

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011**

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**DELEUM BERHAD (715640-T)**  
**(Incorporated in Malaysia)**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

RM'000	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	YEAR ENDED	YEAR ENDED
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
			Unaudited	Audited
Revenue	106,544	148,221	396,303	399,045
Cost of sales	(84,785)	(128,621)	(312,260)	(323,095)
Gross profit	21,759	19,600	84,043	75,950
Other income	1,077	1,822	3,056	2,769
Selling and distribution costs	(1,153)	(955)	(3,501)	(3,661)
Administrative expenses	(11,108)	(10,616)	(44,747)	(39,890)
Other operating expenses	(1,474)	(1,810)	(5,213)	(5,700)
Profit from operation	9,101	8,041	33,638	29,468
Finance costs	(662)	(363)	(1,608)	(1,617)
Share of post tax profits of associates	4,048	2,519	13,679	9,744
Profit before tax	12,487	10,197	45,709	37,595
Income tax expense	(3,873)	(1,524)	(10,998)	(7,381)
<b>Profit for the period</b>	<b>8,614</b>	<b>8,673</b>	<b>34,711</b>	<b>30,214</b>
<b>Other comprehensive income</b>				
Currency translation differences	1,126	(306)	683	(2,936)
<b>Total comprehensive income for the period</b>	<b>9,740</b>	<b>8,367</b>	<b>35,394</b>	<b>27,278</b>
<b>Profit attributable to:</b>				
- Equity holders of the Company	7,239	7,371	29,033	23,237
- Non-controlling interest	1,375	1,302	5,678	6,977
	8,614	8,673	34,711	30,214
<b>Total comprehensive income attributable to:</b>				
- Equity holders of the Company	7,930	7,135	29,350	21,679
- Non-controlling interest	1,810	1,232	6,044	5,599
	9,740	8,367	35,394	27,278
<b>Earnings per share (EPS) attributable to equity holders of the Company (sen)</b>				
- Basic EPS	7.24	7.37	29.03	23.24

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

<b>RM'000</b>	<b>As at 31/12/2011</b>	<b>As at 31/12/2010</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
Property, plant and equipment	99,106	93,463
Investment properties	959	982
Intangible assets	365	740
Long term prepayment	-	318
Associates	44,054	41,436
Deferred tax assets	476	70
<b>Non-current Assets</b>	<b>144,960</b>	<b>137,009</b>
Inventories	13,429	9,046
Amounts due from associates	15	15
Trade receivables	96,130	138,124
Other receivables, deposits and prepayments	8,405	4,481
Tax recoverable	3,972	4,880
Deposits with licensed banks	63,638	44,053
Cash and bank balances	6,959	13,556
<b>Current Assets</b>	<b>192,548</b>	<b>214,155</b>
<b>TOTAL ASSETS</b>	<b>337,508</b>	<b>351,164</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	100,000	100,000
Retained earnings	141,510	125,477
Merger deficit	(50,000)	(50,000)
Currency translation differences	(2,597)	(2,914)
Equity attributable to Equity Holders of the Company	188,913	172,563
Non-controlling interest	25,288	27,979
<b>Total Equity</b>	<b>214,201</b>	<b>200,542</b>
Borrowings	9,918	15,407
Deferred tax liabilities	5,797	5,087
<b>Non-current Liabilities</b>	<b>15,715</b>	<b>20,494</b>
Trade payables	68,407	111,391
Deferred revenue	6,055	-
Other payables and accruals	14,868	12,357
Taxation	1,263	166
Borrowings	16,999	6,214
<b>Current Liabilities</b>	<b>107,592</b>	<b>130,128</b>
<b>Total Liabilities</b>	<b>123,307</b>	<b>150,622</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>337,508</b>	<b>351,164</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>1.89</b>	<b>1.73</b>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2011**

RM'000	← Attributable to equity holders of the Company →				Total	Non-controlling interest	Total equity
	Share capital	Currency translation differences	Merger deficit	Retained earnings			
At 1 January 2010	100,000	(1,356)	(50,000)	112,740	161,384	27,537	188,921
Total comprehensive income for the year	-	(1,558)	-	23,237	21,679	5,599	27,278
Dividend	-	-	-	(10,500)	(10,500)	(5,157)	(15,657)
At 31 December 2010	<u>100,000</u>	<u>(2,914)</u>	<u>(50,000)</u>	<u>125,477</u>	<u>172,563</u>	<u>27,979</u>	<u>200,542</u>
At 1 January 2011	100,000	(2,914)	(50,000)	125,477	172,563	27,979	200,542
Total comprehensive income for the year	-	317	-	29,033	29,350	6,044	35,394
Dividend	-	-	-	(13,000)	(13,000)	(8,735)	(21,735)
At 31 December 2011	<u>100,000</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>

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
**(Incorporated in Malaysia)**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2011**

RM'000	Year-to-date ended	
	31/12/2011	31/12/2010
	Unaudited	Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipt from customers	438,982	318,903
Cash payments to suppliers	(349,082)	(251,734)
Cash payments to employees and for operating expenses	(44,368)	(34,100)
Cash generated from operations	45,532	33,069
Interest paid	(1,397)	(1,435)
Tax paid	(8,689)	(9,562)
<b>Net cash generated from operating activities</b>	<b>35,446</b>	<b>22,072</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Amount due from associates	-	134
Interest received	1,342	981
Property, plant and equipment		
- Purchases	(19,580)	(8,434)
- Proceeds from disposals	668	113
Acquisition of subsidiary	-	(6,386)
Dividends received from associate	11,746	8,251
<b>Net cash used in investing activities</b>	<b>(5,824)</b>	<b>(5,341)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings:		
- Proceeds	11,300	-
- Repayments	(6,244)	(4,618)
Dividends paid to:		
- Shareholders	(13,000)	(10,500)
- Non-controlling interest	(8,735)	(5,157)
(Increase)/decrease in cash held in trust for dividends	1	33
<b>Net cash used in financing activities</b>	<b>(16,678)</b>	<b>(20,242)</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,944</b>	<b>(3,511)</b>
Effects of exchange rate changes	44	(369)
Cash and cash equivalents at beginning of year	57,098	60,978
<b>Cash and cash equivalents at end of year</b>	<b>70,086</b>	<b>57,098</b>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits	63,638	44,053
Cash and bank balances	6,959	13,557
	70,597	57,610
Less: Cash held in trust for dividends	(10)	(11)
Cash held in trust in a designated account	(501)	(501)
<b>Cash and cash equivalents at end of year</b>	<b>70,086</b>	<b>57,098</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**PART A, APPENDIX 9B OF LISTING REQUIREMENT**  
**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

<u>RM'000</u>	<u>Quarter ended</u> <u>31/12/2011</u>	<u>Year ended</u> <u>31/12/2011</u>
(a) Interest income	(416)	(1,342)
(b) Other income including investment income	(661)	(1,714)
(c) Interest expense	662	1,608
(d) Depreciation and amortisation	3,575	13,545
(e) Provision for and write-off of receivables	1,002	1,002
(f) Provision for and write-offs of inventories	47	65
(g) Foreign exchange (gain) or loss	1,250	1,263

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

**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 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 2010 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 2010. 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 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations:

Amendments to FRS 132	Financial Instruments: Presentation on Classification of Right Issues
FRS 3(revised)	Business combinations
FRS 127(revised)	Consolidated and separate financial statements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Financial Instruments: Disclosures and FRS 1 First time Adoption of Financial Reporting Standards
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 18	Transfers of Assets from Customers

The following amendments are part of the MASB'S improvements projects:

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 138	Intangible Assets
IC Interpretation 9	Reassessment of Embedded derivatives
FRS 3	Business combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Presentation
FRS 134	Financial Reporting: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 13	Customer Loyalty Programmes

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

**A1. BASIS OF PREPARATION (Continued)**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") published a notice on the issuance of the Malaysian Financial Reporting Standard ("MFRS Framework"). The MFRS Framework is applicable for entities other than private entities for financial periods beginning on and after 1 January 2012, with exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreement for the Construction of Real Estate. Arising from this, the Group shall adopt the MFRS Framework effective from 1 January 2012 and a review of the impact is currently being performed.

IC Interpretation 12 Service Concession Arrangements ("IC 12") applies to contractual arrangements whereby a private sector operator participates in the development, financing operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognize a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. This interpretation impacts Cambodia Utilities Pte Ltd, an associate of the Group, in which the Group has an effective interest of 12%, as the associate has signed a purchasing power agreement for the installation, operation and maintenance of a power plant in Cambodia. The purchasing power agreement is for a period of 20 years to 2015. The power plant will be transferred to the grantor in the final year of the concession. At that juncture, the Group's interest in the associate will largely be represented by financial assets held by the associate company.

The adoption of IC 12 has no material impact on the results of the Group.

The adoption of the revised FRS 3 and FRS 127 will potentially have a financial impact on the Group as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements.

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired. Any negative goodwill (i.e. bargain purchase) is recognised in the income statement. Any consideration transferred in a business combination is measured at fair value as at the acquisition date.



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

**A1. BASIS OF PREPARATION (Continued)**

The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, wherein changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is re-measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group. The adoption of the other FRSs, Amendments to FRSs and IC Interpretations generally did not have any material impact on the financial results of the Group, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's normal business operations or transactions where the Group only has minimal exposure.

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

The Group's operation is not affected by any significant seasonal or cyclical factors in the financial year 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.

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

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

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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

**A5. EQUITY AND DEBT SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during 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 2011.

**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 2011.

**A8. DIVIDEND PAID**

During the second quarter of the current financial year, the Company paid the following second interim single tier dividend of 8 sen per share of RM1.00 each on 100,000,000 ordinary shares, in respect of the financial year ended 31 December 2010.

	<b>RM'000</b>
Second interim single tier dividend of 8 sen per share on 100,000,000 ordinary shares, paid on 8 April 2011	<u>8,000</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 100,000,000 ordinary shares, in respect of the financial year ended 31 December 2011.

	<b>RM'000</b>
First interim single tier dividend of 5 sen per share on 100,000,000 ordinary shares, paid on 21 September 2011	<u>5,000</u>

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

**A9. SEGMENT INFORMATION**

During the second quarter of the current financial year, the Group revised its segments following a management change. This change resulted in a refinement of the internal reporting information provided to the new chief decision maker. With this change, it was concluded that the Group is now primarily engaged in the following segments:

- Power and Machinery – Mainly consist 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 consist of provision of wireline equipment and services, integrated wellhead maintenance services, oilfield chemicals and other oilfield products and technical services.
- Maintenance, Repair and Overhaul – Mainly consist of repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps.

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

The comparative segmental information of the corresponding individual quarter and cumulative quarters of the previous year have been represented accordingly.

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

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

Segmental information for the financial year ended 31 December 2011 is as follows:

	<b>Individual Quarter Ended 31/12/11 RM'000</b>	<b>Individual Quarter Ended 31/12/10 RM'000</b>	<b>Cumulative Quarter Ended 31/12/11 RM'000</b>	<b>Cumulative Quarter Ended 31/12/10 RM'000</b>
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	83,983	130,865	317,332	327,160
Intersegment revenue	4,334	3,320	12,213	10,475
Power and Machinery	88,317	134,185	329,545	337,635
Oilfield Services				
External revenue	20,031	14,431	65,957	66,195
Oilfield Services	20,031	14,431	65,957	66,195
Maintenance, Repair and Overhaul				
External revenue	2,530	2,925	13,014	5,690
Maintenance, Repair and Overhaul	2,530	2,925	13,014	5,690
Total reportable segments	110,878	151,541	408,516	409,520
Eliminations	(4,334)	(3,320)	(12,213)	(10,475)
Total Group revenue	106,544	148,221	396,303	399,045

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)**

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

	<b>Individual Quarter Ended 31/12/11 RM'000</b>	<b>Individual Quarter Ended 31/12/10 RM'000</b>	<b>Cumulative Quarter Ended 31/12/11 RM'000</b>	<b>Cumulative Quarter Ended 31/12/10 RM'000</b>
<u>Segment Results</u>				
Power and Machinery	13,559	9,114	43,059	37,771
Oilfield Services	450	965	8,016	7,917
Maintenance, Repair and Overhaul	(1,141)	189	(778)	415
Segment results	12,868	10,268	50,297	46,103
Unallocated income ^	154	82	621	197
Unallocated corporate expenses #	(3,921)	(2,309)	(17,280)	(16,832)
Finance costs	(662)	(363)	(1,608)	(1,617)
Share of results of associates	4,048	2,519	13,679	9,744
Tax expense	(3,873)	(1,524)	(10,998)	(7,381)
Profit for the financial period	8,614	8,673	34,711	30,214

^ Unallocated income comprises interest income received from commercial banks.

# Unallocated corporate expenses represent expenses incurred by the corporate divisions and includes Group Human Capital, Group Finance, Administration and Information Technology, Company Secretarial and Corporate Services and Group Procurement.

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

No property, plant and equipment were revalued as at 31 December 2011.

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

There were no material events that took place subsequent to the end of the reporting date.

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

There were no changes in the composition of the Group during the financial year ended 31 December 2011.

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

**A13. CONTINGENT LIABILITIES / ASSETS**

As at 31 December 2011, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions of RM19.9 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 2011 are as follows:

**RM '000**

Authorised and contracted for

2,337

**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.

RM '000	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Purchases from Solar Turbines International Company	45,572	31,349	133,643	107,235

The following transactions are with a corporate shareholder and parties related to a corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

RM '000	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Sales to related parties of Dresser Italia S.R.L.	-	9	138	30
Purchases from Dresser Italia S.R.L.	117	42	2,178	324
Purchases from related parties of Dresser Italia S.R.L.	3,555	4,910	13,054	16,577

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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**

Revenue for the quarter

The Group recorded revenue of RM106.5 million for the current quarter compared to RM148.2 million for the corresponding quarter.

The Group's revenue was primarily contributed by the Power and Machinery segment, however contributions from this segment decreased by RM46.9 million compared to the corresponding quarter mainly due to the completion of an one off gas turbine project of RM61.2 million, offset by higher after-market sales for scheduled maintenance. The revenue contribution from the Maintenance, Repair and Overhaul segment decreased marginally by RM0.4 million compared to the corresponding quarter.

The Oilfield Services segment experienced an increase of RM5.6 million during the quarter largely due to the higher deployment of wireline equipment and services on the back of higher production activities.

Profit before tax for the quarter

The Group recorded a profit before tax of RM12.5 million for the current quarter compared to RM10.2 million in the corresponding quarter. The increase for the quarter was largely due to higher operating profit of RM1.1 million arising mainly from the Power and Machinery segment and higher associates' results of RM1.5 million. The increase in operating profit is offset by an increase in finance cost of RM0.3 million in the current quarter.

The segments recorded an improvement in results by RM2.6 million from RM10.3 million in the corresponding quarter to RM12.9 million in the current quarter, mainly contributed by the Power and Machinery segment which increased by RM4.5 million. This result was offset by lower results from the Oilfield Services segment by RM0.5 million and the Maintenance, Repair and Overhaul segment by RM1.3 million.

Power and Machinery segment recorded a higher result of RM13.6 million for the current quarter compared to RM9.1 million in the corresponding quarter. The increase was mainly due to higher after-market sales. The contribution from the one off gas turbine project was minimal.

Oilfield Services segment recorded a lower result of RM0.5 million for the current quarter compared to the corresponding quarter mainly due to increase in manpower cost.

Maintenance, Repair and Overhaul segment recorded a negative result of RM1.1 million mainly due to impairment of doubtful debts made during the quarter.

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REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. PERFORMANCE REVIEW (CONT.)**

Profit before tax for the quarter (cont.)

Share of associates' results increased from RM2.5 million in the corresponding quarter to RM4.0 million in the current quarter. The increase was mainly due to higher contributions from Malaysian Mud and Chemicals Sdn. Bhd. ("2MC") on an account of the provision of storage facilities to a new customer.

Revenue for the year

The Group's revenue for the year ended 31 December 2011 decreased from RM399.0 million in the corresponding year to RM396.3 million in the current year.

The decrease was contributed by a reduced contribution from the Power and Machinery segment. The decrease in the Power and Machinery segment revenue by RM9.8 million was largely attributed to the completion of an one off gas turbine supply project offset by higher after-market sales.

The revenue contribution from the Oilfield Services segment remained largely unchanged.

The increase in the revenue contribution from Maintenance, Repair and Overhaul segment was from Rotary Technical Services Sdn. Bhd. ('Rotary'), a subsidiary of the Group, acquired in July 2010.

Profit before tax for the year

Group profit before tax for the year ended 31 December 2011 increased from RM37.6 million in the corresponding year to RM45.7 million.

The increase in profit before tax for the year was largely due to higher operating profit of RM4.2 million arising mainly from the improved results from the Power and Machinery segment and results from associates of RM3.9 million.

The segments achieved higher results of RM50.3 million for the year ended 31 December 2011 compared to RM46.1 million for the corresponding cumulative quarters. Higher results were recorded by the Power and Machinery segment by RM5.3 million offset by lower results from the Maintenance, Repair and Overhaul segment by RM1.2 million.



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**B1. PERFORMANCE REVIEW (CONT.)**

Profit before tax for the year (cont.)

Power and Machinery segment recorded higher results of RM43.1 million for the year ended 31 December 2011 compared to RM37.8 million for the corresponding year. The increase was largely due to better margins earned from after-market sales.

Oilfield Services segment results remained largely unchanged.

Maintenance, Repair and Overhaul segment recorded a negative result of RM0.8 million for the year ended 31 December 2011 compared to a profit of RM0.4 million for the corresponding year. The loss was largely attributed to the impairment for doubtful debts.

Share of associates' results increased from RM9.7 million for the corresponding year to RM13.7 million for the year ended 31 December 2011, due to a higher throughput from 2MC.

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

The Group's profit before tax decreased from RM13.5 million in the immediate preceding quarter to RM12.5 million in the current quarter.

The segments recorded a lower result of RM12.9 million for the current quarter compared to RM15.3 million in the preceding quarter. The decrease in results of RM2.4 million was offset with lower operating expenses and finance cost of RM0.9 million.

Power and Machinery segment recorded a higher result of RM13.6 million for the current quarter compared to RM9.7 million in the preceding quarter. The increase was due to better margins earned mainly from after-market sales.

Oilfield Services segment recorded a profit of RM0.5 million for the current quarter compared to a profit of RM6.0 million in the preceding quarter, mainly due to lower sales and margins and higher manpower cost.

Maintenance, Repair and Overhaul segment recorded a loss of RM1.1 million for the current quarter compared to a loss of RM0.4 million in the preceding quarter. This was mainly due to impairment of doubtful debts.

Share of associates' results increased from RM3.5 million in the preceding quarter to RM4.0 million in the current quarter mainly due to higher throughput from 2MC.

**B3. PROSPECTS**

During the financial year, the level of oil and gas activities in Malaysia was satisfactory in line with the initiatives implemented by PETRONAS under the Economic Transformation Program. Moving forward this together with the recent major oil and gas discoveries in offshore Sabah and Sarawak, the level of oil and gas activities in the country is expected to be sustained.

The associates are expected to contribute positively to the performance of the Group.

Against this back drop, barring unforeseen circumstances, our Group is expected to remain profitable in the forthcoming quarter.

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**B4. PROFIT FORECAST**

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

**B5. INCOME TAX EXPENSE**

RM '000	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Current tax	4,323	1,568	9,960	6,647
Under / (over) provision in prior year	734	(434)	734	(703)
Deferred tax	(1,184)	390	304	1,437
<b>Total income tax expense</b>	<b>3,873</b>	<b>1,524</b>	<b>10,998</b>	<b>7,381</b>

Excluding the associates' results which are presented net of tax, the effective tax rate of the Group for the financial period ended 31 December 2011 is higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and tax losses recorded in a subsidiary.

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

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

**B7. QUOTED SECURITIES**

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

**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There were no corporate proposals announced as of 15 February 2012 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

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**B9. GROUP BORROWINGS**

The amount of Group borrowings as at 31 December 2011 is as follows:

	<u>Short Term</u> RM '000	<u>Long Term</u> RM '000	<u>Total</u> RM '000
Borrowings (secured) – at fair value	16,999	9,918	26,917

The borrowings are all denominated in Ringgit Malaysia.

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 31 December 2011.

**B11. CHANGES IN MATERIAL LITIGATION**

In respect of the litigation disclosed previously, the parties had recorded a Consent order in court in respect of the dispute. Based on the terms of the Consent order, the Directors are of the opinion that there is no material exposure to the Group.

**B12. DIVIDEND**

The Board of Directors have, in respect of financial year ended 31 December 2011, declared a second interim dividend of 9.0 sen single tier exempt dividend per ordinary share on 100,000,000 ordinary shares.

The dividend will be payable on 23 March 2012 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 13 March 2012.

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 2012 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 2011 is 14.0 sen per ordinary share. There will be no final dividend declared for the financial year ended 31 December 2011.

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**B13. EARNINGS PER SHARE (“EPS”)**

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

RM '000	Individual Quarter Ended		Cumulative Quarter Ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company	7,239	7,371	29,033	23,237
Weighted average number of ordinary shares	100,000	100,000	100,000	100,000
Basic earnings per share	7.24 sen	7.37 sen	29.03 sen	23.24 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 31/12/2011	Cumulative Quarter Ended 31/12/2010
Total retained profits of the Company and its subsidiaries:		
Realised	130,268	119,408
Unrealised	(5,330)	(5,490)
	124,938	113,918
Total share of retained profits from associated companies:		
Realised	40,837	38,597
Unrealised	(2,203)	(1,895)
	38,634	36,702
Less: Consolidation adjustments	(22,062)	(25,143)
Total Group's retained profits	141,510	125,477

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**B14. REALISED AND UNREALISED PROFITS (Cont'd)**

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 2010 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 22 February 2012.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)  
Lim Hooi Mooi (MAICSA no. 0799764)  
Company Secretaries  
Kuala Lumpur  
22 February 2012