

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2008

<u>Table of Contents</u>	Page
Condensed Consolidated Income Statement	1
Condensed Consolidated Balance Sheet	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Unaudited Interim Financial Report	5 - 10
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR")	11 - 16

DELEUM BERHAD
(Company No: 715640-T)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

ANNOUNCEMENT

The Board of Directors of Deleum Berhad (Deleum or the Company) is pleased to announce the following unaudited consolidated results for the first quarter ended 31 March 2008 which should be read in conjunction with the audited financial statements of Deleum and its subsidiaries (the Group) for the financial year ended 31 December 2007.

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2008
CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/03/2008 RM'000	QUARTER ENDED 31/03/2007 RM'000	PERIOD ENDED 31/03/2008 RM'000	PERIOD ENDED 31/03/2007 RM'000
Revenue	83,597	119,835	83,597	119,835
Cost of sales	(76,141)	(108,663)	(76,141)	(108,663)
Gross profit	<u>7,456</u>	<u>11,172</u>	<u>7,456</u>	<u>11,172</u>
Other operating income	504	248	504	248
Selling and distribution costs	(585)	(357)	(585)	(357)
Administrative expenses	(4,555)	(4,254)	(4,555)	(4,254)
Other operating expenses	(1,221)	(633)	(1,221)	(633)
Finance costs	(104)	(64)	(104)	(64)
Share of results of associates	5,799	2,363	5,799	2,363
Profit before tax	<u>7,294</u>	<u>8,475</u>	<u>7,294</u>	<u>8,475</u>
Tax expense	(530)	(2,101)	(530)	(2,101)
Profit for the financial period	<u><u>6,764</u></u>	<u><u>6,374</u></u>	<u><u>6,764</u></u>	<u><u>6,374</u></u>
Attributable to:				
Equity holders of the Company	5,875	5,683	5,875	5,683
Minority Interest	889	691	889	691
	<u><u>6,764</u></u>	<u><u>6,374</u></u>	<u><u>6,764</u></u>	<u><u>6,374</u></u>
Earnings per share (sen)				
- Basic	<u>7.34</u>	<u>9.47</u>	<u>7.34</u>	<u>9.47</u>

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008
CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31/03/2008	As at 31/12/2007
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	42,282	39,439
Investment properties	1,047	1,053
Prepaid lease rentals	3,955	4,012
Associates	36,553	31,562
Other investments	2	2
	<u>83,839</u>	<u>76,068</u>
CURRENT ASSETS		
Inventories	3,674	4,123
Amounts due from associates	119	110
Trade receivables	123,773	91,119
Other receivables, deposits and prepayments	6,853	4,150
Tax recoverable	1,791	1,525
Deposits with licensed banks	47,430	50,250
Cash and bank balances	13,984	11,028
	<u>197,624</u>	<u>162,305</u>
LESS: CURRENT LIABILITIES		
Trade payables	115,273	72,657
Other payables and accruals	4,422	8,866
Taxation	1,454	1,818
Borrowings	1,069	1,096
Dividend payable	5,920	47
	<u>128,138</u>	<u>84,484</u>
NET CURRENT ASSETS	<u>69,486</u>	<u>77,821</u>
LESS: NON-CURRENT LIABILITIES		
Deferred tax liabilities	859	988
Term loan (secured)	5,733	6,007
	<u>6,592</u>	<u>6,995</u>
	<u>146,733</u>	<u>146,894</u>
CAPITAL AND RESERVES		
Attributable to the shareholders of the Company		
Share capital	80,000	80,000
Share premium	20,000	20,000
Retained earnings	84,957	85,002
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,000)	(2,422)
	<u>131,957</u>	<u>132,580</u>
MINORITY INTEREST	14,776	14,314
TOTAL EQUITY	<u>146,733</u>	<u>146,894</u>
Net assets per share attributable to equity shareholders of the Company (RM)	1.65	1.66

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company							
	Share capital	Share premium	Currency translation differences	Merger deficit	Retained earnings	Total	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	60,000	-	(1,448)	(50,000)	69,951	78,503	15,687	94,190
Profit for the financial period	-	-	-	-	5,683	5,683	691	6,374
Dividends paid	-	-	-	-	(7,102)	(7,102)	-	(7,102)
Currency translation differences	-	-	(160)	-	-	(160)	-	(160)
At 31 March 2007	<u>60,000</u>	<u>-</u>	<u>(1,608)</u>	<u>(50,000)</u>	<u>68,532</u>	<u>76,924</u>	<u>16,378</u>	<u>93,302</u>
At 1 January 2008	80,000	20,000	(2,422)	(50,000)	85,002	132,580	14,314	146,894
Profit for the financial period	-	-	-	-	5,875	5,875	889	6,764
Dividends	-	-	-	-	(5,920)	(5,920)	-	(5,920)
Currency translation differences	-	-	(578)	-	-	(578)	(427)	(1,005)
At 31 March 2008	<u>80,000</u>	<u>20,000</u>	<u>(3,000)</u>	<u>(50,000)</u>	<u>84,957</u>	<u>131,957</u>	<u>14,776</u>	<u>146,733</u>

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2008
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	CUMULATIVE QUARTER	
	QUARTER ENDED 31/03/2008 RM'000	QUARTER ENDED 31/03/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	6,764	6,374
<u>Adjustments for:</u>		
Interest income	(448)	(248)
Interest expense	104	64
Property, plant and equipment - Depreciation	1,380	951
Share of results of associates	(5,799)	(2,363)
Tax expense	530	2,101
Others	-	364
Non cash adjustments	<u>2,531</u>	<u>7,243</u>
Working capital changes	3,347	(851)
Interest received	378	155
Tax paid	(1,294)	(1,160)
Interest paid	(104)	(64)
Net cash generated from operating activities	<u>4,858</u>	<u>5,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property plant and equipment - Purchases	(4,223)	(4,344)
- Proceeds from disposals	-	295
Dividends received from associate	-	7,034
Net cash (used in) / generated from investing activities	<u>(4,223)</u>	<u>2,985</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings:		
- Proceeds	-	1,055
- Repayments	(299)	(260)
Dividends paid to:		
- Shareholders	-	(7,102)
Net cash used in financing activities	<u>(299)</u>	<u>(6,307)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	336	2,001
FOREIGN EXCHANGE RESERVE	(198)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	61,276	41,048
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>61,414</u>	<u>43,049</u>
Cash and cash equivalents at the end of the period comprise the following:		
Cash and bank balances	13,984	22,362
Deposits with licensed banks	47,430	20,687
	<u>61,414</u>	<u>43,049</u>

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

PART A – EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 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 2007.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the annual financial statements for the financial year ended 31 December 2007 except for the adoption of the following new accounting standards and amendment to published standards issued by MASB that are effective for the Group’s financial years beginning on or after 1 January 2008:

- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operations (effective for accounting periods beginning on or after 1 July 2007). This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in.
- FRS 112 Income Taxes (effective for accounting periods beginning on or after 1 July 2007). This revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances.
- Other revised standards (effective for accounting periods beginning on or after 1 July 2007) that have no significant changes compared to the original standards:
 - FRS 107 Cash Flow Statements
 - FRS 118 Revenue
 - FRS 134 Interim Financial Reporting
 - FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above amendments and standards do not have a material impact on the Group.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

PART A – EXPLANATORY NOTES

A2. QUALIFICATION OF PRECEDING ANNUAL AUDITED STATUTORY FINANCIAL STATEMENTS

There was no qualification to the preceding annual audited statutory financial statements.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operation is not affected by any significant seasonal or cyclical factors in the quarter under review.

A4. NATURE AND AMOUNT OF ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME, OR CASH FLOWS THAT ARE UNUSUAL BECAUSE OF THEIR NATURE, SIZE, OR INCIDENCE

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period ended 31 March 2008, except for the reversal of a provision for doubtful debts made at the Group level for an associate company of RM2.56 million which is no longer required.

A5. NATURE AND AMOUNT OF CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR FINANCIAL YEARS, IF THOSE CHANGES HAVE A MATERIAL EFFECT IN THE CURRENT INTERIM PERIOD

There were no material changes to estimates made in prior periods that have had a material effect in the current financial period results, except for the matter referred to in A4.

A6. EQUITY AND DEBT SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of equity and debt securities during the current financial period 31 March 2008.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

PART A – EXPLANATORY NOTES (Cont'd)

A7. DIVIDENDS

During the first quarter of the current financial year, the Company proposed an interim dividend on 80,000,000 ordinary shares in respect of the previous financial year ended 31 December 2007:

	RM'000
Interim gross dividend of 10 sen per share, less income tax of 26% paid on 2 April 2008	<u>5,920</u>

No dividend was paid in the current quarter.

A8. SEGMENTAL REPORTING

The Group is organised into three main business segments:

- Specialised equipment and services – Mainly consist of provision of subsea production development, gas turbine packages and umbilicals.
- Oilfield equipment and services – Mainly consist of provision of wireline equipment and related services, wellhead maintenance services, gas turbine overhaul, supply of gas turbine parts and other oilfield equipment and technical services.
- Oilfield chemicals and other services – Development and provision of solid deposit removal solutions and speciality chemicals.

Other operations of the Group comprise mainly investment holding.

Inter-segment revenue comprise marketing fees charged to Turboservices Sdn. Bhd. based on agreed terms and conditions between the relevant parties.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

PART A – EXPLANATORY NOTES (Cont'd)

A8. SEGMENTAL REPORTING (Cont'd)

Segmental information for the financial period is as follows:

	Individual Quarter Ended 31/03/08 RM'000	Individual Quarter Ended 31/03/07 RM'000	Cumulative Quarter Ended 31/03/08 RM'000	Cumulative Quarter Ended 31/03/07 RM'000
<u>Segment Revenue</u>				
Specialised equipment and services				
External revenue	39,551	85,214	39,551	85,214
Specialised equipment and services	39,551	85,214	39,551	85,214
Oilfield equipment and services				
External revenue	42,492	33,235	42,492	33,235
Intersegment revenue	1,233	940	1,233	940
Oilfield equipment and services	43,725	34,175	43,725	34,175
Oilfield chemicals and other services				
External revenue	1,554	1,386	1,554	1,386
Oilfield chemicals and other services	1,554	1,386	1,554	1,386
Total reportable segments	84,830	120,775	84,830	120,775
Eliminations	(1,233)	(940)	(1,233)	(940)
Total Group revenue	83,597	119,835	83,597	119,835

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

PART A – EXPLANATORY NOTES (Cont'd)

A8. SEGMENTAL REPORTING (Cont'd)

	Individual Quarter Ended 31/03/08 RM'000	Individual Quarter Ended 31/03/07 RM'000	Cumulative Quarter Ended 31/03/08 RM'000	Cumulative Quarter Ended 31/03/07 RM'000
<u>Segment Results</u>				
Specialised equipment and services	1,704	3,592	1,704	3,592
Oilfield equipment and services	2,086	4,647	2,086	4,647
Oilfield chemicals and other services	359	329	359	329
Others	456	235	456	235
Segment results	4,605	8,803	4,605	8,803
Unallocated corporate expenses	(3,006)	(2,627)	(3,006)	(2,627)
Finance costs	(104)	(64)	(104)	(64)
Share of results of associates	5,799	2,363	5,799	2,363
Tax expense	(530)	(2,101)	(530)	(2,101)
Profit for the financial period	6,764	6,374	6,764	6,374

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revalued property, plant and equipment as at 31 March 2008.

A10. MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no material subsequent events that took place subsequent to the balance sheet date except as disclosed in B8.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period for the three months ended 31 March 2008.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

PART A – EXPLANATORY NOTES (Cont'd)

A12. CONTINGENT LIABILITIES / ASSETS

As at 31 March 2008, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions and guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts, amounting to RM25 million out of which RM12.6 million has been utilised.

A13. COMMITMENTS

Capital commitments for property, plant and equipment not provided for as at 31 March 2008 are as follows:

	RM'000
Authorised and contracted for	<u>3,421</u>

A14. 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 31/03/08 RM'000	Individual Quarter Ended 31/03/07 RM'000	Cumulative Quarter Ended 31/03/08 RM'000	Cumulative Quarter Ended 31/03/07 RM'000
Purchases from Solar Turbines International Company	13,010	11,648	13,010	11,648

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS**

B1. PERFORMANCE REVIEW

For the current quarter under review and year to date, the Group revenue decreased by 30% from RM119.8 million in the first quarter of 2007 to RM83.6 million in the first quarter of 2008. The decline was mainly due to lower billings of specialised equipment and services segment due to the projects being completed in the previous financial year. However, the oilfield equipment and services segment posted a higher revenue due to the increase in activities and contracts secured.

In line with lower revenue, profit before taxation declined by RM1.2 million from RM8.5 million in the first quarter of 2007 to RM7.3 million cushioned by the reversal of a provision for doubtful debt of RM2.56 million in an associate company, that is no longer deemed necessary.

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

The Group's profit before taxation declined by RM1.4 million from RM8.7 million in the immediate preceding quarter to RM7.3 million in the current quarter. The variance is primarily due to the lower revenue from the specialised equipment and services segment and was offset by the reversal of a provision for doubtful debt of RM2.56 million in the current quarter.

B3. 2008 PROSPECTS

The current state of the global environment is a concern with increased signs of a slowing economic growth coupled with cost inflationary pressures. The Board of Directors will be monitoring these developments closely. Notwithstanding these developments and barring unforeseen circumstances, the Board is confident that with the ongoing favourable outlook of the O & G industry in Malaysia and contracts secured to date, the prospect of the Group remains positive.

B4. PROFIT FORECAST

The Group has not issued any profit forecast for the current financial year.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

B5. TAXATION

	Individual Quarter Ended 31/03/08 RM'000	Individual Quarter Ended 31/03/07 RM'000	Cumulative Quarter Ended 31/03/08 RM'000	Cumulative Quarter Ended 31/03/07 RM'000
Current tax	577	2,092	577	2,092
Deferred tax	(47)	9	(47)	9
	530	2,101	530	2,101

Excluding the associates' results which are presented net of tax and the write back of provision made for an associate, the effective tax rates of the Group for the current quarter and financial year to date are higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

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

There were no sales of unquoted investments and/or properties during the current quarter under review and financial year to date.

B7. QUOTED SECURITIES

There were no quoted securities acquired or disposed of during the quarter and financial year to date.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

- (a) There were no corporate proposals announced as of 15 May 2008 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report) except for the proposed acquisition of 1,275,000 Ordinary shares of RM1.00 each representing 51% equity interest in Penaga Dresser Sdn. Bhd. for a total consideration of RM7.25 million. The proposed acquisition has yet to be completed pending the fulfillment of conditions precedent.

On 25 January 2008, the Foreign Investment Committee has approved the above proposal.

For further details on the proposed acquisition, please refer to the Company's announcement dated 24 September 2007.

- (b) On 24 April 2008, the Company has proposed a bonus issue ("Proposed Bonus Issue") of 20,000,000 Ordinary Shares of RM1.00 each in the Company to be certified as fully paid-up, on the basis of 1 (one) new Ordinary Share of RM1.00 each for every four (4) existing Ordinary Share of RM1.00 each held in the Company, on a date to be determined.

Subsequently, Bursa Securities had vide its letter dated 7 May 2008 granted the approval-in-principle for the listing of and quotation for the 20,000,000 new Shares to be issued pursuant to the Proposed Bonus Issue.

The Proposed Bonus Issue will be tabled for the shareholders' approval at the forthcoming Annual General Meeting to be held on 3 June 2008.

The Proposed Bonus Issue is expected to be completed by the end of the second quarter of the financial year ending 31 December 2008, subject to the shareholders' approval.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

- (c) On 1 June 2007, the Company was listed on the Main Board of Bursa Malaysia. The status of utilisation of the listing proceeds from the Initial Public Offering exercise are as follows: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation @ 31.03.2008 RM'000	Transferred to Working Capital* RM'000	Intended Timeframe for Utilisation	Balance RM'000
i Working Capital :					
- Expansion of Business and markets	12,000	-	-	Within 24 months	12,000
- Existing Operations	5,700	5,700	-	Within 12 months	-
ii Capital Expenditure :					
- Oilfield Equipment	15,000	6,746	-	Within 24 months	8,254
- Investment in facilities	6,000	6,000	-	Within 12 months	-
iii Estimated Listing expenses					
- Share issue expense	2,500	1,700	800	Immediate	-
- Listing expenses	500	500	-		-
	<u>41,700</u>	<u>20,646</u>	<u>800</u>		<u>20,254</u>

* In accordance with the provision of the Prospectus.

B9. GROUP BORROWINGS

The amounts of Group borrowings as at 31 March 2008, are as follows:

	<u>Short Term RM'000</u>	<u>Long Term RM'000</u>	<u>Total RM'000</u>
Term Loan (Secured)	<u>522</u>	<u>6,280</u>	<u>6,802</u>

The borrowings are all denominated in Ringgit Malaysia.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Derivative financial instruments are used to reduce the Group's exposure to fluctuations in foreign exchange rates and are viewed as risk management tools by the Group and not used for trading or speculative purposes.

Off balance sheet financial instruments as at 15 May 2008 are as follows:-

	Contract amount
	RM'000
Foreign exchange forward purchase contracts	<u>29,917</u>

The above contracts in US Dollars will mature within a period of six months.

There is minimal credit and market risk because the contracts were executed with an established financial institution.

Gains and losses on foreign exchange forward contracts are recognised in the income statements upon realisation.

B11. CHANGES IN LITIGATION

There were no other litigations as at 15 May 2008, except for the following:

Mr. Paramjit Singh Gill ("the Plaintiff") is claiming for a 50% interest in a Vehicle Speed Monitoring System Project which was undertaken by the subsidiaries, Delcom Services Sdn Bhd ("DSSB") and VSM Technology Sdn. Bhd. ("VSM"), pursuant to an agreement between DSSB and the Ministry of Transport dated 5 May 1995. In their defence, DSSB and VSM are inter alia claiming that the Plaintiff's alleged involvement in the Project was solely by virtue of his firm of solicitors being appointed to act on a retainer basis by DSSB and VSM, and that at no time was there any understanding or argument whether in writing or oral, express or implied that the Plaintiff would participate whether actively or otherwise, or have any interest in VSM.

The matter has been fixed for trial from 10 November 2008 to 13 November 2008.

Having taken the advice of the solicitors for DSSB and VSM having conduct of the matter, the Directors are of the opinion that the claim has a remote chance of success and no provision has been made.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

B12. DIVIDEND

There were no interim dividends declared during the quarter under review for the financial year ending 31 December 2008.

B13. EARNINGS PER SHARE (“EPS”)

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

	Individual Quarter Ended 31/03/08 RM'000	Individual Quarter Ended 31/03/07 RM'000	Cumulative Quarter Ended 31/03/08 RM'000	Cumulative Quarter Ended 31/03/07 RM'000
Basic earnings per share				
Profit attributable to equity holders of the Company	5,875	5,683	5,875	5,683
Weighted average number of ordinary shares	80,000	60,000	80,000	60,000
Basic earnings per share	7.34 sen	9.47 sen	7.34 sen	9.47 sen

The diluted earnings per share for the Group are not presented as there is no dilutive potential ordinary share during the financial period.

B14. 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 22 May 2008.

By order of the Board

Lim Hooi Mooi
MAICSA no. 0799764
Company Secretary

Kuala Lumpur