

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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2012**

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

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>RM'000</b>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>QUARTER ENDED 31/12/2012</b>	<b>QUARTER ENDED 31/12/2011</b>	<b>YEAR-TO- DATE ENDED 31/12/2012 Unaudited</b>	<b>YEAR-TO-DATE ENDED 31/12/2011 Audited</b>
Revenue	155,249	106,544	473,240	396,303
Cost of sales	(121,520)	(85,867)	(365,516)	(316,728)
Gross profit	33,729	20,677	107,724	79,575
Other income	924	1,077	2,703	3,056
Selling and distribution expenses	(6,463)	(5,422)	(19,233)	(17,081)
Administrative expenses	(9,506)	(6,356)	(34,891)	(29,862)
Other operating expenses	(3,612)	(875)	(4,003)	(2,051)
Profit from operation	15,072	9,101	52,300	33,637
Finance costs	650	(662)	(408)	(1,607)
Share of post tax profits of associates	3,588	4,048	15,579	13,679
Profit before tax	19,310	12,487	67,471	45,709
Income tax expense	(2,588)	(3,873)	(13,257)	(10,998)
<b>Profit for the period</b>	<b>16,722</b>	<b>8,614</b>	<b>54,214</b>	<b>34,711</b>
<b>Other comprehensive income</b>				
Currency translation differences	(61)	1,126	(1,359)	683
<b>Total comprehensive income for the period</b>	<b>16,661</b>	<b>9,740</b>	<b>52,855</b>	<b>35,394</b>
<b>Profit attributable to:</b>				
- Equity holders of the Company	13,504	7,239	44,450	29,032
- Non-controlling interests	3,218	1,375	9,764	5,679
	16,722	8,614	54,214	34,711
<b>Total comprehensive income attributable to:</b>				
- Equity holders of the Company	13,474	7,930	43,524	29,350
- Non-controlling interests	3,187	1,810	9,331	6,044
	16,661	9,740	52,855	35,394
<b>Earnings per share (EPS) attributable to equity holders of the Company (sen)</b>				
- Basic EPS	9.00	7.24	29.63	29.03
Number of shares issued	150,000	100,000	150,000	100,000

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

<b>RM'000</b>	<b>As at 31/12/2012 Unaudited</b>	<b>As at 31/12/2011 Audited</b>
<b>ASSETS</b>		
Property, plant and equipment	97,154	99,106
Investment properties	935	959
Intangible assets	1,619	365
Associates	46,526	44,054
Deferred tax assets	2,262	476
<b>Non-current Assets</b>	<b>148,496</b>	<b>144,960</b>
Inventories	15,867	13,429
Amounts due from associates	1,124	15
Trade receivables	141,881	91,604
Deferred cost	3,007	4,526
Other receivables, deposits and prepayments	18,024	8,404
Tax recoverable	4,803	3,972
Deposits with licensed banks	68,626	63,640
Cash and bank balances	12,191	6,959
<b>Current Assets</b>	<b>265,523</b>	<b>192,549</b>
<b>TOTAL ASSETS</b>	<b>414,019</b>	<b>337,509</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	150,000	100,000
Equity - share based payment	11	-
Retained earnings	119,460	141,510
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,523)	(2,597)
Equity attributable to equity holders of the Company	215,948	188,913
Non-controlling interests	30,347	25,288
<b>Total Equity</b>	<b>246,295</b>	<b>214,201</b>
Borrowings	3,368	9,919
Deferred tax liabilities	7,236	5,797
<b>Non-current Liabilities</b>	<b>10,604</b>	<b>15,716</b>
Trade payables	109,133	70,120
Deferred revenue	8,397	6,055
Other payables and accruals	18,371	13,087
Dividend payable	140	68
Taxation	5,487	1,263
Borrowings	15,592	16,999
<b>Current Liabilities</b>	<b>157,120</b>	<b>107,592</b>
<b>Total Liabilities</b>	<b>167,724</b>	<b>123,308</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>414,019</b>	<b>337,509</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		
	<b>1.44</b>	<b>1.89</b>
Number of shares issued	150,000	100,000

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity	
	-----Non-distributable-----		Distributable					
RM'000	Share capital	Share based payment	Currency translation differences	Merger deficit	Retained earnings	Total		
At 1 January 2011	100,000	0	(2,914)	(50,000)	125,477	172,563	27,979	200,542
Total comprehensive income for the year	0	0	317	0	29,033	29,350	6,044	35,394
Dividend	0	0	0	0	(13,000)	(13,000)	(8,735)	(21,735)
At 31 December 2011	<u>100,000</u>	<u>0</u>	<u>(2,597)</u>	<u>(50,000)</u>	<u>141,510</u>	<u>188,913</u>	<u>25,288</u>	<u>214,201</u>
At 1 January 2012	100,000	0	(2,597)	(50,000)	141,510	188,913	25,288	214,201
Total comprehensive income for the year	0	0	(926)	0	44,450	43,524	9,331	52,855
Dividend	0	0	0	0	(16,500)	(16,500)	(5,296)	(21,796)
Bonus issue	50,000	0	0	0	(50,000)	0	0	0
Acquisition of subsidiary	0	0	0	0	0	0	1,024	1,024
Share based payment	0	11	0	0	0	11	0	11
At 31 December 2012	<u>150,000</u>	<u>11</u>	<u>(3,523)</u>	<u>(50,000)</u>	<u>119,460</u>	<u>215,948</u>	<u>30,347</u>	<u>246,295</u>

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

RM'000	Year-to-date ended	
	31/12/2012	31/12/2011
	Unaudited	Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	429,206	448,777
Cash payments to suppliers	(293,027)	(337,562)
Cash payments to employees and for operating expenses	(72,377)	(65,694)
Cash generated from operations	63,802	45,521
Interest paid	(1,103)	(1,397)
Tax paid	(10,979)	(8,690)
<b>Net cash generated from operating activities</b>	<b>51,720</b>	<b>35,434</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,583	1,342
Property, plant and equipment		
- Purchases	(22,239)	(19,580)
- Proceeds from disposals	178	668
Acquisition of subsidiary	(3,180)	0
Dividends received from associate	12,294	11,746
<b>Net cash used in investing activities</b>	<b>(11,364)</b>	<b>(5,824)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings:		
- Proceeds	65	11,300
- Repayments	(7,327)	(6,230)
Dividends paid to:		
- Shareholders	(16,500)	(13,000)
- Non-controlling interest	(5,296)	(8,736)
(Increase) / decrease in restricted cash	(13)	1
<b>Net cash used in financing activities</b>	<b>(29,071)</b>	<b>(16,665)</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,285</b>	<b>12,945</b>
Effects of exchange rate changes	(1,080)	45
Cash and cash equivalents at beginning of year	70,088	57,098
<b>Cash and cash equivalents at end of year</b>	<b>80,293</b>	<b>70,088</b>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits	68,626	63,640
Cash and bank balances	12,191	6,959
	80,817	70,599
Restricted cash	(524)	(511)
<b>Cash and cash equivalents at end of year</b>	<b>80,293</b>	<b>70,088</b>

The consolidated statement of cash flow for the year ended 31 December 2011 has been represented using the direct method of presentation.

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**PART A, APPENDIX 9B OF LISTING REQUIREMENT**  
**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	QUARTER ENDED 31/12/2012	QUARTER ENDED 31/12/2011	YEAR-TO-DATE ENDED 31/12/2012	YEAR-TO-DATE ENDED 31/12/2011
<b>RM'000</b>				
(a) Interest income	(276)	(416)	(1,583)	(1,342)
(b) Other income including investment income	(648)	(661)	(1,120)	(1,714)
(c) Interest expense	(650)	662	408	1,607
(d) Depreciation and amortisation	4,004	3,482	14,556	13,171
(e) Provision for and write-off of receivables	1,383	1,002	1,383	1,002
(f) Loss on disposal of quoted investments	258	0	258	0
(g) Foreign exchange loss	1,124	425	312	93
(h) Provision for and write off of inventories	40	50	40	65
(i) Loss or (gain) on disposal of property, plant and equipment	0	9	(84)	(87)

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

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. BASIS OF PREPARATION**

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards No.134 – “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the attached explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011. The results of the associates are based on management accounts.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2011, except for the adoption of Malaysian Financial Reporting Standards 1 (“MFRS 1”) which complies with International Financial Reporting Standards Board.

The standards, amendments to published standards and interpretations to existing standards effective for financial year beginning on 1 January 2012 that are applicable and adopted by the Group are as follows:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
Amendment to MFRS 1	First-time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers to Financial Assets

The Group has applied the following mandatory exceptions and none of the optional exemptions under MFRS 1:

(a) Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

(b) Non-controlling interests

MFRS requires attribution of total comprehensive income between equity holders and non-controlling interests (“NCI”) even if this results in the NCI having a deficit balance at transition date, and the transition date is the same as date of adoption of FRS.

The adoption of the above MFRS standards has no material impact to the Group.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's operation is not affected by any significant seasonal or cyclical factors in the financial period under review. It should be noted that the Group operates predominantly in the oil and gas sector in Malaysia. Accordingly, the level of the Group's business activities is closely co-related with that of the oil and gas operators and contractors in Malaysia. Any change in their level of activities will likewise have an impact on the Group.

**A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE**

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the financial year, other than the bonus issue completed in the second quarter of the financial year.

**A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

There were no material changes to estimates that have had any material effect on the financial year results.

**A5. EQUITY AND DEBT SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year, other than the bonus issue completed in the second quarter of the financial year.

**A6. OUTSTANDING DERIVATIVES**

The Group had not entered into any new type of derivative in the current interim quarter that was not disclosed in the preceding year's annual financial statements. In addition, the Group does not have any outstanding derivative as at 31 December 2012.

**A7. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

The Group does not have any financial liabilities measured at fair value through profit and loss as at 31 December 2012.



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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A8. DIVIDEND PAID**

During the first quarter of the current financial year, the Company paid the following second interim single tier dividend of 9 sen per share of RM1.00 each on 100,000,000 ordinary shares, in respect of the financial year ended 31 December 2011.

	<b>RM'000</b>
Second interim single tier dividend of 9 sen per share on 100,000,000 ordinary shares, paid on 23 March 2012	<u>9,000</u>

During the third quarter of the current financial year, the Company paid a first interim single tier dividend of 5 sen per share of RM1.00 each on 150,000,000 ordinary shares, in respect of the financial year ended 31 December 2012.

	<b>RM'000</b>
First interim single tier dividend of 5 sen per share on 150,000,000 ordinary shares, paid on 20 September 2012	<u>7,500</u>

**A9. SEGMENT INFORMATION**

The segments of the Group are as follows:

- Power and Machinery – Mainly consists of provision of gas turbine packages, supply of gas turbine parts, gas turbine overhaul, maintenance and technical services, combined heat and power plant, supply, repair, maintenance and installation of valves and flow regulators and other production related equipment and services.
- Oilfield Services – Mainly consists of provision of wireline equipment and services, integrated wellhead maintenance services, oilfield chemicals, drilling equipment and services and other oilfield products and technical services.
- Maintenance, Repair and Overhaul – Mainly consists of repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps. Save as disclosed in the third quarter announcement dated 26 November 2012, upon completion of the acquisition of Deleum Primera Sdn. Bhd. (“DPSB”) (formerly known as Northern Primera Sdn. Bhd.), this segment has further expanded to include services in integrated corrosion, inspection and mitigation, primarily using Sponge Jet technology.

Tax expense is not allocated to the business segments as they are measured at the entity level.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A9. SEGMENT INFORMATION (Cont'd)**

Segmental information for the financial year ended 31 December 2012 is as follows:

	Individual Quarter ended		Cumulative quarter ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	139,061	83,984	379,467	317,333
Power and Machinery	139,061	83,984	379,467	317,333
Oilfield Services				
External revenue	7,695	20,030	76,938	65,956
Oilfield Services	7,695	20,030	76,938	65,956
Maintenance, Repair and Overhaul				
External revenue	8,493	2,530	16,835	13,014
Maintenance, Repair and Overhaul	8,493	2,530	16,835	13,014
Total Group revenue	155,249	106,544	473,240	396,303

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A9. SEGMENT INFORMATION (Cont'd)**

	Individual Quarter ended		Cumulative quarter ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
<u>Segment Results</u>				
Power and Machinery	21,342	13,584	58,127	38,851
Oilfield Services	(1,459)	(667)	5,063	3,833
Maintenance, Repair and Overhaul	(628)	(1,517)	(987)	(2,041)
Segment results	19,255	11,400	62,203	40,643
Unallocated income ^	205	164	668	631
Unallocated corporate expenses #	(3,738)	(3,125)	(10,979)	(9,244)
Share of results of associates	3,588	4,048	15,579	13,679
Tax expense	(2,588)	(3,873)	(13,257)	(10,998)
Profit for the financial period	16,722	8,614	54,214	34,711

^ Unallocated income comprises interest earned by the Company.

# Unallocated corporate expenses represent expenses incurred by the Group for depreciation of corporate's property, plant and equipment, and the Company's corporate expenses that are not driven by business segments.

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

No property, plant and equipment was revalued as at 31 December 2012.

**A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE**

On 4 January 2013, the Company had accepted an offer made by NSE Resources Corporation (M) Sdn. Bhd. ("NSERC") to subscribe for new shares to be issued by NSERC, representing 55% equity interests in NSERC ("Subscription Shares") for a total consideration not exceeding RM23,100,000.

The principal activity of NSERC is that of investment holding and provision of management consultation services. NSERC has three (3) subsidiaries namely NSE Energy Sdn. Bhd., NSE Polymer Sdn. Bhd. and Global Network Technology Sdn. Bhd. The core businesses of NSE Group are in the provision of specialty chemicals and renewable energy.

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

**A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE (CONT.)**

Subsequent announcement(s) will be made in accordance with the Main Market listing Requirements of Bursa Malaysia Securities Berhad upon finalisation of all terms and conditions in respect of the Proposed Subscription which a definitive subscription agreement for the subscription of the Subscription Shares ("Proposed Subscription") will be executed.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

On 5 October 2012, the Company completed the Share sale transaction in connection with the proposed acquisition of 594,000 ordinary of RM1.00 each in DPSB, representing 60% equity interest of DPSB from the Vendors at the total cash consideration of RM3.18 million. DPSB is now a 60% owned subsidiary of the Company via its wholly-owned subsidiary, Deleum Services Sdn. Bhd. (formerly known as Delcom Services Sdn. Bhd.)

Consistent with the requirements of MFRS3 "Business Combination", management will finalise the provisional Purchase Price Allocation of this acquisition within the 12 months from the date of acquisition.

Save as disclosed above, there were no other changes in the composition of the Group during the financial year ended 31 December 2012.

**A13. CONTINGENT LIABILITIES / ASSETS**

As at 31 December 2012, the Group does not have any contingent liabilities or assets except for contingent liabilities for guarantees in respect of credit facilities from licensed financial institutions of RM22.6 million (31 December 2011: RM23.2 million) for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts.

**A14. COMMITMENTS**

Capital commitments for property, plant and equipment not provided for as at 31 December 2012 are as follows:

	<b>As at 31/12/2012 RM'000</b>	<b>As at 31/12/2011 RM'000</b>
Authorised and contracted for	8,235	2,338

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

**A15. RELATED PARTY TRANSACTIONS**

The following transaction is with a party related to a corporate shareholder of a subsidiary of the Group, Turboservices Sdn. Bhd.

	Individual Quarter ended		Cumulative quarter ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Purchases and technical services from Solar Turbines International Company	77,890	46,092	253,649	135,207

The following transactions are with a corporate shareholder and affiliate companies of a corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

	Individual Quarter ended		Cumulative quarter ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Sales to related parties of Dresser Italia S.R.L	0	0	2	138
Purchases from Dresser Italia S.R.L	60	117	429	2,178
Purchases from related parties of Dresser Italia S.R.L	6,904	3,555	17,183	13,054

The remuneration of the key management personnel during the year are as follows:

	Individual Quarter ended		Cumulative quarter ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Directors fee	232	187	811	750
Salaries, bonuses, allowances and other staff related expenses	4,383	2,860	8,146	5,979
Defined contribution plan	544	350	933	683
	5,159	3,397	9,890	7,412

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

**A16. RECLASSIFICATION OF PRIOR YEAR COMPARATIVE**

The Group has re-aligned the functions within the organisation and has accordingly reclassified the costs presented in the Statement of Comprehensive Income and Statement of Cash Flow. The effect of the reclassification in the Statement of Comprehensive Income is illustrated below.

	<b>Individual Quarter ended 31/12/2011</b>		
	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As reclassified RM'000</b>
Cost of sales	84,785	1,082	85,867
Selling and distribution expenses	1,153	4,269	5,422
Administrative expenses	11,108	(4,752)	6,356
Other operating expenses	1,474	(599)	875

	<b>Cumulative Quarter ended 31/12/2011</b>		
	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As reclassified RM'000</b>
Cost of sales	312,260	4,468	316,728
Selling and distribution expenses	3,501	13,580	17,081
Administrative expenses	44,747	(14,885)	29,862
Other operating expenses	5,214	(3,163)	2,051

The effect of the reclassification in the Statement of Cash Flow is illustrated below.

	<b>Cumulative Quarter ended 31/12/2011</b>		
	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As reclassified RM'000</b>
Cash receipts from customers	445,143	3,634	448,777
Cash payments to suppliers	(335,555)	(2,007)	(337,562)
Cash payments to employees and for operating expenses	(64,067)	(1,627)	(65,694)

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. PERFORMANCE REVIEW**

(A) Performance of the current quarter against the corresponding quarter

<u>Revenue</u>	Q4'12 RM'000	Q4'11 RM'000	Variance RM'000	Variance %
Power and Machinery	139,061	83,984	55,077	65.6
Oilfield Services	7,695	20,030	(12,335)	(61.6)
Maintenance, Repair and Overhaul	8,493	2,530	5,963	235.7
	<u>155,249</u>	<u>106,544</u>	<u>48,705</u>	<u>45.7</u>

The Group recorded revenue of RM155.2 million for the current quarter compared to RM106.5 million for the corresponding quarter.

**Power and Machinery** segment revenue contribution increased by RM55.1 million compared to the corresponding quarter mainly attributable to the supply of new refurbishment equipment for a retrofit project, overhauling activities and the maintenance and installation of valves and flow regulators.

**Oilfield Services** segment experienced a reduction in revenue by RM12.3 million in the current quarter mainly from lower wireline and survey job utilisation by a customer as the contract was nearing expiration. In addition, demand for centralizers was lower as the customers have adequate inventories to cater for their operations.

**Maintenance, Repair and Overhaul** segment recorded an increase in revenue by RM6.0 million mainly due to the inclusion of DPSB's post acquisition revenue of RM5.1 million.

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

(B) Profit before tax for the current quarter against the corresponding quarter

	Q4'12 RM'000	Q4 '11 RM'000	Variance RM'000	Variance %
Power and Machinery	21,342	13,584	7,758	57.1
Oilfield Services	(1,459)	(667)	(792)	118.7
Maintenance, Repair and Overhaul	(628)	(1,517)	889	(58.6)
Segment results	<u>19,255</u>	<u>11,400</u>	<u>7,855</u>	<u>68.9</u>
Share of associates' results	<u>3,588</u>	<u>4,048</u>	<u>(460)</u>	<u>(11.4)</u>
Profit before tax	<u>19,310</u>	<u>12,487</u>	<u>6,823</u>	<u>54.6</u>

The segments recorded an improvement in results by RM7.9 million from RM11.4 million in the corresponding quarter to RM19.3 million in the current quarter. This was mainly contributed by the increased results recorded by the **Power and Machinery** segment by RM7.8 million and the improved performance of the **Maintenance, Repair and Overhaul** segment by RM0.9 million. The increase was offset by a decrease in results by the **Oilfield Services** segment by RM0.8 million.

**Power and Machinery** segment recorded a result of RM21.3 million for the current quarter compared to RM13.6 million in the corresponding quarter. The higher result was mainly attributable to the increase in margin earned amounting to RM12.5 million, on the back of higher revenue. The increase was offset by an increase in expenses of RM5.2 million in line with the higher operating activities..

**Oilfield Services** segment recorded a loss of RM1.5 million for the current quarter compared to the corresponding quarter loss of RM0.7 million. The increase in loss was mainly attributable to the lower gross profits earned in line with lower wireline revenue and centralizers sales, coupled with the fixed overhead expenses.

**Maintenance, Repair and Overhaul** segment recorded a lower loss of RM0.6 million for the current quarter as compared to a loss of RM1.5 million in the corresponding quarter mainly attributable to the inclusion of DPSB's post acquisition results of RM0.5 million. Rotary recorded a lower loss of RM1.2 million compared to RM1.5 million in the corresponding quarter due higher revenue earned in the current quarter.

**Share of associates' results** has reduced from RM4.0 million in the corresponding quarter to RM3.6 million in the current quarter with lower throughput from Malaysian Mud and Chemicals Sdn. Bhd.



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

(C) Revenue of the current year against the corresponding year

	Cumulative Quarter ended		Variance RM'000	Variance %
	Q4 '12 RM'000	Q4 '11 RM'000		
<b>Revenue</b>				
Power and Machinery	379,467	317,333	62,134	19.6
Oilfield Services	76,938	65,956	10,982	16.7
Maintenance, Repair and Overhaul	16,835	13,014	3,821	29.4
	<b>473,240</b>	<b>396,303</b>	<b>76,937</b>	<b>19.4</b>

The Group recorded revenue of RM473.2 million for the current year compared to RM396.3 million for the corresponding year.

**Power and Machinery** segment recorded a revenue of RM379.5 million representing an increase of RM62.1 million compared to the corresponding period. The main contribution to the increase in revenue was the increased demand from the customers on the back of robust exploration and production activities. Increased sales were recorded mainly by retrofit projects and valves and regulators.

**Oilfield Services** segment experienced an increase in revenue of RM11.0 million during the year largely due to the higher deployment of wireline equipment and services and its related products during the first 6 months of the year and higher sales from an one-off wellhead maintenance critical spares sales.

**Maintenance, Repair and Overhaul** segment recorded a revenue increase of RM3.8 million compared to the corresponding period mainly attributable to the inclusion of DPSB's results of RM5.1 million. However Rotary's revenue contribution declined by RM1.3 million year on year due to lower business activities

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

(D) Profit before tax of the current year against the corresponding year

	Cumulative Quarter ended		Variance RM'000	Variance %
	Q4 '12 RM'000	Q4 '11 RM'000		
Power and Machinery	58,127	38,851	19,276	49.6
Oilfield Services	5,063	3,833	1,230	32.1
Maintenance, Repair and Overhaul	(987)	(2,041)	1,054	(51.6)
Segment results	62,203	40,643	21,560	53.0
Share of associates' results	15,579	13,679	1,900	13.9
Profit before tax	67,471	45,709	21,762	47.6

The segments recorded an improvement in results by RM21.6 million for the current year, from RM40.6 million in the corresponding year to RM62.2 million in the current year under review. This was contributed by all the segments. Contribution from the **Power and Machinery** segment increased by RM19.3 million, the **Oilfield Services** segment by RM1.2 million and the **Maintenance, Repair and Overhaul** segment by RM1.1 million.

**Power and Machinery** segment recorded a higher result of RM58.1 million for the current year compared to RM38.8 million in the corresponding year. The increase was mainly due to the increase in gross profits earned on the back of higher revenue.

**Oilfield Services** segment recorded a higher result of RM5.1 million for the current year compared to the corresponding period of RM3.8 million. The increase was mainly due to higher margin from oilfield chemical services on well performance enhancements that commenced late 2011 and higher delivery of drilling related products and services due to higher drilling and production activities.

**Maintenance, Repair and Overhaul** segment recorded a loss of RM1.0 million for the current year compared to the corresponding year loss of RM2.0 million. The favourable variance was mainly attributable to the inclusion of DPSB's results of RM0.5 million and lower losses recorded in Rotary.

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

(D) Profit before tax of the current year against the corresponding year (Cont'd)

**Share of associates' results** has increased from RM13.7 million in the corresponding year to RM15.6 million in the current year with higher throughput from Malaysian Mud and Chemicals Sdn. Bhd. on the back of higher drilling activities in the East Malaysia region.

**B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAX AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PROFIT BEFORE TAX**

	Q4 '12 RM'000	Q3 '12 RM'000	Variance RM'000	Variance %
Power and Machinery	21,342	14,875	6,467	43.5
Oilfield Services	(1,459)	1,164	(2,623)	(225.3)
Maintenance, Repair and Overhaul	(628)	205	(833)	(406.3)
Segment results	<u>19,255</u>	<u>16,244</u>	<u>3,011</u>	<u>18.5</u>
Share of associates' results	<u>3,588</u>	<u>3,728</u>	<u>(140)</u>	<u>(3.8)</u>
Profit before tax	<u>19,310</u>	<u>17,415</u>	<u>1,895</u>	<u>10.9</u>

The Group's profit before tax for the current quarter was RM19.3 million compared to RM17.4 million in the immediate preceding quarter.

The segments recorded a higher result of RM19.3 million for the current quarter compared to RM16.2 million in the preceding quarter.

**Power and Machinery** segment recorded a higher result of RM21.3 million for the current quarter compared to RM14.9 million in the preceding quarter. The increase of RM6.5 million was mainly attributable to retrofit projects and higher dispatch of valves and regulators during the current quarter on the back of increased exploration and production activities.

**Oilfield Services** segment recorded a loss of RM1.5 million for the current quarter compared to a profit of RM1.2 million in the preceding quarter. The decrease was mainly attributable to lower wireline and survey job utilisation by a customer, as the contract was nearing expiration and higher operating expenses incurred in the fourth quarter.

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**B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAX AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PROFIT BEFORE TAX (Cont'd)**

**Maintenance, Repair and Overhaul** segment recorded a loss of RM0.6 million for the current quarter against a profit of RM0.2 million recorded in the preceding quarter mainly attributable to higher operating expenses from Rotary including allowance for doubtful debts of RM0.6 million made in the current quarter, offset by contribution of RM0.5 million from DPSB.

**Share of associates' results** remained comparable recording RM3.6 million in the current quarter compared to RM3.7 million in the preceding quarter.

**B3. PROSPECTS**

Under the Economic Transformation Programme, one of the country's main economic drivers is the Oil and Gas industry encompassing strategies to reverse the decline in production by improving recovery from existing oilfields, development of marginal fields and adding to the resource base.

PETRONAS is the primary vehicle charged with this task and in this context, PETRONAS and its contractors are expected to spend heavily on capital and operating expenditures moving forward, which will underpin the Oil and Gas sector in Malaysia resulting in more activities and contracts to be awarded.

As the Company's business activities are primarily in this sector, the prospects are positive. We are committed to participate in the anticipated increase in Exploration and Production activities. Competition will be intense, however the Board and Management are cognizant of the challenges ahead. Accordingly, initiatives are being taken to enhance our competitive position and to take advantage of the forthcoming opportunities.

**B4. PROFIT FORECAST**

The Group has not issued any profit forecast for the current financial year and therefore no comparison is available.

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**B5. INCOME TAX EXPENSE**

	Individual Quarter ended		Cumulative Quarter ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Current tax – current year	4,836	4,323	13,946	9,960
Under provision in prior year	54	734	206	734
Deferred tax – origination and reversal of temporary differences	(2,302)	(1,184)	(895)	304
<b>Total income tax expense</b>	<b>2,588</b>	<b>3,873</b>	<b>13,257</b>	<b>10,998</b>

Excluding the associates' results which are presented net of tax, the effective tax rate of the Group for the financial year ended 31 December 2012 is higher than the statutory tax rate as shown below.

	Cumulative Quarter ended	
	31/12/2012 %	31/12/2011 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	25	25
<u>Tax effects of:</u>		
- Expenses not deductible for tax purposes	1	2
- Under provision in prior years	0	2
- Share of results of associates	(6)	(7)
- Deferred tax asset not recognised	0	2
<b>Effective tax rate</b>	<b>20</b>	<b>24</b>

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**B6. PROFIT ON SALES OF UNQUOTED INVESTMENTS AND / OR PROPERTIES**

There were no sales of unquoted investments and / or properties during the financial year.

**B7. QUOTED SECURITIES**

There were no sales or purchases of quoted securities for the financial year.

**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There were no corporate proposals announced as of 19 February 2013 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report) other than as disclosed in A11.

**B9. GROUP BORROWINGS**

The amount of Group borrowings as at 31 December 2012 is as follows:

	<b>Short Term RM '000</b>	<b>Long Term RM '000</b>	<b>Total RM '000</b>
<b><u>31/12/2012</u></b>			
Borrowings - secured	5,792	3,368	9,160
- unsecured	<u>9,800</u>	<u>0</u>	<u>9,800</u>
	<u>15,592</u>	<u>3,368</u>	<u>18,960</u>
<b><u>31/12/2011</u></b>			
Borrowings - secured	5,699	9,919	15,618
- unsecured	<u>11,300</u>	<u>0</u>	<u>11,300</u>
	<u>16,999</u>	<u>9,919</u>	<u>26,918</u>

The borrowings are all denominated in Ringgit Malaysia.

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**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 31 December 2012.

**B11. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as at 19 February 2013 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

**B12. DIVIDEND**

The Board of Directors have, in respect of financial year ended 31 December 2012, declared a second interim single tier dividend of 10.0 sen per share on 150,000,000 ordinary shares.

The dividend will be payable on 25 March 2013 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 13 March 2013.

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

- (i) shares transferred into the Depositor's securities account before 4p.m. on 13 March 2013 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia Listing Requirements.

Total dividend for the current financial year ended 31 December 2012 is 15.0 sen per ordinary share. There will be no final dividend declared for the financial year ended 31 December 2012.

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**B13. EARNINGS PER SHARE (“EPS”)**

The calculations of basic earnings per share for the reporting periods are computed as follows:

RM '000	Individual Quarter ended		Cumulative Quarter ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company	13,504	7,239	44,450	29,032
Weighted average number of ordinary shares	150,000	100,000	150,000	100,000
Basic earnings per share	9.00 sen	7.24 sen	29.63 sen	29.03 sen

The diluted earnings per share for the Group is not presented as there is no dilutive potential ordinary shares during the current financial year under review.

**B14. REALISED AND UNREALISED PROFITS**

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

RM'000	Cumulative Quarter Ended 31/12/2012	Cumulative Quarter Ended 31/12/2011
Total retained profits of the Company and its subsidiaries:		
Realised	107,601	130,268
Unrealised	(5,915)	(5,330)
	101,686	124,938
Total share of retained profits from associated companies:		
Realised	45,010	40,837
Unrealised	(3,091)	(2,203)
	41,919	38,634
Less: Consolidation adjustments	(24,145)	(22,062)
Total Group's retained profits	119,460	141,510



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**B14. REALISED AND UNREALISED PROFITS (CONT.)**

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

**B15. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.

**B16. AUTHORISATION OF ISSUE**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated on 26 February 2013.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)  
Lim Hooi Mooi (MAICSA no. 0799764)  
Company Secretaries  
Kuala Lumpur  
26 February 2013