

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

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

RM'000	Quarter and year-to-date ended	
	31/03/2011	31/03/2010
	Unaudited	Unaudited
Revenue	128,443	78,040
Cost of sales	(113,046)	(61,423)
Gross profit	15,397	16,617
Other income	616	238
Selling and distribution costs	(542)	(724)
Administrative expenses	(10,203)	(8,384)
Other operating expenses	(631)	(1,626)
Profit from operation	4,637	6,121
Finance costs	(344)	(382)
Share of post tax profits of associates	3,676	2,448
Profit before tax	7,969	8,187
Income tax expense	(1,267)	(2,146)
Profit for the period	6,702	6,041
Other comprehensive income		
Currency translation differences	(439)	(1,296)
Total comprehensive income for the period	6,263	4,745
Profit attributable to:		
- Equity holders of the Company	5,709	4,704
- Non-controlling interest	993	1,337
	6,702	6,041
Total comprehensive income attributable to:		
- Equity holders of the Company	5,503	4,051
- Non-controlling interest	760	694
	6,263	4,745
Earnings per share (EPS) attributable to equity holders of the Company (sen)		
- Basic EPS	5.71	4.70

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 31 MARCH 2011

RM'000	As at 31/03/2011	As at 31/12/2010
	Unaudited	Audited
ASSETS		
Property, plant and equipment	93,492	93,463
Investment properties	977	982
Intangible assets	646	740
Long term prepayment	159	318
Associates	44,694	41,436
Deferred tax assets	121	70
Non-current Assets	140,089	137,009
Inventories	8,173	9,046
Amounts due from associates	15	15
Trade receivables	95,052	138,124
Other receivables, deposits and prepayments	5,829	4,481
Tax recoverable	6,576	4,880
Deposits with licensed banks	56,614	44,053
Cash and bank balances	8,332	13,556
Current Assets	180,591	214,155
TOTAL ASSETS	320,680	351,164
EQUITY AND LIABILITIES		
Share capital	100,000	100,000
Retained earnings	123,186	125,477
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,120)	(2,914)
Equity attributable to Equity Holders of the Company	170,066	172,563
Non-controlling interest	28,739	27,979
Total Equity	198,805	200,542
Borrowings	14,022	15,407
Deferred tax liabilities	5,289	5,087
Non-current liabilities	19,311	20,494
Trade payables	79,788	111,391
Other payables and accruals	9,119	12,357
Taxation	3	166
Borrowings	5,654	6,214
Dividend payable	8,000	-
Current liabilities	102,564	130,128
Total Liabilities	121,875	150,622
TOTAL EQUITY AND LIABILITIES	320,680	351,164
Net assets per share attributable to equity holders of the Company (RM)	1.70	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)
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2011

	← Attributable to equity holders of the Company →				Non-controlling interest	Total equity	
	-----Non-distributable-----		Distributable				
RM'000	Share capital	Currency translation differences	Merger deficit	Retained earnings	Total		
At 1 January 2010	100,000	(1,356)	(50,000)	112,741	161,385	27,537	188,922
Total comprehensive income for the period	-	(653)	-	4,704	4,051	694	4,745
At 31 March 2010	<u>100,000</u>	<u>(2,009)</u>	<u>(50,000)</u>	<u>117,445</u>	<u>165,436</u>	<u>28,231</u>	<u>193,667</u>
At 1 January 2011	100,000	(2,914)	(50,000)	125,477	172,563	27,979	200,542
Total comprehensive income for the period	-	(206)	-	5,709	5,503	760	6,263
Dividend	-	-	-	(8,000)	(8,000)	-	(8,000)
At 31 March 2011	<u>100,000</u>	<u>(3,120)</u>	<u>(50,000)</u>	<u>123,186</u>	<u>170,066</u>	<u>28,739</u>	<u>198,805</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)
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CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2011

RM'000	Year-to-date ended	
	31/03/2011	31/03/2010
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	6,702	6,041
<u>Adjustments for:</u>		
Write-back of impairment for liquidated damages	(197)	-
Depreciation of property, plant and equipment	3,027	2,849
Share of results of associates	(3,676)	(2,448)
Tax expense	1,267	2,146
Interest expense	344	382
Interest income	(265)	(136)
Gain on disposal of property, plant and equipment	(52)	-
Loss on derivative	-	380
Amortisation of intangible assets	94	89
Unrealised foreign exchange (gain) / loss	(1,073)	68
Others	20	109
Operating profit before working capital changes	6,191	9,480
Decrease in inventories	858	1,355
Decrease / (Increase) in receivables	43,342	(3,426)
(Decrease) / Increase in payables	(35,066)	5,974
Cash generated from operation	15,325	13,383
Interest received	265	136
Tax paid	(2,975)	(2,368)
Interest paid	(309)	(347)
Net cash generated from operating activities	12,306	10,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from associates	-	144
Property, plant and equipment		
- Purchases	(3,066)	(1,284)
- Proceeds from disposals	62	-
Net cash used in investing activities	(3,004)	(1,140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings		
- Repayments	(1,980)	(158)
Dividends paid to:		
- Non-controlling interest	-	(1,470)
Decrease in cash held in trust for dividends	2	-
Net cash used in financing activities	(1,978)	(1,628)
Net increase in cash and cash equivalents	7,324	8,036
Effects of exchange rate changes	14	(102)
Cash and cash equivalents at beginning of period	57,098	60,978
Cash and cash equivalents at end of period	64,436	68,912
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Short term deposits	56,614	50,936
Cash and bank balances	8,332	18,502
	64,946	69,438
Less: Cash held in trust for dividends	(9)	(25)
Cash held in trust in a designated account	(501)	(501)
Cash and cash equivalents at end of period	64,436	68,912

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.

DELEUM BERHAD (715640-T)
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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 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 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 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)

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 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.

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. 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.

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

A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's operation is not affected by any significant seasonal or cyclical factors in the financial 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 31 March 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 March 2011.

A8. DIVIDEND PAID

No dividend was paid in the current quarter under review.

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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

There is only one reportable segment in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performances of the operating segment. Therefore, no segment information is presented.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A11. MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET 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.

A13. CONTINGENT LIABILITIES / ASSETS

As at 31 March 2011, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions of RM25 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 March 2011 are as follows:

	RM '000
Authorised and contracted for	<u>1,973</u>

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

A15. RELATED PARTY TRANSACTIONS

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

RM '000	Quarter and year-to-date ended	
	31/03/2011	31/03/2010
Purchases from Solar Turbines International Company	24,719	25,179

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	Quarter and year-to-date ended	
	31/03/2011	31/12/2010
Sales to related parties of Dresser Italia S.R.L	14	17
Purchases from Dresser Italia S.R.L	1,199	61
Purchases from related parties of Dresser Italia S.R.L	2,818	3,624

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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

The Group's revenue increased by 64.6% from RM78.0 million in the corresponding quarter of the previous year to RM128.4 million in the current quarter under review and the Group's profit before taxation ("PBT") reduced by 2.7% from RM8.2 million to RM8.0 million.

The higher revenue was mainly attributable to higher billings from a project during the quarter and revenue contributed by a newly acquired subsidiary.

The reduction in PBT was primarily due to lower margins earned and was set off by the improved results from an associate company on the back of the increased drilling activities.

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

The Group's PBT declined by 21.6% from RM10.2 million in the immediate preceding quarter to RM8.0 million in the current quarter primarily due to lower billings and margins earned in the current quarter and set off by the improved results from an associate company.

B3. 2011 PROSPECTS

Crude oil prices have increased from an average of USD86 in 2010 to USD105 in the first quarter of the year.

As announced by the national oil company, PETRONAS, crude oil production will be stepped up by enhanced oil recovery and increasing the recovery rate from existing fields.

In view of the expected increase in activities on existing development and production activities in the country, we anticipate higher level of activities and opportunities for the Group in the supply of oilfield equipment and services.

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

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	Quarter and year-to-date ended	
	31/03/2011	31/03/2010
Current tax	1,116	2,548
Deferred tax	151	(402)
Total income tax expense	1,267	2,146

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

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 9 May 2011 (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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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**

B9. GROUP BORROWINGS

The amount of Group borrowings as at 31 March 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	5,654	14,022	19,676

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 March 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 9 May 2011.

B12. DIVIDEND

The Directors, on 24 February 2011 declared a second interim single tier dividend of 8 sen per share of RM1.00 each in respect of the financial year ended 31 December 2010, totaling RM8,000,000. The dividend was paid on 8 April 2011.

There were no dividends declared during the quarter under review for the financial period ended 31 March 2011.

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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:

RM '000	Quarter and year-to-date ended	
	31/03/2011	31/03/2010
Basic earnings per share		
Profit attributable to equity holders of the Company	5,709	4,704
Weighted average number of ordinary shares	100,000	100,000
Basic earnings per share	5.71 sen	4.70 sen

The diluted earnings per share for the Group is not presented as there is no dilutive potential ordinary share 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	Quarter Ended 31/12/2010	Quarter Ended 31/03/2011
Total retained profits of the Company and its subsidiaries:		
Realised	119,408	118,574
Unrealised	(5,490)	(4,415)
	113,918	114,159
Total share of retained profits from associated companies:		
Realised	38,597	42,276
Unrealised	(1,895)	(1,898)
	36,702	40,378
Less: Consolidation adjustments	(25,143)	(31,351)
Total Group's retained profits	125,477	123,186

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**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.)

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 16 May 2011.

By order of the Board

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