



2012	
2011	2010
2009	2008
2007	2006
2005	2004
2003	2002
2001	2000
1999	1998
1997	1996
1995	1994
1993	1992
1991	1990
1989	1988
1987	1986
1985	1984
1983	1982

# Our Journey Continues 30 years

**DELEUM BERHAD** (Co. No. 715640-T)  
 No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia.  
 Tel : (603) 2295 7788 Fax : (603) 2295 7777  
 www.deleum.com

## OUR MISSION

- To Provide Sustainable Growth and Enhance Stakeholders' Value

## OUR VISION

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

## OUR SHARED VALUES

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

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# the faces of Deleum







# Milestones

## 1982

- Establishment of Delcom Services Sdn. Bhd.  
*(Now known as Deleum Services Sdn. Bhd.)*
- PETRONAS Licensed Service Provider

## 1985

- Establishment of JV, Malaysian Mud And Chemicals Sdn. Bhd.  
*(Bulking Services at Asian Supply Base, Labuan)*

## 1987

- Establishment of Turboservices Sdn. Bhd.  
*JV with Solar Turbines Inc. (After Market Sales for Gas Turbines)*
- Establishment of Camco (Malaysia) Sdn. Bhd. (CMSB)  
*JV with Camco Inc. (Wireline and Completion Services)*

## 1995

- Establishment of JV, Cambodia Utilities Pte. Ltd.  
*(Independent Power Production in Cambodia)*

## 2001

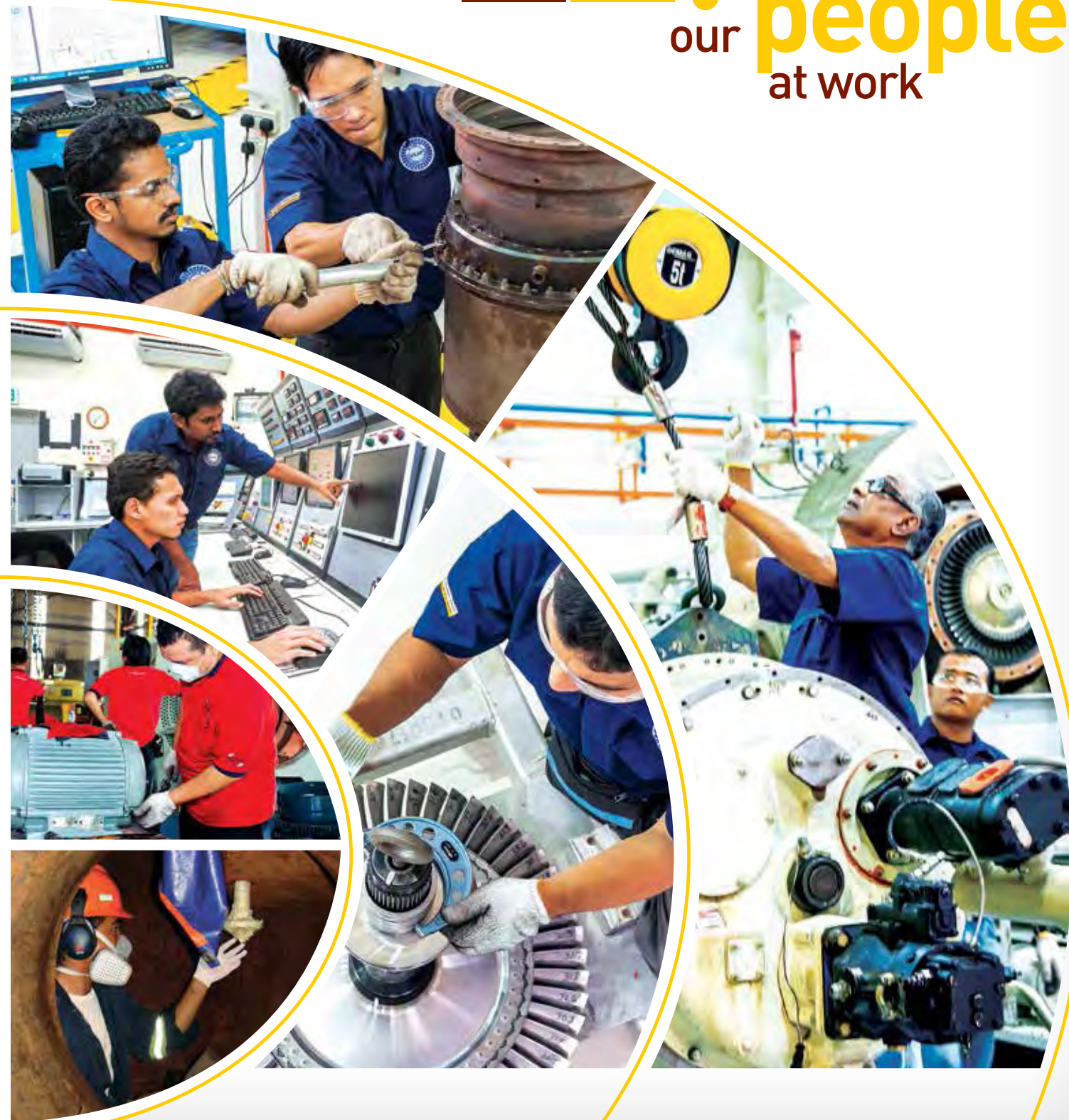
- Acquisition of the remaining 49% equity interest in CMSB from Schlumberger and renamed Delcom Oilfield Services Sdn. Bhd.  
*(Now known as Deleum Oilfield Services Sdn. Bhd.)*







# our people at work





## 2007

- Listed on Main Board of Bursa Malaysia (now Main Market) via investment holding entity Deleum Berhad

## 2008

- Establishment of Turbine Overhaul Facility  
*(Dedicated Solar Turbines Integrated Service Centre in Senawang)*
- Acquisition of 51% equity interest in Penaga Dresser Sdn. Bhd. via 80% subsidiary Delcom Holdings Sdn. Bhd.

## 2010

- Acquisition of 100% equity interest in Rotary Technical Services Sdn. Bhd. *(Now known as Deleum Rotary Services Sdn. Bhd.)*  
*(Servicing and Maintenance of Rotating Equipment)*

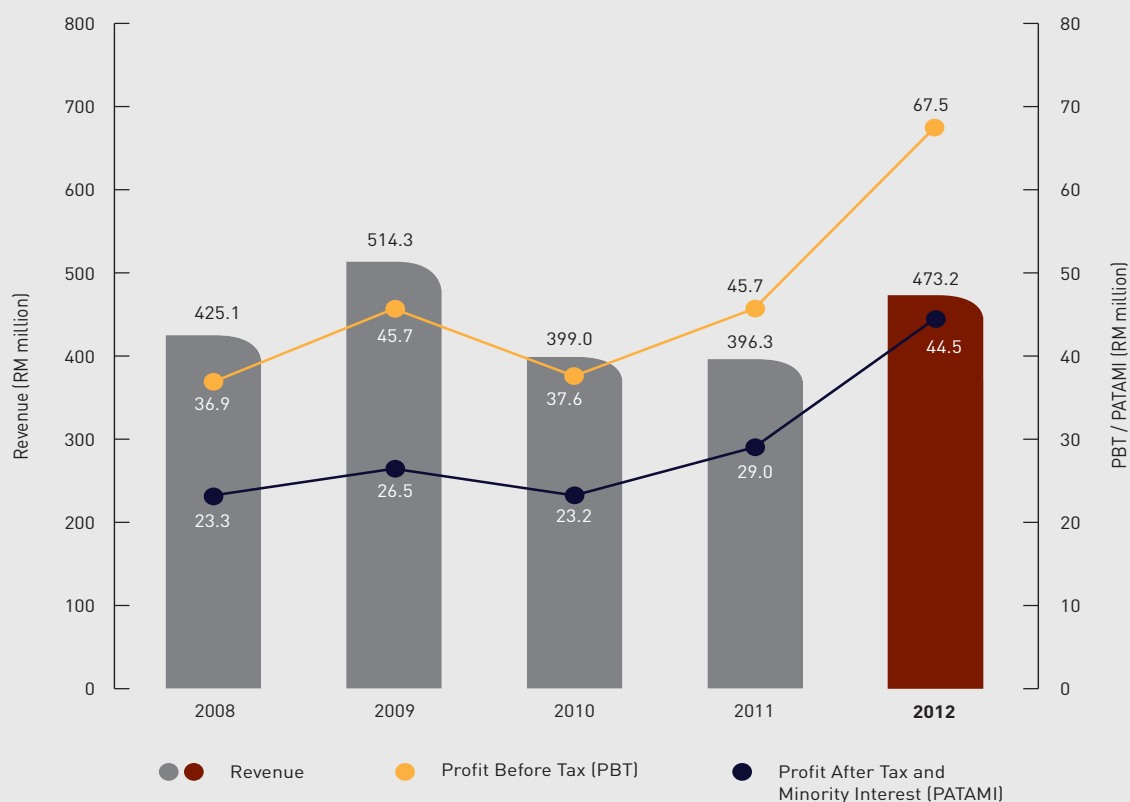
## 2012

- Attainment of OPITO Certification on Competence Management System (OPITO-CMS) by Deleum Oilfield Services Sdn. Bhd.
- 30<sup>th</sup> Anniversary and Corporate Rebranding
- Acquisition of 60% equity interest in Northern Primera Sdn. Bhd. *(Now known as Deleum Primera Sdn. Bhd.)*

# FINANCIAL Highlights

For The Financial Years Ended 31 December 2008-2012

## REVENUE / PBT / PATAMI



Financial Year (RM'000)	2008	2009	2010	2011	2012
Revenue	425,055	514,293	399,045	396,303	<b>473,240</b>
Gross Profit	49,359	79,275	75,950	79,574	<b>107,724</b>
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	42,138	56,754	50,908	59,520	<b>81,610</b>
Share of Associates' Results	15,570	9,651	9,744	13,679	<b>15,579</b>
Profit Before Tax	36,912	45,687	37,594	45,709	<b>67,471</b>
Profit After Tax	30,440	35,734	30,213	34,711	<b>54,214</b>
Non-controlling Interest	(7,189)	(9,284)	(6,977)	(5,678)	<b>(9,764)</b>
PATAMI	23,251	26,450	23,237	29,033	<b>44,450</b>



## Financial Highlights

For The Financial Years Ended 31 December 2008-2012

### FINANCIAL RESULTS HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2012

EBITDA (RM'000)

**RM81,610**

2011: RM59,520

PATAMI (RM'000)

**RM44,450**

2011: RM29,033

RETURN ON EQUITY

**20.6%**

2011: 15.4%

TOTAL FIXED ASSETS (RM'000)

**RM98,089**

2011: RM100,065

SHAREHOLDERS' EQUITY (RM'000)

**RM215,949**

2011: RM188,913

DIVIDEND PER SHARE

**15.0 sen**

2011: 14.0 sen

### FINANCIAL RATIOS

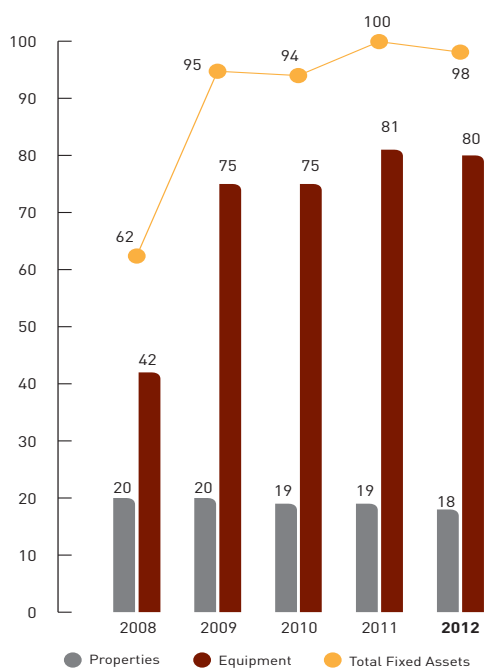
Financial Year	2008	2009	2010	2011	2012
Return on Equity	15.9%	16.4%	13.5%	15.4%	<b>20.6%</b>
Return on Total Assets	8.4%	9.7%	6.6%	8.6%	<b>10.7%</b>
Gearing Ratio	4.2%	15.6%	12.5%	14.2%	<b>8.8%</b>
Net Asset Per Share (RM)	1.46	1.61	1.73	1.89	<b>1.44*</b>
Gross Dividend Per Share (Sen)	11.00	12.00	11.50	14.00	<b>15.00*</b>
Gross Dividend Yield	9.6%	7.6%	7.6%	8.9%	<b>7.7%*</b>

\* Based on enlarged share capital of 150 million ordinary shares pursuant to issuance of 50 million bonus shares on 8 June 2012.

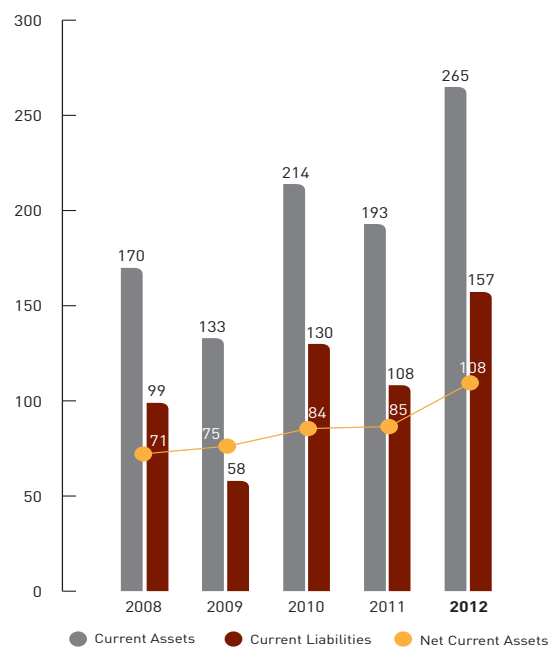
## Financial Highlights

For The Financial Years Ended 31 December 2008-2012

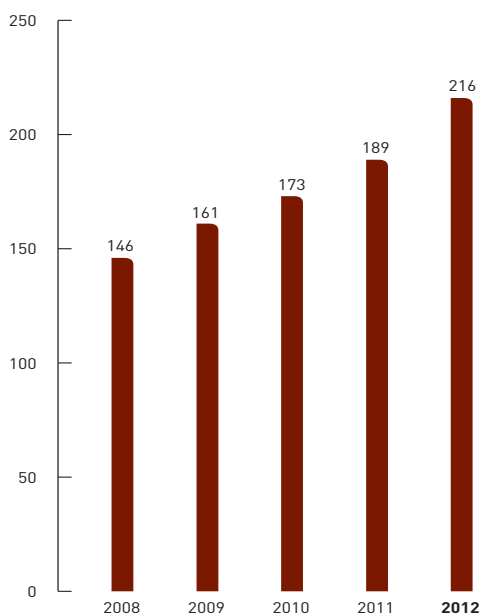
### PROPERTY, EQUIPMENT & TOTAL FIXED ASSETS (RM Million)



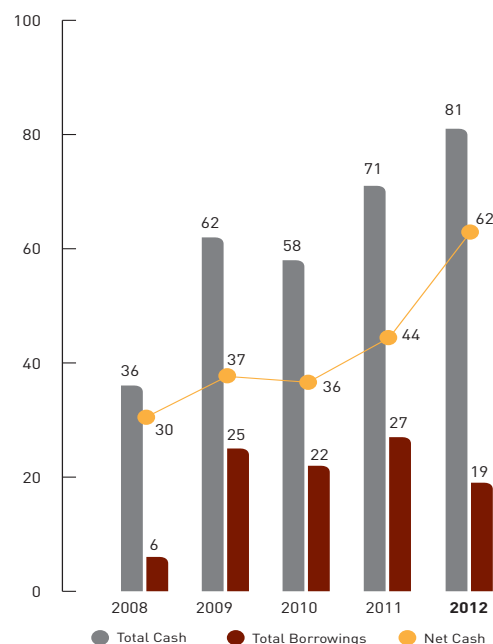
### NET CURRENT ASSETS (RM Million)



### SHAREHOLDERS' EQUITY (RM Million)



### NET CASH (RM Million)

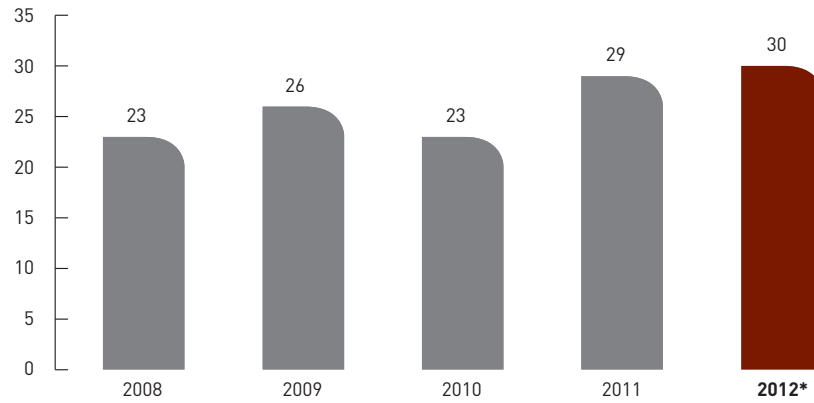




## Financial Highlights

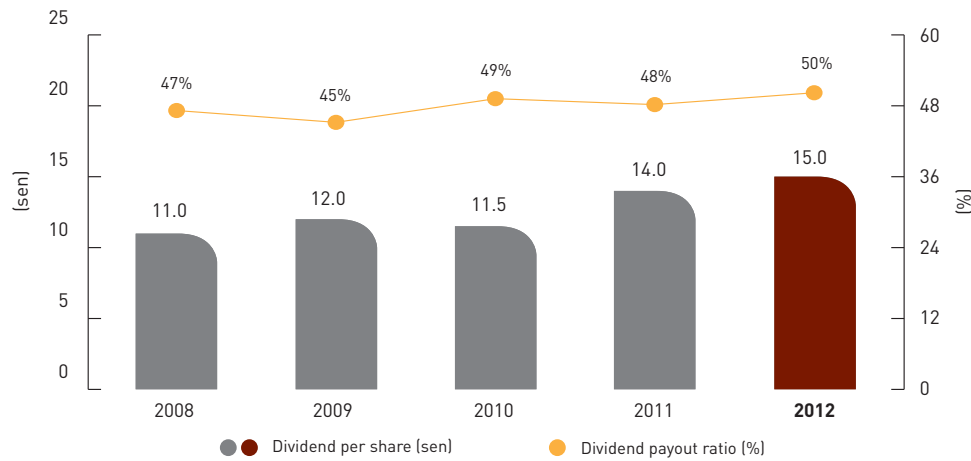
For The Financial Years Ended 31 December 2008-2012

### EARNINGS PER SHARE (Sen)

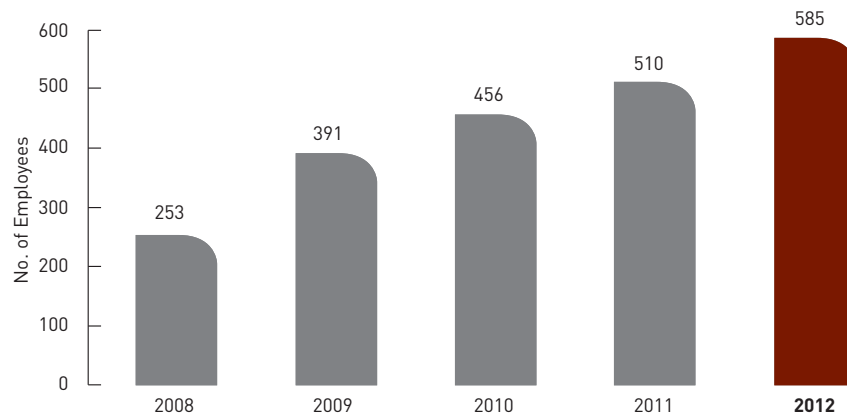


\* Based on enlarged share capital of 150 million ordinary shares pursuant to issuance of 50 million bonus shares on 8 June 2012.

### DIVIDENDS



### EMPLOYEES



## CORPORATE Information

### BOARD OF DIRECTORS

**Dato' Izham bin Mahmud**

Non-Independent Non-Executive  
Chairman

**Datuk Vivekananthan a/l M.V. Nathan**

Non-Independent Non-Executive  
Deputy Chairman

**Nan Yusri bin Nan Rahimy**

Group Managing Director

**Dato' Kamaruddin bin Ahmad**

Senior Independent Non-Executive  
Director

**Datuk Ishak bin Imam Abas**

Independent Non-Executive Director

**Chin Kwai Yoong**

Independent Non-Executive Director

**Tan Sri Dato' Seri Abdul Ghani  
bin Abdul Aziz**

Non-Independent Non-Executive Director

#### AUDIT COMMITTEE

Datuk Ishak bin Imam Abas  
*Chairman*

Dato' Kamaruddin bin Ahmad

Chin Kwai Yoong

Dato' Izham bin Mahmud

Datuk Vivekananthan a/l M.V. Nathan

#### JOINT REMUNERATION AND NOMINATION COMMITTEE

Dato' Kamaruddin bin Ahmad  
*Chairman*

Dato' Izham bin Mahmud

Datuk Vivekananthan a/l M.V. Nathan

Datuk Ishak bin Imam Abas

Chin Kwai Yoong

#### RISK COMMITTEE

Tan Sri Dato' Seri Abdul Ghani  
bin Abdul Aziz  
*Chairman*

Nan Yusri bin Nan Rahimy

Datuk Vivekananthan a/l M.V. Nathan

Chin Kwai Yoong

#### COMPANY SECRETARIES

Lee Sew Bee  
MAICSA No. 0791319

Lim Hooi Mooi  
MAICSA No. 0799764

#### REGISTERED OFFICE/HEAD OFFICE

No. 2, Jalan Bangsar Utama 9  
Bangsar Utama  
59000 Kuala Lumpur  
Malaysia  
Tel : 603-2295 7788  
Fax : 603-2295 7777  
Email: [info@deleum.com](mailto:info@deleum.com)  
Website: [www.deleum.com](http://www.deleum.com)

#### SHARE REGISTRARS

**Symphony Share Registrars Sdn. Bhd.**

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : 603-7841 8000  
Fax : 603-7841 8008

#### STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia  
Securities Berhad**

Stock Code: 5132

#### AUDITORS

**PricewaterhouseCoopers**

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

#### SOLICITORS

**Zain & Co.**

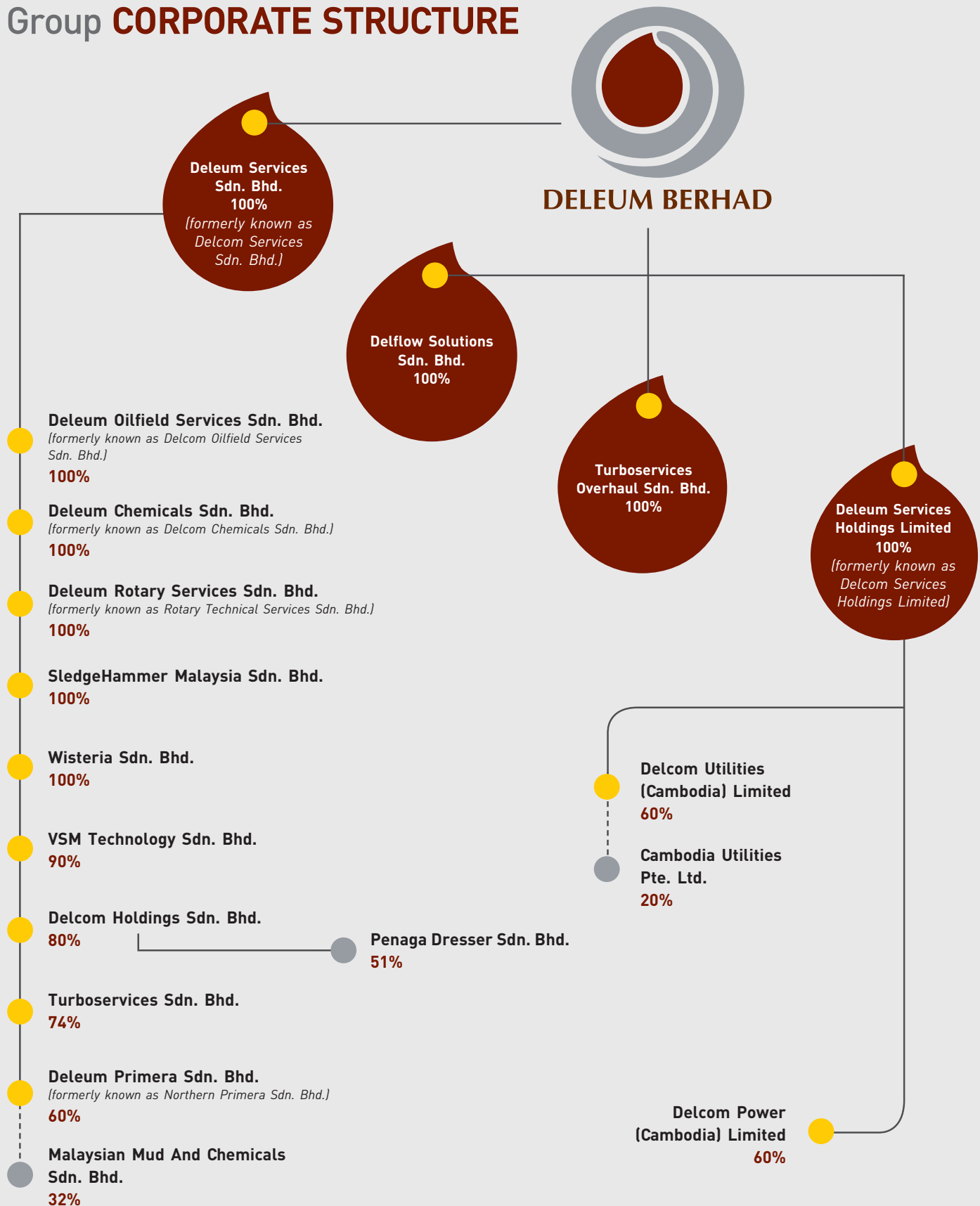
6th & 7th Floor  
Akademi Etiqa  
23, Jalan Melaka  
50100 Kuala Lumpur  
Malaysia  
Tel : 603-2698 6255  
Fax : 603-2693 6488

#### PRINCIPAL BANKERS

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

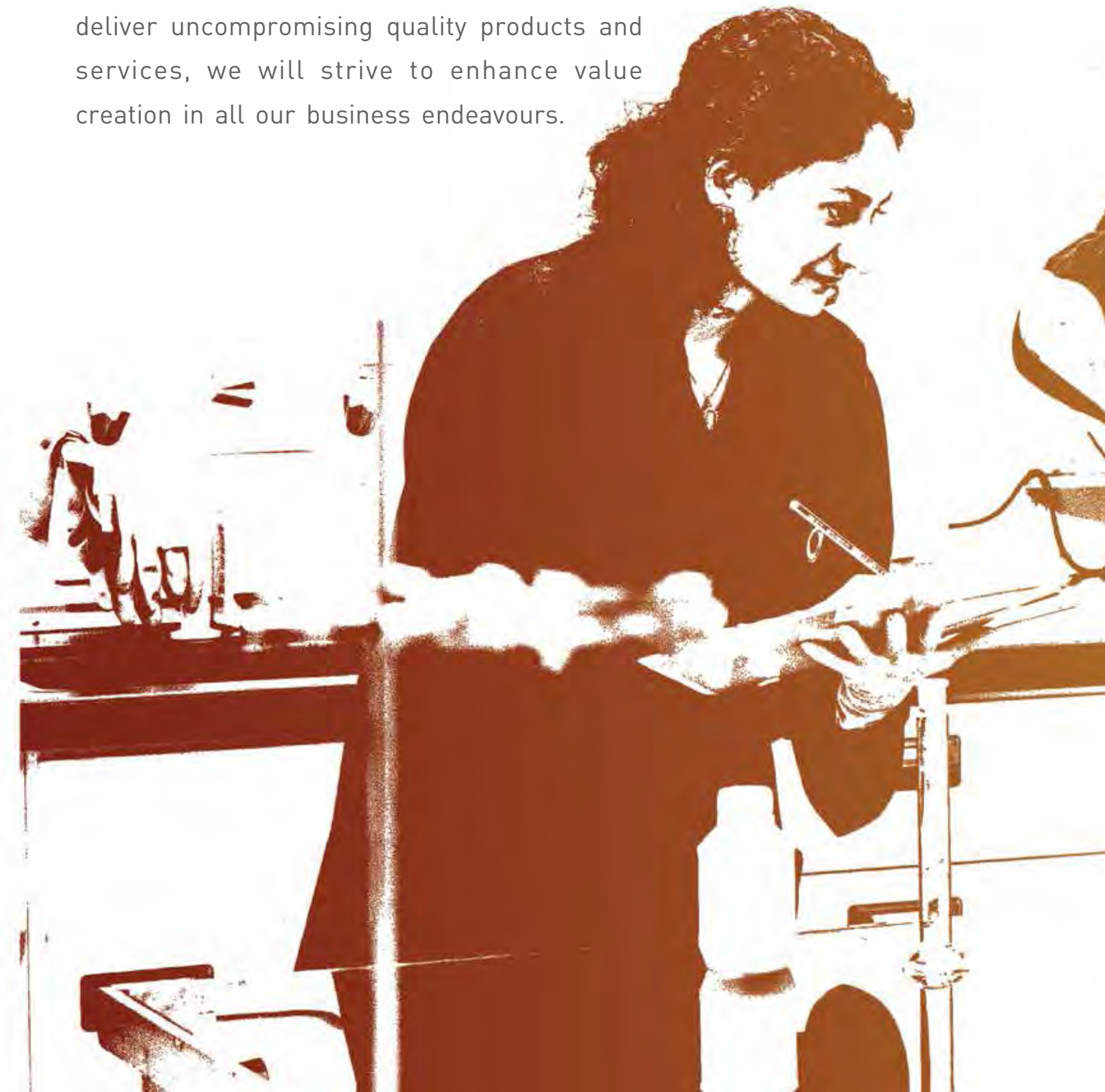


## Group CORPORATE STRUCTURE



# INSPIRING SOLUTIONS

Our commitment to **integrity** remains an essence to our organisation's success and achievements. Coupled with dedication to deliver uncompromising quality products and services, we will strive to enhance value creation in all our business endeavours.







# Profiles of Directors

---

**Dato' Izham bin Mahmud**

*Non-Independent Non-Executive Chairman*

Dato' Izham bin Mahmud, a Malaysian, aged 72, was appointed to the Board on 21 December 2005. He holds a Bachelor of Science Degree (Honours) in Economics from Queen's University Belfast, UK and a Master of Arts (Economics Development) from Vanderbilt University, USA. He is one of the co-founders of Deleum Services Sdn. Bhd. (Deleum Services) (formerly known as Delcom Services Sdn. Bhd.) a wholly-owned subsidiary of Deleum Berhad via his family holding company IM Holdings Sdn. Bhd.

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

Upon retirement, he joined Deleum Services as its Chairman 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 the Non-Executive Chairman. He also served as a Director of RHB Capital Berhad, RHB Bank Berhad, Renong Berhad, Opus Berhad, AMMB Holdings Berhad and AmlInvestment Bank Berhad.





## Profiles of Directors

### **Datuk Vivekananthan a/l M.V. Nathan**

*Non-Independent Non-Executive Deputy Chairman*

Datuk Vivekananthan a/l M.V. Nathan, a Malaysian, aged 71, was appointed to the Board on 21 December 2005. He is one of the co-founders of Deleum Services.

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

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

He sits on the Board of International Conference and Exhibition Professionals ("iCEP") (formerly known as WGC 2012/National Organising Committee of the 25<sup>th</sup> World Gas Conference) the main organiser of conferences and exhibitions hosted by PETRONAS.

He also sits on the Boards of Malaysia Deepwater Production Contractors Sdn. Bhd. and Malaysia Deepwater Floating Terminal (Kikeh) Ltd., which are joint ventures between MISC Berhad and Single Buoy Moorings Inc of Monte Carlo.



## Profiles of Directors



### **Nan Yusri bin Nan Rahimy**

*Group Managing Director*

Nan Yusri bin Nan Rahimy, a Malaysian, aged 41, was appointed to the Board on 1 March 2011.

He holds a Bachelor of Engineering Degree (Honours) in Mechanical Engineering from the RMIT University (formerly known as Royal Melbourne Institute of Technology), Australia and is a member of the Society of Petroleum Engineers.

He started his career with Deleum Services in April 1996 as a Marketing Executive supporting the turbomachinery business and was later re-designated to Application Engineer in November 1996. He subsequently held several senior positions within the Group including Senior Marketing Manager, Assistant VP – Business Development, VP – Exploration and Production and COO – Oilfield Services.

In August 2009, he was promoted to CEO of Deleum Oilfield Services Sdn Bhd, a wholly-owned subsidiary of Deleum Berhad and in September 2010 promoted to CEO of Deleum Services before being appointed to his current position on 1 March 2011. He sits on the Board of iCEP as Alternate Director to Datuk Vivekananthan a/l M.V. Nathan.

### **Dato' Kamaruddin bin Ahmad**

*Senior Independent Non-Executive Director*

Dato' Kamaruddin bin Ahmad, a Malaysian, aged 73, was appointed to the Board on 21 March 2007. He is a chartered accountant and a member of the Malaysian Institute of Accountants ("MIA"). He holds an accountancy qualification from the RMIT University (formerly known as Royal Melbourne Institute of Technology), Australia. He is also a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and a Fellow of the CPA Australia. He also attended the Advance Management Programme at the Harvard Business School, USA.

He started his career in the civil service in 1966. He joined Malaysian Airlines System Berhad in 1974 and held various senior management positions there including Director of Finance, Senior Director (Operations) and CEO before assuming the position of Managing Director in 1991 until his retirement in August 1994. He was former Chairman of ACP Industries Berhad and also served as Director of Penerbangan Malaysia Berhad.



## Profiles of Directors

### **Datuk Ishak bin Imam Abas**

*Independent Non-Executive Director*

Datuk Ishak bin Imam Abas, a Malaysian, aged 67, was appointed to the Board on 21 March 2007. He is a Fellow of the Chartered Institute of Management Accountants ("CIMA") and a member of the MIA.

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

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

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

He also sits on the Boards of Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad as Independent Non-Executive Director.



### **Chin Kwai Yoong**

*Independent Non-Executive Director*

Chin Kwai Yoong, a Malaysian, aged 64, was appointed to the Board on 21 March 2007. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the MICPA and the MIA.

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

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

Currently, he sits on the Boards of ASTRO Malaysia Holdings Berhad, ASTRO All Asia Networks Plc., ASTRO Overseas Limited, Genting Berhad and Bank Negara Malaysia. He was recently appointed as Independent Non-Executive Director of Fraser & Neave Holdings Berhad.





## Profiles of Directors



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

Tan Sri Dato' Seri Abdul Ghani bin Abdul Aziz, a Malaysian, aged 67, was appointed to the Board on 30 April 2009. He holds a Master of Arts in International Relations and Strategic Studies from the University of Lancaster, UK, and a Master of Human Sciences (History and Civilization) from the International Islamic University, Malaysia.

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

He is the Managing Director of Penaga Dresser Sdn. Bhd. a subsidiary of Deleum Berhad. He is also the Independent Non-Executive Chairman of C.I. Holdings Berhad.

### Notes:

1. Directors' attendance at Board and Board Committees' meetings during the financial year ended 31 December 2012 are set out in the Statement of Corporate Governance and Audit Committee Report.
2. Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholders of Deleum Berhad, have no conflict of interest with Deleum Berhad and have not been convicted of any offence within the past 10 years.

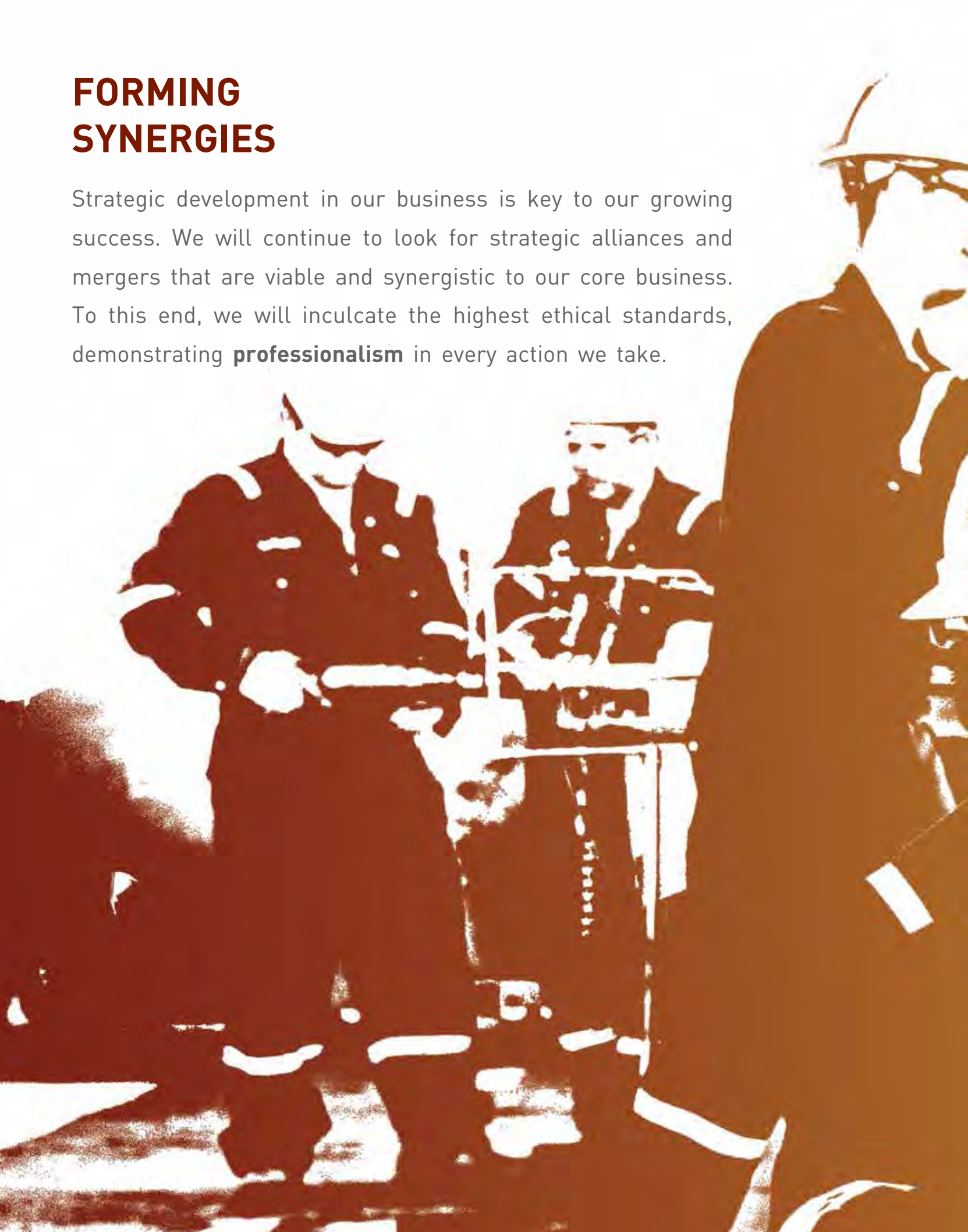
# Key Management



1. **Zamani bin Abd Ghani**  
Group Chief Operating Officer
2. **Lee Sew Bee**  
Senior General Manager  
Group Corporate Services
3. **Heng Phok Wee**  
Chief Operating Officer  
Deleum Services Sdn. Bhd.
4. **Khairiri bin Abd Karim**  
Chief Operating Officer  
Deleum Rotary Services  
Sdn. Bhd.
5. **Ahmad Uzhir bin Khalid**  
Chief Operating Officer  
Deleum Oilfield Services  
Sdn. Bhd.
6. **Jayanthi Gunaratnam**  
Senior General Manager  
Group Finance, Administration  
& Procurement
7. **Nan Yusri bin Nan Rahimy**  
Group Managing Director

## FORMING SYNERGIES

Strategic development in our business is key to our growing success. We will continue to look for strategic alliances and mergers that are viable and synergistic to our core business. To this end, we will inculcate the highest ethical standards, demonstrating **professionalism** in every action we take.







# Chairman's Statement

Dato' Izham bin Mahmud  
Chairman



“

DEAR SHAREHOLDERS, I AM PLEASED TO REPORT THAT THE GROUP HAS POSTED ITS RECORD PROFIT FOR THE YEAR 2012 SINCE INCEPTION. THE GROUP POSTED A NEW HIGH PATAMI OF RM44.5 MILLION, AN INCREASE OF 53.1% FROM RM29.0 MILLION IN 2011 ATTRIBUTABLE TO THE STRONGER PERFORMANCE ACHIEVED BY EACH OF OUR BUSINESS SEGMENTS.

”



## Chairman's Statement



30<sup>th</sup> Anniversary & Corporate Rebranding

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Deleum Berhad for the financial year ended 31 December 2012.

The year 2012 was significant for the Deleum Group, as we posted the record profit since our inception and achieved a historic milestone in our corporate history – our 30<sup>th</sup> anniversary. The Group has certainly come a long way since 1982 when it diversified into the Malaysian oil and gas industry and established itself as a service company. Via strategic long term partnerships and organic growth over the years, we are today a provider of a diverse range of supporting specialised products and services in the exploration and production sector of the oil and gas industry.

We strongly believe in achieving equitable business advantage and synergies through our established and long term relationships with clients and business partners. Adhering steadfastly to our shared values of Integrity, a high level of Professionalism, Health, Safety & Environment and Excellence, has steered us thus far and we have grown from strength to strength as a trusted partner and responsible employer. 2012 indeed has been another exciting year for Deleum, and I have great pleasure in sharing our achievements during the year under review.

### FINANCIAL PERFORMANCE

I am pleased to report that the Group posted a new high PATAMI of RM44.5 million, marking an increase of 53.1% from RM29.0 million in 2011 attributable to the stronger performance achieved by each of our business segments. On the back of robust exploration and production

activities, the Group's revenue rose by 19.4% from RM396.3 million in 2011 to RM473.2 million.

These commendable results delivered by the Group have proven our business focus and strategy to capitalise on the growing opportunities in the domestic oil and gas industry and constant effort in expanding our businesses.

The details of the performance of the three business segments, namely Power and Machinery, Oilfield Services and Maintenance, Repair and Overhaul (MRO) are explained in the Management Discussion and Analysis section of this Annual Report.

### DIVIDEND

We continue to reward our shareholders in line with our dividend policy of distributing dividend of 50% of the Group's annual profit to equity holders of the Company, subject to availability of adequate distributable reserves, operating cash flow requirements, financial commitments and expansion plans to sustain its existing operations and to support its business growth.

The Company paid a first interim single tier dividend of 5.0 sen per ordinary share to our shareholders on 20 September 2012 on an enlarged share capital of 150 million ordinary shares subsequent to issuance of 50 million bonus shares on 8 June 2012. The Board had subsequently declared a second interim single tier dividend of 10.0 sen per ordinary share, paid on 25 March 2013. This brought the total dividend payout for the financial year 2012 to 15.0 sen per ordinary share, totalling RM22.5 million based on 150 million ordinary shares, as compared to 14.0 sen per ordinary share, totalling RM14.0 million based on 100 million ordinary shares in 2011.



## Chairman's Statement

### CORPORATE DEVELOPMENT

We celebrated our 30<sup>th</sup> anniversary as ONE by undertaking a corporate rebranding exercise to consolidate our key subsidiaries carrying the name 'Delcom', to take on a united identity and name under 'Deleum'. This creates a stronger, more cohesive front to the general public while also promoting a greater sense of togetherness internally driving us forward as one team striving for a shared vision and goals. The Deleum Group is now ONE – *Same Name, Same Commitment, Same Values*. While strengthening our Deleum brand, we remain committed to improving the way we communicate with our stakeholders and have revamped our corporate website which is now more informative.

As part of the Group's expansion and growth strategies, Deleum had via its wholly-owned subsidiary, Deleum Services Sdn. Bhd., completed the acquisition of 60% equity interest in Northern Primera Sdn. Bhd., now known as Deleum Primera Sdn. Bhd. (Deleum Primera). Deleum Primera's core business is providing services in integrated corrosion and inspection services, primarily using Sponge-Jet technology, which enhances the portfolio of the MRO segment's scope of services. From a growth perspective, I believe Deleum Primera's sole distributorship of Sponge-Jet technology in Malaysia and Indonesia provides a gateway for the Group to venture into the Indonesian market for the provision of integrated corrosion and inspection services, in line with our business strategy of regional expansion.

### CORPORATE GOVERNANCE

Deleum is committed in upholding good corporate governance to direct and manage its business and affairs towards enhancing business prosperity and corporate accountability. We remain focused in safeguarding the Group's resources in the interests of our shareholders and other stakeholders, while striving towards sustainable growth and enhancing stakeholders' value.

The Board of Directors is guided and mindful of the principles and recommendations of the revised Malaysian Code on Corporate Governance 2012 (MCCG 2012). Where necessary and applicable, the best practices and recommendations of the MCCG 2012 have been implemented. The Board has adopted the Board Charter during the year, which sets out its roles, functions, composition, operations and processes.

In view of the constantly changing business environment in the oil and gas industry, we assess our risk appetite on a continual basis as we strive to grow and expand our business locally and regionally. In this regard, we have introduced a new Enterprise Risk Management (ERM) framework to further strengthen and to ensure a structured and holistic approach is adopted in identifying, evaluating and managing the risks faced by the Group.

### SUSTAINABILITY AND CORPORATE RESPONSIBILITY

At Deleum, we recognise the importance and the need for its strategies and plans to promote sustainability and contribute towards sustainable development, with

particular focus on the environmental, social and governance aspects of the business. In essence, we continuously seek to achieve a balance against the competing interests of the other stakeholders of the Company in conducting our day-to-day business.

We strive to maintain a safe and conducive work environment for our employees and to ensure rigorous standards, policies and procedures of Quality, Health, Safety and Environment (QHSE) are strictly adhered to. We also encourage practices that safeguard and minimise the impact to the environment and support initiatives which promote its protection and preservation. During our Group's HSE Campaign in 2012, various programmes were implemented to increase safety and environmental awareness as well as to inculcate a proactive intervention culture among our workforce, homes and communities. The detailed programmes and activities are explained in the QHSE statement which is set out on page 32 of this Annual Report.

We believe in giving back to the communities we serve and the wider world around us, and we support charitable causes and initiatives on community development projects. We continue to support and provide a caring human touch to the needy and impoverished via donation drives and convivial celebrations to share the joy of festive occasions with underprivileged children from diverse backgrounds. The Group continued to organise its annual blood donation campaign at the head office in collaboration with the Pusat Darah Negara, which saw active participation from employees, business associates and the public.

## Chairman's Statement

### HUMAN CAPITAL DEVELOPMENT

We believe in continuously developing our employees, as they are the most valuable assets to the Group with an important part to play in sustaining the Group's performance and achieving its future growth. We therefore continue to place emphasis on the continued professional development of our employees and engage them actively through our shared values, while propelling employees towards achieving our business goals.

During the year, we have enhanced our human development framework, amongst others, focusing and enhancing our performance and competency management system, leadership development and talent attraction.



*Leadership Programme*



*Hari Raya Celebration with Underprivileged Children*



*QHSE Programme - Fire Fighting Training*

### OUTLOOK

Following a series of oil and gas discoveries in these recent years and the emphasis placed by the Malaysian Government under the Economic Transformation Programme (ETP) to intensify exploration activities that help boost oil output, more exploration and production activities are expected to spur business opportunities in the oil and gas industry. We believe it will also promote significant upstream investment in the country. We, therefore, remain positive about our prospects in the Malaysian oil and gas industry. However, there may be factors beyond our control impacting the oil and gas industry which in turn may impact our performance.

As we move towards another milestone, we continue to focus on our core business segments while increasing our service related business. The Group remains mindful of the increasingly challenging economic environment and will continue to look diligently for opportunities to form strategic alliances and mergers and

acquisitions which are viable and synergistic to our core business. We are very excited about the direction that we are heading to while pursuing our business sustainability growth.

### ACKNOWLEDGEMENTS

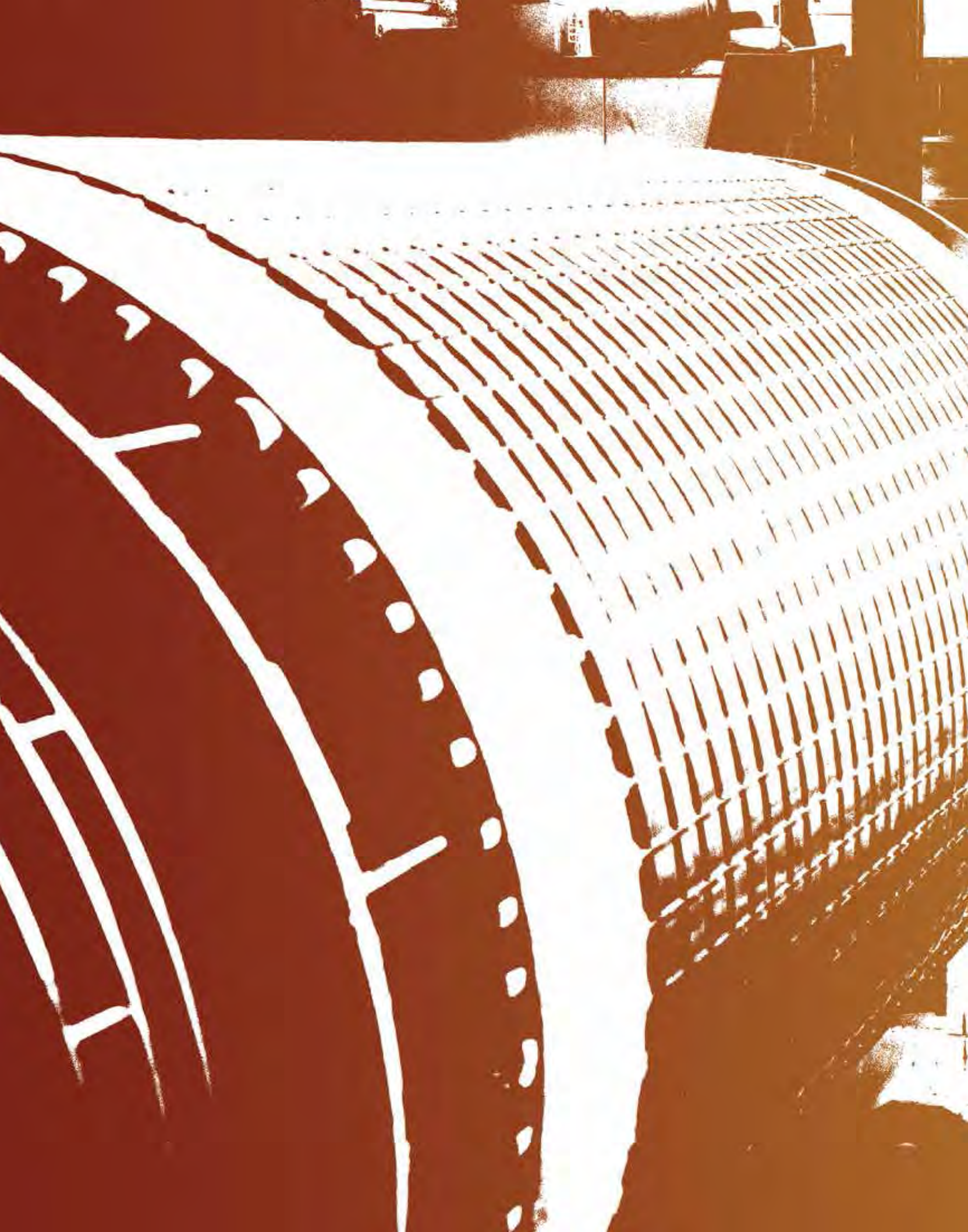
Deleum Group has come a long way over the last 30 years and, on behalf of the Board of Directors, I would like to extend the Board's appreciation to our Management and employees for their commitment, hard work and dedication to uphold our shared values for delivering a truly excellent performance for the year 2012. I would also like to express my sincere gratitude to my fellow Board members for their wise counsel and guidance which have seen the Group grow in strength over the years.

Last but not least, I would like to thank all our stakeholders, in particular our customers, suppliers, business partners, financiers and shareholders for their loyal support, trust and confidence in us, and cooperation throughout the years, which has enabled us to achieve our business goals and brought us thus far, today.

**Dato' Izham bin Mahmud**  
Chairman

24 April 2013









## OPTIMISING PERFORMANCE

Continued **excellence** is a goal we strive to achieve in all areas of our business. In line with our aspiration to optimise our performance, we will remain focused on key business areas whilst working towards geographical expansion to establish regional presence by 2015.

# Management DISCUSSION AND ANALYSIS

## GROUP BUSINESS AND OPERATIONS

The Deleum Group provides a diverse range of specialised products and services that support the oil and gas industry, predominantly in the upstream sector. In its 30-year history, it has made respectable progress, emerging from the traditional trading business approach (agent-principal) into joint ventures, partnerships and self-operated businesses to further enhance its involvement and role in supporting the oil and gas industry. The Group is involved in three business segments i.e. Power and Machinery, Oilfield Services and Maintenance, Repair and Overhaul (MRO).

The Group is headquartered in Kuala Lumpur and its operating facilities are located across Malaysia, including the two supply bases i.e. Kemaman Supply Base in Kemaman and Asian Supply Base in Labuan. The Power and Machinery segment is further supported by an integrated facility in Senawang which provides overhaul and repair services for gas turbines for both local and regional customers; the Oilfield Services segment has its operating facilities in Kemaman, Miri and Labuan, and a newly set up research and development facility for specialty chemicals in Petaling Jaya; and the MRO segment has its operating facilities and service centre in Kajang and Sungai Besi.

## CORPORATE DEVELOPMENT

In 2012, the Group celebrated its 30<sup>th</sup> Anniversary as ONE by undertaking a corporate rebranding exercise to consolidate its key subsidiaries and to take on a united identity and name under 'Deleum'. 'Deleum' is coined from 'Delcom' and 'Oleum'; 'Oleum' means 'Oil' in Latin. The Deleum name represents the Group's focus in the industry it operates in – the oil and gas industry.



## WE ARE NOW UNITED UNDER ONE NAME

*In celebration of the Group's 30<sup>th</sup> Anniversary, we are forging ahead as one.*

*As the Group unites as Deleum, we will continue working together to strive to achieving our goal of providing the highest quality of products and services, while delivering excellence at all times.*

FORMER NAME	PRESENT NAME
 DELCOM SERVICES SDN. BHD.	 DELEUM SERVICES SDN. BHD.
 DELCOM OILFIELD SERVICES SDN. BHD.	 DELEUM OILFIELD SERVICES SDN. BHD.
 DELCOM CHEMICALS SDN. BHD.	 DELEUM CHEMICALS SDN. BHD.
 ROTARY TECHNICAL SERVICES SDN. BHD.	 DELEUM ROTARY SERVICES SDN. BHD.
 DELCOM SERVICES HOLDINGS LIMITED	 DELEUM SERVICES HOLDINGS LIMITED

**"We are ONE. Same Name, Same Commitment, Same Values."**

Several key subsidiaries of the Deleum Group which were formerly operating under the 'Delcom' name have now adopted the 'Deleum' name.

## FINANCIAL OVERVIEW

Over the years, the oil and gas industry continues to play a significant role in the Malaysian economy which contributes approximately one fifth of the national Gross Domestic Product (GDP). Under the Government's Economic Transformation Programme (ETP) initiatives, the oil and gas sector has been identified as one of the National Key Economic Areas (NKEAs). There are thirteen Entry Point Projects (EPPs) targeted for the oil and gas sector under the NKEAs that cover a wide spectrum of activities ranging from plans to turn Malaysia into a regional oil storage and trading hub, to grow local capabilities and to spur exploration investment in marginal oil and gas fields, to name a few.

The year 2012 has also been an exciting year for the oil and gas industry in Malaysia. A series of onshore and offshore oil and gas discoveries in Sarawak and also the east coast of Peninsular Malaysia were announced during the year. PETRONAS' planned