant time spent auditing the revenue balance.	We have performed the following audit procedures: • Evaluated and tested the effectiveness of key controls on material revenue streams for accuracy and occurence of revenue transactions. • Performed substantive procedures on significant revenue balances by examining sales transactions to proof of delivery and acceptance by customers and to signed contracts. • Performed cut off procedures on revenue. • Reviewed management's assessment of principal versus agent in accordance with MFRS 15 - Revenue from contracts with customers. • Examined non-standard journal entries and other material adjustments related to revenue accounts. Based on the procedures performed, no material exceptions were noted.

Impairment assessment on the carrying value of property, plant and equipment
Refer to Note 3 - Critical accounting estimates and judgements
 	
As at 31 December 2023, the carrying value of the Group's property, plant and equipment amounted to RM91.1 million.
 	
Management performed impairment assessments of certain plant and equipment, which had impairment indicators. Management has concluded that based on their assessment, no impairment or reversal of impairment is required during the year.
 	
We focused on this area as the recoverable amounts of the plant and equipment were determined based on the discounted cash flows projections, which requires significant judgment and estimation on the future cash flows and the discount rate.
	We have performed the following audit procedures on the recoverable amounts of the plant and equipment which were calculated using value in use ("VIU") method based on the approved financial budget for 2024 and projections for the remaining useful lives of the assets:
	
	• Discussed with management on the key assumptions used in the VIU cash flow for different scenarios which include the revenue growth rate, discount rate and profit margin and performed the following:
	  - Agreed the VIU cash flow to the Board's approved financial budgets for 2024.
	  - Compared historical forecasting to actual results to assess reliability of management's estimates.
	  - Compared the revenue growth rate and profit margin to the historical experience of the Company.
	• Evaluated the reasonableness of the probability weighting applied for the different scenarios prepared by management.
	• Checked the mathematical accuracy of the VIU cashflow including the weighted average computation of the recoverable amount based on the expected probabilities of the different scenarios.
	• Checked the discount rate used in the VIU with the assistance of our valuation experts by benchmarking to market data and industry research.
	• Performed sensitivity test on the key assumptions.
	
	Based on the procedures performed, no material exceptions were noted.

We have determined that there are no key audit matters to report for the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Financial Highlights, Corporate Information, Group Corporate Structure, Profiles of Directors, Profiles of Key Senior Management, Corporate Governance Overview Statement, Statement of Risk Management and Internal Control, Audit Committee Report and Additional Compliance Information , which we obtained prior to the date of this auditors' report, and other sections of the 2023 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 34 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SOO KWAI FONG
03144/07/2025 J
Chartered Accountant

Kuala Lumpur
4 March 2024

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2023 (“FY2023”).

2. LONG-TERM INCENTIVE PLAN

There were no shares granted during the financial year.

3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of Directors and/or chief executive and/or major shareholders, either still subsisting at the end of FY2023 or entered into since the end of the previous financial year.

Issued shares : 401,553,500 Ordinary shares
Voting rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	Total Shareholdings	% of Shareholdings
1 to 99	324	8.23	9,289	0.00
100 to 1,000	610	15.49	350,334	0.09
1,001 to 10,000	1,947	49.45	9,964,475	2.48
10,001 to 100,000	840	21.34	27,583,913	6.87
100,001 to less than 5% of issued shares	212	5.39	166,849,171	41.55
5% and above of issued shares	4	0.10	196,796,318	49.01
Total	**3,937**	**100.00**	**401,553,500**	**100.00**

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

(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.	81,740,900	20.36
2.	Maybank Nominees (Tempatan) Sdn. Bhd. Amara Investment Management Sdn. Bhd. for Hartapac Sdn. Bhd. (TRUSTACC/CLIENT H001 430886)	48,165,418	11.99
3.	Datuk Vivekananthan a/l M.V. Nathan	42,530,000	10.59
4.	IM Holdings Sdn. Bhd.	24,360,000	6.07
5.	Datin Che Bashah @ Zaiton binti Mustaffa	19,024,000	4.74
6.	Dato' Izham bin Mahmud	11,200,000	2.79
7.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank New York (Norges Bank 22)	8,000,000	1.99
8.	Datin Che Bashah @ Zaiton binti Mustaffa	7,741,600	1.93
9.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Dana Makmur	4,500,000	1.12
10.	Neoh Choo Ee & Company, Sdn. Berhad.	4,462,332	1.11
11.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	4,173,500	1.04
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Datin Che Bashah @ Zaiton binti Mustaffa (PB)	3,719,998	0.93
13.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Al-Fauzan (5170)	3,418,600	0.85

No.	Name of Shareholders	No. of Shares	Percentage (%)
14.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Hui	3,029,900	0.76
15.	DYMM Tuanku Syed Sirajuddin Putra Jamalullail	2,901,066	0.72
16.	Dilip Manharlal Gathani	2,731,800	0.68
17.	Saudah binti Hashim	2,500,000	0.62
18.	Hj. Abd Razak bin Abu Hurairah	2,481,546	0.62
19.	Phillip Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Hui	2,200,000	0.55
20.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Plus Fund	2,084,900	0.52
21.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)	2,038,800	0.51
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (MM0804)	2,000,000	0.49
23.	AmanahRaya Trustees Berhad Public Islamic Alpha-40 Growth Fund	1,963,300	0.48
24.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datin Che Bashah @ Zaiton binti Mustaffa (CEB)	1,880,100	0.47
25.	AmanahRaya Trustees Berhad PB Islamic SmallCap Fund	1,873,900	0.47
26.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (MM0804)	1,750,000	0.44
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Swee Leong (PB)	1,660,000	0.41
28.	ALLIANCEGROUP Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Hui (8095789)	1,597,500	0.40
29.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chandran Aloysius Rajadurai (PB)	1,556,000	0.39
30.	AmanahRaya Trustees Berhad Public Strategic SmallCap Fund	1,538,600	0.38

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lantas Mutiara Sdn. Bhd.	81,740,900	20.36	0	0
Hartapac Sdn. Bhd.	48,165,418	11.99	0	0
Datuk Vivekananthan a/l M.V. Nathan	43,402,600	10.81	81,740,900[(1)]	20.36
Datin Che Bashah @ Zaiton binti Mustaffa	32,365,698	8.06	0	0
IM Holdings Sdn. Bhd.	24,360,000	6.07	0	0
Dato' Izham bin Mahmud	11,200,000	2.79	56,725,698[(2)]	14.13
Reshad Rao bin Ramanrao	0	0	81,740,900[(3)]	20.36
Zoena binti Raman Rao	0	0	81,740,900[(3)]	20.36
Ramanrao bin Abdullah	0	0	81,740,900[(3)]	20.36
Datin Sian Rahimah Abdullah	0	0	48,165,418[(4)]	11.99
Faye Miriam Abdullah	0	0	48,165,418[(5)]	11.99
Hugh Idris Abdullah	0	0	48,165,418[(5)]	11.99
Farid Riza Izham	0	0	24,360,000[(6)]	6.07
Faidz Raziff Izham	0	0	24,360,000[(6)]	6.07
Hana Sakina Izham	0	0	24,360,000[(6)]	6.07

Notes:

(1) Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").

(2) Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. pursuant to Section 8 of the Act and shares held by his spouse.

(3) Deemed interested by virtue of his/her shareholdings in Lantas Mutiara Sdn. Bhd. via Integrity Strategic Sdn. Bhd. pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of the shareholdings of his children in Lantas Mutiara Sdn. Bhd. via Integrity Strategic Sdn. Bhd. pursuant to Section 8 of the Act.

(5) Deemed interested by virtue of his/her shareholdings in Hartapac Sdn. Bhd. pursuant to Section 8 of the Act.

(6) Deemed interested by virtue of his/her shareholdings in IM Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Vivekananthan a/l M.V. Nathan	43,402,600	10.81	81,740,900[(1)]	20.36
Dato' Izham bin Mahmud	11,200,000	2.79	56,725,698[(2)]	14.13
Ramanrao bin Abdullah	0	0	81,740,900[(3)]	20.36

Notes:

(1) Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. pursuant to Section 8 of the Act and shares held by his spouse.

(3) Deemed interest by virtue of the shareholdings of his children in Lantas Mutiara Sdn. Bhd. via Integrity Strategic Sdn. Bhd.

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 @31/12/23	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	25 years	2,605,767	-	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	35 years	322,460	-	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	35 years	386,877	-	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	141.00 sq metres/ 141.00 sq metres	Freehold	21 years	329,727	-	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	147.00 sq metres/ 147.00 sq metres	Freehold	21 years	346,821	-	03/02/1997
6	Deleum Services Sdn. Bhd.	Lot 1315, Block 9, Miri Concession Land District, Miri Waterfront Commercial Centre, Jalan Bendahara, 98000 Miri, Sarawak, Malaysia	4 storey corner shop office	Office	186.70 sq metres/ 891.84 sq metres	Leasehold/ 30/09/2066	19 years	720,000	-	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	On Lease/ 30/09/2024	23 years	1	-	-
8	Deleum Services Sdn. Bhd. (Operations)	Kemaman Supply Base, Warehouse 28, 24007 Kemaman, Terengganu Darul Iman, Malaysia	Warehouse	Warehouse	4,134.00 sq metres/ 1,456.00 sq metres	On Lease/ 31/03/2025	15 years	31	-	-
9	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	31 years	920,307	04/09/2019	12/04/2004

HEAD OFFICE

Deleum Berhad and its subsidiaries:

Deleum Services Sdn. Bhd.
Deleum Oilfield Services Sdn. Bhd.
Deleum Chemicals Sdn. Bhd.
Deleum Technology Solutions 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 OFFICES

Miri
Lot 1315, Miri Waterfront
Commercial Centre
98000 Miri, Sarawak
Malaysia
Tel : +6085-413 528/417 020
Fax : +6085-418 037
Email : info@deleum.com

Kota Kinabalu
Lot A, H-02-7
Block H, Level 7
Aeropod Commercial Square
Jalan Aeropod Off Jalan Kepayan
88200 Kota Kinabalu, Sabah
Malaysia
Tel : +6088-203 941
Email : info@deleum.com

SUBSIDIARIES

Turboservices Sdn. Bhd.
Unit No. B-23-1, Level 23
Tower B, Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
Malaysia
Tel : +603-2280 2200
Fax : +603-2280 2249/2250
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

Penaga Dresser Sdn. Bhd.
Lot A, H-02-7
Block H, Level 7
Aeropod Commercial Square
Jalan Aeropod Off Jalan Kepayan
88200 Kota Kinabalu, Sabah
Malaysia
Tel : +6088-203 941
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
87027 Labuan
Malaysia
Tel : +6087-413 935/583 205
Fax : +6087-425 694
Email : info@deleum.com

SERVICE FACILITIES

Deleum Chemicals Sdn. Bhd.
Lot 11, 13 Bay Workshop
ASB Yard 23
Rancha Rancha Industrial Estate
87000 Labuan
Tel : +6087-413 935/583 205
Fax : +6087-425 694
Email : info@deleum.com

Deleum Oilfield Services Sdn. Bhd.
(Miri Services Facility)
Sublot 3017
Permy Jaya Teknologi Park
Bandar Baru Permy Jaya
98000 Miri, Sarawak
Malaysia
Tel : +6085-413 528/417 020
Fax : +6085-418 037
Email : info@deleum.com

Deleum Technology Solutions Sdn. Bhd.
(Telok Kalong Facility)
Lot PT8777
Telok Kalong Industrial Area
24000 Kemaman
Terengganu Darul Iman
Malaysia
Fax : +609-862 6666
Email : info@deleum.com

Penaga Dresser Sdn. Bhd.
(Johor Engineering Centre)
Lot A15-A16
Kampung Bukit Raja
Sungai Rengit
81600 Pengerang
Johor Darul Takzim
Malaysia
Email : sales@penagadresser.com

Penaga Dresser Sdn. Bhd.
(Terengganu Engineering 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.
(Sabah-Sarawak Engineering Centre)
Lot 3326 & 3327
Piasau Industrial Shophouse
Off Jalan Piasau Utara
98000 Miri, Sarawak
Malaysia
Tel : +6085-644 900/998
Fax : +6085-644 991
Email : sales@penagadresser.com

Penaga Dresser Sdn. Bhd.
(Labuan Engineering Centre)
Asian Supply Base
Rancha Rancha Industrial Estate
87027 Labuan
Malaysia
Email : sales@penagadresser.com

Deleum Chemicals Sdn. Bhd.
(Research & Development Facility)
No. 4-3, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur
Malaysia
Tel : +603-2295 7788
Fax : +603-2295 7777
Email : info@deleum.com

Deleum Technology Solutions Sdn. Bhd.
Deleum Chemicals Sdn. Bhd.
(Integrated Workshop Facility)
Lot 4019
Kawasan Industri Telok Kalong
24007 Kemaman
Terengganu Darul Iman
Malaysia
Tel : +609-863 4588
Fax : +609-863 2588
Email : info@deleum.com

JOINT VENTURE

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

ASSOCIATE

Malaysian Mud And Chemicals Sdn. Bhd.
Asian Supply Base
Rancha Rancha Industrial Estate
87027 Labuan
Malaysia
Tel : +6087-415 922
Fax : +6087-415 921
Email : mc2@tm.net.my

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("19th AGM") of DELEUM BERHAD ("the Company") will be held virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting ("RPV") facilities through meeting platform at TIIH Online website at https://tiih.online on Thursday, 23 May 2024 at 10.00 a.m., or at any adjournment thereof to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
   (Please refer to Explanatory Note A)

2. To re-elect the following Directors retiring in accordance with Clause 88 of the Company's Constitution and being eligible, offer themselves for re-election:-
   (i) Dato' Izham bin Mahmud **Ordinary Resolution 1**
   (ii) Mr. Ramanrao bin Abdullah **Ordinary Resolution 2**
   (Please refer to Explanatory Note B)

3. To approve the payment of Directors' fees to Non-Executive Directors of the Company up to an amount of RM1,500,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting. **Ordinary Resolution 3**
   (Please refer to Explanatory Note C)

4. To approve the payment of Directors' benefits to Non-Executive Directors of the Company up to an amount of RM500,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting. **Ordinary Resolution 4**
   (Please refer to Explanatory Note D)

5. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Resolutions, with or without modifications:

6. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"**THAT** subject always to the Companies Act 2016 ("the Act"), the Constitution 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 authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Act to allot and issue shares not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) 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 ("AGM") of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting." **Ordinary Resolution 6**
(Please refer to Explanatory Note E)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

"**THAT** the mandate granted by the shareholders of the Company at the Eighteenth Annual General Meeting ("AGM") held on 23 May 2023 pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.5(i) of the Circular to Shareholders dated 24 April 2024 with the related parties mentioned therein which are necessary for the Company and its subsidiaries day-to-day operations, be and is hereby renewed.

THAT the Company and its subsidiaries' be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned in Section 2.5(i) of the Circular to Shareholders dated 24 April 2024 provided that:

a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year based on the type of Recurrent Related Party Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

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 AGM of the Company at which this Proposed Renewal of 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 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) 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 Proposed Renewal of Shareholders' Mandate." **Ordinary Resolution 7**
(Please refer to Explanatory Note F)

8. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")**

"**THAT** approval be and is hereby given 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(ii) of the Circular to Shareholders dated 24 April 2024 which are necessary for the Company's and its subsidiaries' day-to-day operations provided that:

a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed New Shareholders' Mandate during the financial year based on the type of Recurrent Related Party Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

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 Proposed New 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 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) 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 Proposed New Shareholders' Mandate." **Ordinary Resolution 8**
(Please refer to Explanatory Note G)

9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY

"**THAT** subject always to the Companies Act 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to purchase ordinary shares in the Company through Bursa Securities, provided that:

(a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company;

(b) the maximum funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company based on the Company's audited financial statements for the financial year ended 31 December 2023; and

(c) the authority conferred by this resolution shall continue to be in force until:

(1) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority shall lapse unless it is renewed by the passing of a resolution at that meeting, either unconditionally or subject to conditions; or

(2) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first.

THAT the Board of Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

(i) cancel all the shares so purchased; and/or
(ii) retain part thereof as treasury shares and cancel the remainder; and/or
(iii) retain the shares so purchased in treasury for distribution as dividend to the shareholders; and/or
(iv) resell on the market of Bursa Securities; and/or
(v) transfer the treasury shares or any of the said shares as purchase consideration; and/or
(vi) in any other manner as prescribed by the Act.

AND THAT the Board of Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any agreements, arrangements and instruments with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all acts and things as the Directors may deem fit, necessary and expedient in the best interest of the Company to implement and/or to effect the purchase by the Company of its own shares." **Ordinary Resolution 9**
(Please refer to Explanatory Note H)

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

SULIANA BINTI ROSLI (SSM PC No. 202008000912) (MAICSA 7057610)
MOHD SHAHID BIN ZAINOL ABIDIN (SSM PC No. 202008003065) (MAICSA 7069754)

Company Secretaries
Kuala Lumpur

24 April 2024

Notes

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies **will not be allowed** to attend this AGM in person at the broadcast venue on the day of the 19th AGM. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for the 19th AGM to facilitate the Remote Participation and Voting ("RPV") facilities via TIIH Online website at https://tiih.online. Members and proxies can attend, participate and vote remotely in the meeting via TIIH Online website at https://tiih.online by using RPV facilities. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the 19th AGM.

2. A member of the Company entitled to attend and vote at the 19th AGM via RPV 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. There shall be no restriction as to the qualification of the proxy.

3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the 19th 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.

4. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. 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 the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. 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.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor, or his/her attorney duly authorised in writing and certified notarially, or if the appointor is a corporation, under its Common Seal, or if the corporation does not have Common Seal, the instrument is to be affixed with the rubber stamp and executed by duly authorised officer or any director.

8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the 19th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the procedures for RPV set out in the Administrative Guide for the 19th AGM.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not later than Tuesday, 21 May 2024 at 10.00 a.m., 48 hours before the time appointed for holding the 19th AGM or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid:

   (i) In hard copy form

   The original signed Proxy Form must be deposited with the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia.

   (ii) Via Tricor Online System (TIIH Online)

   The Proxy Form can be electronically submitted via TIIH Online at https://tiih.online.

   Please follow the procedures set out in the Administrative Guide for the 19th AGM.

10. Pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 19th AGM will be put to vote by way of poll.

11. For the purpose of determining a member who shall be entitled to attend the 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 16 May 2024 and only a depositor whose name appears on this Record shall be entitled to attend the 19th AGM or appoint proxy or proxies to attend and/or vote on his/her stead.

12. By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 19th AGM or any adjournment thereof.

Explanatory Notes to the Agenda

A. For Agenda Item 1

To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("the Act") for discussion only under this Agenda item. They do not require shareholders' approval and hence, will not be put for voting.

B. For Agenda Item 2

To re-elect Directors who retire by rotation pursuant to Clause 88 of the Company's Constitution

Dato' Izham bin Mahmud and Mr. Ramanrao bin Abdullah are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Director to stand for re-election at the 19th AGM, the Joint Remuneration and Nomination Committee ("JRNC") has via the annual Board Evaluation and Assessment for year 2023 assessed and recommended to the Board, the effectiveness of the Board, Board Committees and individual Directors including the Directors who are seeking for re-election at the forthcoming 19th AGM, based on the prescribed criteria inclusive of their skills, experience, character and valuable contributions and insights to the Board.

Based on the annual assessment, the individual Directors (including the retiring Directors) met the performance criteria required of an effective and high-performance Board. The Board via JRNC was satisfied with the performance, contribution as well as the fitness and properness of each of the retiring Directors.

The profiles of the retiring Directors are enclosed in the Profiles of Directors of the Company's Annual Report 2023. The Board has endorsed the JRNC's recommendation for the re-election of the retiring Directors subject to the shareholders' approval at the 19th AGM. All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant JRNC and Board meetings.

Any Director who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election at the 19th AGM.

C. For Agenda Item 3

To approve the payment of Directors' fees to Non-Executive Directors of the Company up to an amount of RM1,500,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting of the Company

The amount of up to RM1,500,000 under Ordinary Resolution 3 comprising Directors' fees to Non-Executive Directors of the Company is estimated for the period from the day after this Annual General Meeting ("AGM") to the next AGM of the Company to be held in 2025. The fees are in accordance with the Directors' Remuneration Framework for Non-Executive Directors in line with their duties and responsibilities and time commitment required to discharge their duties.

D. For Agenda Item 4

To approve the payment of Directors' benefits to Non-Executive Directors of the Company up to an amount of RM500,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting of the Company

The amount of up to RM500,000 under Ordinary Resolution 4 comprising Directors' benefits to Non-Executive Directors of the Company is estimated for the period from the day after this Annual General Meeting ("AGM") to the next AGM of the Company to be held in 2025. The benefits are in accordance with the Directors' Remuneration Framework for Non-Executive Directors in line with their duties and responsibilities and time commitment required to discharge their duties.

Directors' benefits comprise fixed meeting allowances payable to Non-Executive Directors for attendance of Board and Board Committee meetings, as well as telecommunication device for official purposes. Additionally, the Chairman is provided with a company car or car allowance, along with the same benefits as the Deputy Chairman, such as driver, petrol card, and a club subscription. The meeting allowances are estimated based on the number of scheduled Board and Board Committee meetings and Directors' involvement in these meetings. The number of such meetings are determined based on the strategy and plans of the Group.

E. For Agenda Item 6

Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at the Eighteenth AGM held on 23 May 2023, obtained its shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Sections 75 and 76 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 6 is a renewal mandate for the issue of shares under Sections 75 and 76 of the Act. If passed, it will give the Directors of the Company from the date of the 19th AGM, authority to allot and issue shares not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company.

A renewal of this general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate extraordinary 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.

F. For Agenda Items 7 and 8

Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate

Please refer to the Circular to Shareholders dated 24 April 2024 for detailed information. The Ordinary Resolution 7 and 8 proposed under Agenda Items 7 and 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

G. For Agenda Item 9

Proposed Renewal of Share Buy-Back Authority of up to 10% of the Total Number of Issued Shares in the Company

Please refer to the Circular to Shareholders dated 24 April 2024 for detailed information. The Ordinary Resolution 9 proposed under Agenda Item 9, if passed, will empower the Board of Directors of the Company to purchase such number of ordinary shares in the Company from time to time on the market of Bursa Malaysia Securities Berhad upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. This mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. No individual is seeking election as a Director at the forthcoming Nineteenth Annual General Meeting ("19th AGM").

2. Details of the Directors who are standing for re-election at the 19th AGM are set out in the Profiles of Directors section including the latest interests in the shares of the Company disclosed under Analysis of Shareholdings section of the Company's Annual Report 2023.

3. Details of the general mandate to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note E of the Notice of 19th AGM.

DELEUM

Deleum Berhad
Registration No. 200501033500 (715640-T)
(Incorporated in Malaysia)

Date	: Thursday, 23 May 2024
Time	: 10.00 a.m.
Broadcast Venue	: Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Online Platform	: TIIH Online website at https://tiih.online with Remote Participation and Voting ("RPV") facilities

1. RPV at Virtual 19th AGM

a. The 19th AGM of the Company will be conducted virtually through live streaming and online remote voting from the broadcast venue using the RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIIH Online website at https://tiih.online.

b. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders/proxies/corporate representatives **will not be allowed** to be physically present, nor will they be admitted at the broadcast venue as it is only a place where the meeting is broadcasted for transmission online in the presence of Chairman, Directors, Group Chief Executive Officer, Auditors, Company Secretary and Senior Management. No seating and refreshment will be arranged for shareholders, proxies and corporate representatives at the broadcast venue when it is a virtual meeting.

c. With the use of RPV facilities, the Members may exercise your rights to attend, speak (in the form of real submission of types text messages) and vote (collectively, "participate") remotely at the general meeting from different location, including to pose questions to the Board or Management of the Company. Kindly ensure that you are connected to the internet at all times in order to participate when our virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

d. Kindly check the Company's website or announcements from time to time for any changes to the administration of the 19th AGM.

2. General Meeting Record of Depositors

Only depositors whose names appear on the General Meeting Record of Depositors as at 16 May 2024 shall be entitled to register and participate at the 19th AGM. If a member is unable to participate at the said meeting, he/she may appoint proxy/proxies to participate on his/her behalf. A shareholder will not be allowed to participate at the meeting if his/her proxy(ies) has/have been registered to participate in the meeting.

3. Pre-Meeting Submission of Questions to the Board of Directors

In order to enhance the efficiency of the proceedings of the 19th AGM, members or proxies may submit questions in advance via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose the questions and submit electronically not later than 21 May 2024 at 10.00 a.m. or use the query box to transmit questions via RPV facilities during live streaming of the 19th AGM. The Board of Directors will endeavour to respond to the relevant questions at the 19th AGM.

4. Appointment of Proxy/Corporate Representative/Power of Attorney

If you are unable to attend the AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

If you wish to participate in the 19th AGM yourself, please do not submit any Form of Proxy for the 19th AGM. You will not be allowed to participate in the 19th AGM together with a proxy appointed by you.

Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 19th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 21 May 2024** at **10.00 a.m.**, forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid:

i. In hard copy form

The original signed proxy form must be deposited with the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia. The original instrument appointing a proxy shall be in writing and:

a) In the case of an individual, shall be signed by the appointor or by his attorney; and
b) In the case of a corporation, shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation.

ii. Via Tricor Online System (TIIH Online)

The proxy form can be electronically submitted via TIIH Online at https://tiih.online. Please refer to the procedures set out in **"Electronic Lodgement of Proxy Form"** below.

Members are requested to provide their mobile handphone numbers as well as the mobile handphone numbers of their proxies in the proxy forms in the event Tricor needs to contact the members/proxies.

A Corporate Member who wishes to appoint a Corporate Representative to participate at the AGM via RPV must deposit the original certificate appointment of corporate representative to the Company's Registered Office. The certificate of appointment should be executed in the following manner:

(a) If the Corporate Member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the Corporate Member.

(b) If the Corporate Member does not have common seal, the certificate of appointment should be affixed with the rubber stamp of the Corporate Member (if any) and executed by:

(i) at least two (2) authorised officer, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which the Corporate Member is incorporated.

Attorneys appointed by the Power of Attorney are to deposit their Power of Attorney to the Company's Registered Office not later than the date and time stated above. A copy of the Power of Attorney may be accepted, provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For Nominee Company registered as a member, the beneficial owner of the shares under a Nominee Company's CDS account who wishes to participate at the AGM via RPV can request the Nominee Company to appoint him/her as a proxy and deposit the duly completed original Proxy Form at the Company's Registered Office or submit electronically via TIIH Online at https://tiih.online not later than the date and time stated above.

The appointed proxy/Corporate Representative/Attorney/proxy of Nominees Company must register himself/herself for RPV at https://tiih.online.

For further details, please refer to the "**Procedures for RPV**" at item no. 6.

5. Poll Voting

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. The Company has appointed Tricor as Poll administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders/proxies/corporate representatives can proceed to vote on the resolutions at any time from the commencement of the 19th AGM at 10.00 a.m. on 23 May 2024 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (5) of the below Procedures for RPV for guidance on how to vote remotely via TIIH Online website.

Upon completion of the voting session for the 19th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

6. Procedures for RPV

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 19th AGM using the RPV facilities:

Procedure	Action
Before the day of the 19th AGM	
1. Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" by selecting the "Sign Up" button and followed by **"Create Account by Individual Holder"**. Please refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user of TIIH Online, you are not required to register again. You will receive an email from Tricor to notify you that remote participation for the 19th AGM is available for registration at TIIH Online.
2. Submit your request	• Registration is open from Wednesday, 24 April 2024 **until the day of 19th AGM on Thursday, 23 May 2024**. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 19th AGM to ascertain their eligibility to participate at the 19th AGM using RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: **"(REGISTRATION) DELEUM BERHAD 19TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at **16 May 2024**, the system will send you an **e-mail on 21 May 2024 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*

Procedure	Action
On the day of the 19th AGM (23 MAY 2024)	
3. Login to TIIH Online	• Login with your user ID and password for remote participation at the 19th AGM at any time from **9.00 a.m**. i.e. 1 hour before the commencement of the 19th AGM on **Thursday, 23 May 2024 at 10.00 a.m.**
4. Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) DELEUM BERHAD 19TH AGM"** to engage in the proceeding of the 19th AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. If time permits, the Chairman/Board will try to respond to those relevant questions relating to the businesses to be discussed at the 19th AGM which are submitted by remote participants during the 19th AGM. You are encouraged to submit questions before the 19th AGM as priority will be given to questions submitted before the AGM – see **"Pre-Meeting Submission of Questions to the Board of Directors"**.
5. Online Remote Voting	• Voting session commences **from 10.00 a.m. on Thursday, 23 May 2024** until a time when the Chairman announces the completion of the voting session of the 19th AGM. • Select the corporate event: **"(REMOTE VOTING) DELEUM BERHAD 19TH AGM"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
6. End of Remote Participation	• Upon the declaration of the poll results and announcement by the Chairman on closure of the 19th AGM, live streaming will end.

Note to users of the RPV:

1. Should your registration for the RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the devise you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616 / 011-4080 3168 / 011-4080 3169 / 011-4080 3170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

7. Electronic Lodgement of Proxy Form

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
a. Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
b. Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"Deleum Berhad 19th AGM - Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.
ii. Steps for Corporate or Institutional Shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one to two working days. • Proceed to active your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.
Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event: **"Deleum Berhad 19th AGM – Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for **"Deleum 19th AGM - Submission of Proxy Form"** in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: **"Deleum Berhad 19th AGM – Submission of Proxy Form"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

8. No Recording or Photography

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

9. Food Voucher and Door Gift

There will be no distribution of food voucher or door gift to members/proxy/proxies.

10. Enquiry

If you have any enquiry prior to the 19th AGM, please contact the following officers during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603- 2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact persons	:	Ms Nur Qaisara Naaila +603-2783 9272 (Nur.Qaisara.Naaila@my.tricorglobal.com)
		Puan Nor Faeayzah +603-2783 9274 (Nor.Faeayzah@my.tricorglobal.com)

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PROXY FORM

DELEUM

CDS Account No.	Number of Shares Held

Deleum Berhad
Registration No. 200501033500 (715640-T)
(Incorporated in Malaysia)

I/We* ____
(Full name in block letters)

NRIC/Passport/Company No. ____

of ____
(Address in full)

being a member/members* of **DELEUM BERHAD** ("the Company"), hereby appoint:-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

and/or *(if more than one (1) proxy)*

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend, participate and/or vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting ("19th AGM") of the Company to be held virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting ("RPV") facilities through meeting platform at the TIIH Online website at https://tiih.online on **Thursday, 23 May 2024** at **10:00 a.m.** or at any adjournment thereof:

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.

No.	Ordinary Resolutions	First Proxy		Second Proxy	
		For	Against	For	Against
1.	To re-elect Dato' Izham bin Mahmud as Director.				
2.	To re-elect Mr Ramanrao bin Abdullah as Director.				
3.	To approve the payment of Directors' fees to Non-Executive Directors of the Company up to an amount of RM1,500,000.				
4.	To approve the payment of Directors' benefits to Non-Executive Directors of the Company up to an amount of RM500,000.				
5.	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
6.	To authorise the issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016.				
7.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
8.	To approve the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
9.	To approve the Proposed Renewal of Share Buy-Back Authority of up to 10% of the Total Number of Issued Shares in the Company.				

** delete whichever is not applicable.*

Dated this ______________ day of ___________________ 2024.

____
Signature/Common Seal of Shareholder(s)

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies **will not be allowed** to attend this AGM in person at the broadcast venue on the day of the 19th AGM. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for the 19th AGM to facilitate the Remote Participation and Voting ("RPV") facilities via TIIH Online website at https://tiih.online. Members and proxies can attend, participate and vote remotely in the meeting via TIIH Online website at https://tiih.online by using RPV facilities. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the 19th AGM.
2. A member of the Company entitled to attend and vote at the 19th AGM via RPV is entitled to appoint a proxy or proxies to attend, participate and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. A member shall not be entitled to appoint more than two (2) proxies to attend, participate and vote at the 19th 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.
4. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. 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 the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. 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.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor, or his/her attorney duly authorised in writing and certified notarially, or if the appointor is a corporation, under its Common Seal, or if the corporation does not have Common Seal, the instrument is to be affixed with the rubber stamp and executed by its duly authorised officer or any director.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the 19th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the procedures for RPV set out in the Administrative Guide for the 19th AGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not later than **Tuesday, 21 May 2024** at **10.00 a.m.**, 48 hours before the time for holding the 19th AGM or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid:
   (i) In hard copy form
   The original signed Proxy Form must be deposited at the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia.
   (ii) Via Tricor Online System (TIIH Online)
   The Proxy Form can be electronically submitted via TIIH Online at https://tiih.online.
   Please follow the procedures set out in the Administrative Guide for the 19th AGM.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 19th AGM will be put to vote by way of poll.
11. For the purpose of determining a member who shall be entitled to attend, participate and vote at the 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 16 May 2024 and only a depositor whose name appears on this Record shall be entitled to attend, participate and vote the 19th AGM or appoint proxy or proxies to attend, participate and/or vote in his/her stead.
12. By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 19th AGM or any adjournment thereof.

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AFFIX
STAMP

The Company Secretary

DELEUM BERHAD
Registration No. 200501033500 (715640-T)
(Incorporated in Malaysia)

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

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www.deleum.com

DELEUM BERHAD
Registration No. 200501033500 (715640-T)

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