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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2011

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2011

RM'000	INDIVIDUAL QUARTER **QUARTER ENDED 30/06/2011**	 QUARTER ENDED 30/06/2010	CUMULATIVE QUARTER **PERIOD ENDED 30/06/2011 Unaudited**	 PERIOD ENDED 30/06/2010 Unaudited
Revenue	80,594	82,886	209,037	160,926
Cost of sales	(57,929)	(64,801)	(170,975)	(126,224)
Gross profit	22,665	18,085	38,062	34,702
Other income	576	385	1,192	623
Selling and distribution costs	(1,021)	(1,108)	(1,563)	(1,832)
Administrative expenses	(10,994)	(11,416)	(21,197)	(19,800)
Other operating expenses	(1,596)	(1,001)	(2,227)	(2,627)
Profit from operation	9,630	4,945	14,267	11,066
Finance costs	(346)	(359)	(690)	(741)
Share of post tax profits of associates	2,436	2,827	6,112	5,275
Profit before tax	11,720	7,413	19,689	15,600
Income tax expense	(2,692)	(1,183)	(3,959)	(3,329)
Profit for the period	**9,028**	**6,230**	**15,730**	**12,271**
Other comprehensive income				
Currency translation differences	**(65)**	**(305)**	**(504)**	**(1,601)**
Total comprehensive income for the period	**8,963**	**5,925**	**15,226**	**10,670**
Profit attributable to:				
- Equity holders of the Company	7,377	4,120	13,086	8,824
- Non-controlling interest	1,651	2,110	2,644	3,447
	9,028	6,230	15,730	12,271
Total comprehensive income attributable to:				
- Equity holders of the Company	7,298	3,926	12,801	7,977
- Non-controlling interest	1,665	1,999	2,425	2,693
	8,963	5,925	15,226	10,670
Earnings per share (EPS) attributable to equity holders of the Company (sen)				
- Basic EPS	7.38	4.12	13.09	8.82

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)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

RM'000	As at 30/06/2011 Unaudited	As at 31/12/2010 Audited
ASSETS		
Property, plant and equipment	94,642	93,463
Investment properties	971	982
Intangible assets	552	740
Long term prepayment	-	318
Associates	38,063	41,436
Deferred tax assets	330	70
Non-current Assets	134,558	137,009
Inventories	7,653	9,046
Amounts due from associates	-	15
Trade and other receivables	105,162	142,605
Tax recoverable	5,240	4,880
Deposits with licensed banks	48,860	44,053
Cash and bank balances	19,129	13,556
Current Assets	186,044	214,155
TOTAL ASSETS	320,602	351,164
EQUITY AND LIABILITIES		
Share capital	100,000	100,000
Retained earnings	130,563	125,477
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,199)	(2,914)
Equity attributable to Equity Holders of the Company	177,364	172,563
Non-controlling interest	26,659	27,979
Total Equity	204,023	200,542
Borrowings	12,721	15,407
Deferred tax liabilities	5,799	5,087
Non-current Liabilities	18,520	20,494
Trade and other payables	92,362	123,748
Taxation	22	166
Borrowings	5,675	6,214
Current Liabilities	98,059	130,128
Total Liabilities	116,579	150,622
TOTAL EQUITY AND LIABILITIES	320,602	351,164
Net assets per share attributable to equity holders of the Company (RM)	**1.77**	**1.73**

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)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2011

RM'000	Attributable to equity holders of the Company ----------Non-distributable------ Share capital	Currency translation differences	Merger deficit	Distributable Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2010	100,000	(1,356)	(50,000)	112,741	161,385	27,537	188,922
Total comprehensive income for the period	-	(847)	-	8,824	7,977	2,693	10,670
Dividend	-	-	-	(7,000)	(7,000)	(2,792)	(9,792)
At 30 June 2010	100,000	(2,203)	(50,000)	114,565	162,362	27,438	189,800
At 1 January 2011	100,000	(2,914)	(50,000)	125,477	172,563	27,979	200,542
Total comprehensive income for the period	-	(285)	-	13,086	12,801	2,425	15,226
Dividend	-	-	-	(8,000)	(8,000)	(3,745)	(11,745)
At 30 June 2011	100,000	(3,199)	(50,000)	130,563	177,364	26,659	204,023

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 30 JUNE 2011

RM'000	Year-to-date ended 30/06/2011 Unaudited	30/06/2010 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	15,730	12,271
Adjustments for:		
Write-back of impairment for liquidated damages	(197)	-
Impairment for liquidated damages	30	459
Depreciation:		
- property, plant and equipment	6,036	5,679
- investment properties	11	12
Share of results of associates	(6,112)	(5,275)
Tax expense	3,959	3,329
Interest expense	690	741
Interest income	(571)	(487)
Gain on disposal of property, plant and equipment	(96)	-
Loss on revaluation of financial instruments	-	287
Amortisation of intangible assets	188	177
Unrealised foreign exchange (gain) / loss	(1,222)	255
Others	15	360
Operating profit before working capital changes	18,461	17,808
Decrease in inventories	1,378	466
Decrease / (Increase) in receivables	39,265	(6,860)
(Decrease) / Increase in payables	(31,555)	9,255
Cash generated from operation	27,549	20,669
Interest received	571	487
Tax paid	(4,011)	(3,780)
Interest paid	(641)	(669)
Net cash generated from operating activities	**23,468**	**16,707**
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from associates	15	137
Property, plant and equipment		
- Purchases	(7,523)	(4,743)
- Proceeds from disposals	404	-
Dividends received from associate	9,090	6,684
Net cash generated from investing activities	**1,986**	**2,078**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings:		
- Repayments	(3,274)	(1,539)
Dividends paid to:		
- Shareholders	(8,000)	(7,000)
- Non-controlling interest	(3,745)	(3,875)
Increase in cash held in trust for dividends	(16)	-
Net cash used in financing activities	**(15,035)**	**(12,414)**
Net increase in cash and cash equivalents	**10,419**	**6,371**
Effects of exchange rate changes	(55)	(102)
Cash and cash equivalents at beginning of period	57,098	60,978
Cash and cash equivalents at end of period	**67,462**	**67,247**
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	48,860	52,341
Cash and bank balances	19,129	15,420
	67,989	67,761
Less: Cash held in trust for dividends	(26)	(13)
Cash held in trust in a designated account	(501)	(501)
Cash and cash equivalents at end of period	**67,462**	**67,247**

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.

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

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

A1. BASIS OF PREPARATION (Continued)

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 recognise 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 power plant will be transferred to the grantor of the concession in year 2015. The adoption of IC 12 will result in de-recognition of its power plant as the associate's property, plant and equipment and the recognition of a financial asset receivable. We believe the management accounts have not taken into account the effects of IC 12 "Service Concession Arrangements" which became effective 1 January 2011. Any adjustment arising from this standard will be made on adoption.

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.

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.

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

A1. BASIS OF PREPARATION (Continued)

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-to-date review.

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-to-date.

A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

A5. EQUITY AND DEBT SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year-to-date.

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 30 June 2011.

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

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 30 June 2011.

A8. DIVIDEND PAID

During the quarter under review, 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.

	RM'000
Second interim single tier dividend of 8 sen per share on 100,000,000 ordinary shares, paid on 8 April 2011	8,000

A9. SEGMENT INFORMATION

During the current quarter under review, 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 immediate preceding quarter and the corresponding individual quarter and cumulative quarter of the previous year have been represented accordingly.

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

A9. SEGMENT INFORMATION (Cont.)

Segmental information for the financial year-to-date ended 30 June 2011 is as follows:

	Individual Quarter Ended 30/06/11 RM'000	Individual Quarter Ended 30/06/10 RM'000	Cumulative Quarter Ended 30/06/11 RM'000	Cumulative Quarter Ended 30/06/10 RM'000
Segment Revenue				
Power and Machinery				
External revenue	66,056	66,844	178,295	128,645
Intersegment revenue	2,770	2,660	4,742	5,049
Power and Machinery	68,826	69,504	183,037	133,694
Oilfield Services				
External revenue	11,001	16,042	23,701	32,281
Oilfield Services	11,001	16,042	23,701	32,281
Maintenance, Repair and Overhaul				
External revenue	3,537	0	7,041	0
Maintenance, Repair and Overhaul	3,537	0	7,041	0
Total reportable segments	83,364	85,546	213,779	165,975
Eliminations	(2,770)	(2,660)	(4,742)	(5,049)
Total Group revenue	80,594	82,886	209,037	160,926

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

A9. SEGMENT INFORMATION (Cont.)

	Individual Quarter Ended 30/06/11 RM'000	Individual Quarter Ended 30/06/10 RM'000	Cumulative Quarter Ended 30/06/11 RM'000	Cumulative Quarter Ended 30/06/10 RM'000
Segment Results				
Power and Machinery	13,966	9,226	19,754	18,267
Oilfield Services	124	1,395	1,613	2,796
Maintenance, Repair and Overhaul	179	0	737	0
Segment results	14,269	10,621	22,104	21,063
Unallocated income ^	190	33	304	55
Unallocated corporate expenses #	(4,829)	(5,709)	(8,141)	(10,052)
Finance costs	(346)	(359)	(690)	(741)
Share of results of associates	2,436	2,827	6,112	5,275
Tax expense	(2,692)	(1,183)	(3,959)	(3,329)
Profit for the financial period	9,028	6,230	15,730	12,271

^ 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 30 June 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-to-date.

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

A13. CONTINGENT LIABILITIES / ASSETS

As at 30 June 2011, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions of RM21.9 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 30 June 2011 are as follows:

	RM '000
Authorised and contracted for	8,124

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	
RM '000	**30/06/2011**	**30/06/2010**	**30/06/2011**	**30/06/2010**
Purchases from Solar Turbines International Company	33,681	27,402	58,400	52,581

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.

	Individual Quarter Ended		Cumulative Quarter Ended	
RM '000	**30/06/2011**	**30/06/2010**	**30/06/2011**	**30/06/2010**
Sales to related parties of Dresser Italia S.R.L	6	4	20	21
Purchases from Dresser Italia S.R.L	761	138	1,960	199
Purchases from related parties of Dresser Italia S.R.L	3,720	4,641	6,538	8,265

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 RM80.6 million for the current quarter compared to RM82.9 million for the corresponding quarter in the previous year. This represents a decrease of RM2.3 million or 2.8%.

The Group's revenue was primarily contributed by the Power and Machinery segment. Contribution from this segment decreased by RM0.8 million compared to the corresponding quarter in the previous year. Revenue contribution from Oilfield Services segment also decreased by RM5.0 million during the quarter largely due to a decrease in the provision of oilfield equipment and parts and wireline equipment and services. The lower revenue contribution earned from these segments was offset by an increase in revenue contribution by RM3.5 million by the Maintenance, Repair and Overhaul segment which was contributed entirely by Rotary Technical Services Sdn Bhd ('Rotary'), a subsidiary of the Group, acquired in July 2010.

Profit before tax for the quarter

The Group recorded a profit before tax of RM11.7 million for the current quarter compared to RM7.4 million in the corresponding quarter of the previous year. This represents an increase of RM4.3 million or 58.1%.

The increase for the quarter was largely due to an increase in total segment results of RM3.6 million, higher other income of RM0.2 million and lower corporate expenses of RM0.9 million but offset by lower associates' results of RM0.4 million. The increase in segment results was mainly contributed by the Power and Machinery segment of RM4.7 million due to higher revenue earned from improved margins on retrofit projects and gas turbine overhaul sales and improved contribution of RM0.2 million from the Maintenance, Repair and Overhaul segment. The improvements in results from these segments were offset by a decrease in contribution from the Oilfield Services segment of RM1.3 million. This was due to a decrease in revenue earned from the provision of wireline equipment and services and other oilfield products.

Revenue for the 6 months

The Group's revenue for the 6 months ended 30 June 2011 increased from RM160.9 million in the corresponding cumulative quarters in the previous year to RM209.0 million in the current cumulative quarters. This represents an increase of RM48.1 million or 29.9%.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW (CONT.)

This increase was largely contributed by an increase in contribution from the Power and Machinery and the Maintenance, Repair and Overhaul segments. The increase in the Power and Machinery segment revenue by RM49.7 million was attributed to higher revenue earned from a gas turbine supply project. The increase in revenue contribution from the Maintenance, Repair and Overhaul segment of RM7.0 million was contributed entirely by Rotary, a subsidiary acquired in July 2010.

The increase in revenue contribution of RM56.7 million from both these segments was offset by a reduction in revenue contribution from the Oilfield Services segment of RM8.6 million. This reduced contribution was largely due to a reduction in the provision of oilfield equipment and parts during the period.

<u>Profit for the 6 months</u>

Group profit before tax for the 6 months ended 30 June 2011 increased from RM15.6 million in the corresponding period of the previous year to RM19.7 million in the current period. This represents an increase of RM4.1 million or 26.2%.

The increase in profit before tax for the period was mainly due to increased contributions from the Power and Machinery and the Maintenance, Repair and Overhaul segments totaling RM2.2 million, higher other income of RM0.3 million, improved results from associates of RM0.8 million and a decrease in corporate expenses and finance costs of RM2.0 million.

The increase in the Power and Machinery segment was a result of higher revenue earned on retrofit and gas turbine overhaul projects during the period. The increases in reportable segment results contributed by the Power and Machinery segment of RM1.5 million and the Maintenance, Repair and Overhaul segment of RM0.7 million were offset by a decrease in contribution of RM1.2 million from the Oilfield Services segment due to a drop in revenue earned from the provision of wireline equipment and services and other oilfield products.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

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

The Group's profit before tax improved by RM3.7 million or 46.2% from RM8.0 million in the immediate preceding quarter to RM11.7million in the current quarter.

The increase was mainly due to improved reportable segment results contributed mainly by the Power and Machinery segment of RM8.2 million offset by a decrease in contribution from the Oilfield Services segment of RM1.4 million and the Maintenance, Repair and Overhaul segment of RM0.4 million. The increased contribution from the Power and Machinery segment was due to improved margins earned on retrofit and gas turbine overhaul projects during the current quarter. The decrease in contribution from the Oilfield Services segment was due to a reduction in revenue earned from the provision of wireline equipment and services and other oilfield products. However the increase in reportable segment results was offset by an increase in corporate expenses of RM1.5 million and reduced associates' results of RM1.2 million.

B3. 2011 PROSPECTS

As set out in the Economic Transformation Programme, PETRONAS has undertaken a number of initiatives in support of the Government's plan to raise the production of oil and gas. These initiatives include increased exploration activities, development of small fields and enhanced oil recovery. Against this backdrop, we anticipate increased business opportunities for the Group.

B4. PROFIT FORECAST

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

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B5. INCOME TAX EXPENSE

	Individual Quarter Ended		Cumulative Quarter Ended	
RM '000	**30/06/2011**	**30/06/2010**	**30/06/2011**	**30/06/2010**
Current tax	2,391	435	3,507	2,983
Deferred tax	301	748	452	346
Total income tax expense	**2,692**	**1,183**	**3,959**	**3,329**

Excluding the associates' results which are presented net of tax, the effective tax rate of the Group for the financial period ended 30 June 2011 is 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 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 11 Aug 2011 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

B9. GROUP BORROWINGS

The amount of Group borrowings as at 30 June 2011 is as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
Borrowings (secured) – at fair value	5,675	12,721	18,396

The borrowings are all denominated in Ringgit Malaysia.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 June 2011.

B11. CHANGES IN MATERIAL LITIGATION

Saved as disclosed in the first quarter announcement of 2010 dated 24 May 2010, there was no other material litigation as at 11 August 2011.

B12. DIVIDEND

The Board of Directors have, in respect of financial year ending 31 December 2011, declared a first interim single tier dividend of 5 sen per ordinary share (2010: 3.5 sen first interim single tier dividend per ordinary share) on 100,000,000 ordinary shares.

The dividend will be payable on 21 September 2011 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 9 September 2011.

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

(i) shares transferred into the Depositor's securities account before 4.00 p.m, 9 September 2011 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 ending 31 December 2011 is 5 sen per ordinary share.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B13. EARNINGS PER SHARE ("EPS")

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

	Individual Quarter Ended		**Cumulative Quarter Ended**	
RM '000	**30/06/2011**	**30/06/2010**	**30/06/2011**	**30/06/2010**
Basic earnings per share				
Profit attributable to equity holders of the Company	7,377	4,120	13,086	8,824
Weighted average number of ordinary shares	100,000	100,000	100,000	100,000
Basic earnings per share	7.38 sen	4.12 sen	13.09 sen	8.82 sen

The diluted earnings per share for the Group is not presented as there is no dilutive potential ordinary shares during the current financial period 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 30/06/2011**	**Cumulative Quarter Ended 31/12/2010**
Total retained profits of the Company and its subsidiaries:		
Realised	133,274	119,408
Unrealised	(6,642)	(5,490)
	126,632	113,918
Total share of retained profits from associated companies:		
Realised	35,621	38,597
Unrealised	(1,898)	(1,895)
	33,723	36,702
Less: Consolidation adjustments	(29,792)	(25,143)
Total Group's retained profits	130,563	125,477

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

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 18 August 2011.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
18 August 2011