APPENDIX
Page 14

DELEUM BERHAD GROUP

PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

5 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006

The proforma consolidated statement of assets and liabilities of the Deleum Group, for which the Directors of Deleum are solely responsible, have been prepared for illustrative purposes to show the effects of the proposals described in Note 1.1 on the assumption that the proposals had been completed on 31 December 2006 and should be read in conjunction with the basis of preparation of proforma consolidated balance sheets and the notes thereon as set out in Note 4.

	Note	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	a	45,139
Investment properties	b	1,108
Associates	c	31,655
Other investments	d	3
		77,905
CURRENT ASSETS		
Inventories	e	2,094
Amounts due from associates		18
Trade and other receivables	f	79,094
Tax recoverable		1,120
Cash and bank balances		58,750
		141,076
LESS: CURRENT LIABILITIES		
Trade and other payables	g	80,374
Borrowings	h	1,059
Taxation		748
		82,181
NET CURRENT ASSETS		58,895
LESS: NON-CURRENT LIABILITIES		
Deferred tax liabilities	i	878
Term loans (secured)	j	3,032
		3,910
		132,890

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

DELEUM BERHAD GROUP

PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

5 NOTES TO THE PROFORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006

a Property, plant and equipment

	RM'000
Net book value	
Office premises	3,369
Long term leasehold land	4,051
Long term leasehold building	3,987
Office equipment, furniture & fittings and renovations	1,051
Plant, machinery, other equipment and motor vehicles	32,681
	45,139

b Investment properties

	RM'000
Cost	1,179
Less: Accumulated depreciation	(71)
	1,108

c Associates

	RM'000
Group's share of net assets of associates	31,655

d Other investments

	RM'000
Non-current	
At cost:	
Quoted shares in Malaysia	25
Less: Impairment loss	(22)
	3
At cost:	
Unquoted shares in Malaysia	160
Less: Impairment loss	(160)
	0
	3

DELEUM BERHAD GROUP

PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

5 NOTES TO THE PROFORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006 (CONTINUED)

e Inventories

	RM'000
At cost:	
Finished goods	2,094

f Trade and other receivables

	RM'000
Trade receivables	75,458
Less: Allowance for doubtful debts	(1,410)
	74,048
Other receivables	6,619
Less: Allowance for doubtful debts	(2,353)
	4,266
Deposits	274
Prepayments	506
Total	79,094

g Trade and other payables

	RM'000
Trade payables	41,272
Trade accruals	31,940
Other payables	5,595
Accruals	1,567
	80,374

h Borrowings

	RM'000
Bank overdraft	1
Term loans (note (j))	1,058
	1,059

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

DELEUM BERHAD GROUP

PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

5 NOTES TO THE PROFORMA STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006 (CONTINUED)

i Deferred tax liabilities

	RM'000
Deferred tax liabilities	878

Subject to income tax:

Deferred tax assets (before offsetting)	
Allowance for doubtful debts	74
Less: Offsetting	(74)
	-
Deferred tax liabilities (before offsetting)	
Property, plant and equipment	852
Unrealised foreign exchange gain	100
	952
Less: Offsetting	(74)
	878

j Term loans (secured)

	RM'000
Al-Bai Bithaman Ajil term loans	4,090
Less: Amount repayable within 12 months	(1,058)
	3,032
Due within one year (note (h))	1,058
Due between two and five years	3,032
	4,090

The Al-Bai Bithaman Ajil term loans are repayable by 60 equal monthly instalments of RM54,589 each commencing 24 April 2004 and 60 equal monthly instalments of RM52,830 each commencing 29 January 2007 respectively. The term loans bear profit sharing margin of 6.22% to 6.35% per annum as at 31 December 2006 and is secured over a debenture over all the fixed and floating assets of a subsidiary and corporate guarantee of RM4,498,348 furnished by a subsidiary.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

9.5 MANAGEMENT DISCUSSION ON AND ANALYSIS OF PROFORMA FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the Deleum Group's past financial performances and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past three (3) financial years ended 31 December 2006 included in Sections 9.1, 9.2, 9.3 and 9.4 herein.

9.5.1 Segmental Analysis

(a) Analysis of Revenue by Corporations

Deleum Group revenue is derived mainly from four (4) of its subsidiaries, namely DSSB, DOSSB, TSSB and DCSB.

The contribution of revenue by the respective corporations is detailed below. During the period under review (i.e. FYE 2004 to 2006), Deleum Group achieved continued growth of revenue averaging 25.0% a year:

Financial Year Ended 31 December	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)
DSSB	187,244	222,702	324,298
DOSSB	7,049	12,326	19,276
TSSB	75,304	106,222	85,741
DCSB	80	1,066	3,102
Proforma Consolidated Revenue	**269,677**	**342,316**	**432,417**

The factors which contributed to the growth in revenue for DSSB were due to the increased activities in the oil and gas industry as a result of the increase in crude oil prices and the discovery of new deepwater fields in Malaysian waters. These factors coupled with the increased emphasis on enhanced recovery have resulted in a growth in demand for specialised products and services in the oil and gas industry.

As a result of the increased activities in the oil and gas industry, operators increased maintenance work to minimise downtime, and as such, DOSSB's revenues continued to increase year-on-year ("y-o-y").

A significant portion of TSSB's revenue is from its overhaul activities. This is reflective of the increased revenues from 2004 to 2005 and the reduction in overhaul activities in 2006 resulted in reduced revenues of TSSB.

The increase in revenue for DCSB is due to commercialisation of the solid deposit solutions and the Group expects the growth to continue in this segment.

As noted above, the positive and negative fluctuations in the respective entities is mitigated by the diverse base of business activities of the Group. Thus this is reflective of the Group's y-o-y increases in revenue.

(b) Analysis of Profits before Taxation by Corporations

Based on the above revenue performance, the profits for the Group are as follows:

Financial Year Ended 31 December	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)
DSSB	9,027	12,681	12,834
DOSSB	1,535	4,483	6,799
TSSB *	1,376	1,585	1,932
DCSB *	(466)	(92)	782
2MC	1,572	2,276	3,777
CUPL *	3,888	2,522	3,584
Dormant subsidiaries	213	(148)	(17)
Consolidation adjustments	2,791	3,344	2,301
Proforma Consolidated PBT	**19,936**	**26,651**	**31,992**

Notes:

* After adjustments for MI.

The increase in PBT was largely in tandem with revenue, except for TSSB which showed an increase in PBT in FYE2006 even though there was a decrease in revenue from FYE2005 to FYE2006. The aforesaid was due to the higher margin sales for TSSB.

Apart from the previously mentioned four (4) main subsidiaries, the share of profits from the associate companies of the Group, namely CUPL and 2MC, also contributed to the PBT.

(c) Analysis of Revenue by Products and Services

Financial Year Ended 31 December	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)
Specialised equipment and services	126,378	123,063	226,921
Oilfield equipment and services	134,927	210,817	200,805
Oilfield chemicals and services	8,372	8,436	4,691
Proforma Consolidated Revenue	**269,677**	**342,316**	**432,417**

Overall, the Group's revenue continues to grow as a reflection of the growth in activities in the oil and gas industry.

As previously stated, due to the fluctuation and activity levels of the different sectors in the industry, there are increases and decreases in the revenue y-o-y in relation to the respective segments.

The Group's diversity in its products and services range further contributes to the y-o-y growth in revenue.

The growth in revenue from 2005 to 2006 for the specialised equipment and services segment were due to the increased activities in the oil and gas industry resulting from the increase in crude oil prices and the discovery of new deepwater fields in Malaysian waters.

The slight decrease in revenue in 2006 for the oilfield equipment and services segment is due to the decrease in overhaul activities compared to 2005. However, this decrease was mitigated by the increase in revenue for maintenance services in line with the Group's increasing emphasis in maintenance operations, particularly Wireline and Wellhead maintenance activities.

The oilfield chemicals and services segment showed a decline in revenue in 2006 as there was a reduction in volume of production of a customer. However, the Group anticipates this trend to reverse in the future when the production volume normalises for the customer.

(d) Analysis of Profits before Taxation by Products and Services

The above growth in revenue transcends into PBT by products and services as shown below:

Financial Year Ended 31 December	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)
Specialised equipment and services	3,233	3,752	5,891
Oilfield equipment and services	8,469	14,773	15,632
Oilfield chemicals and services	(231)	133	824
Bulking services	1,572	2,275	3,777
Independent power production *	3,888	2,522	3,584
Dormant subsidiaries	214	(148)	(17)
Consolidation adjustments	2,791	3,344	2,301
Proforma Consolidated PBT	**19,936**	**26,651**	**31,992**

Note:

* After adjustments for MI.

In general, the PBT are reflective of the trends in revenue as reflected previously. The exceptions being the oilfield equipment and services, and oilfield chemicals and services segments where there was an increase in profits in 2006 even though there was a reduction in revenues during the same year, which is reflective of the sales of higher margin services and products.

The PBT in relation to bulking services is from 2MC and that of the independent power production is from CUPL.

9.5.2 Significant Factors Affecting Net Revenue and Profits of the Group

There were no other significant factors, including unusual or infrequent events or new developments, materially affecting the Group's profits and information indicating the extent to which such profits were affected.

(i) Effect of Crude Oil Prices

One of the major factors which may affect the level of oil exploration, development and production activities is the level of crude oil prices. The oil and gas industry activity is likely to continue to grow with the sustained high level of demand for hydrocarbons as evidenced by the sustained high global market price for hydrocarbons.

The level of investment made by PETRONAS and PSC operators in the exploration and production of oil and gas industry in Malaysia increased at an average annual rate of 21.7% between the financial years ended 31 March 2000 to 31 March 2006. During the financial year ended 31 March 2006 investment increased by approximately 30.9% with the level of investment reaching approximately RM16.1 billion.

(Source: Independent Assessment of the Supporting Specialised Products and Services for the Oil and Gas Industry prepared by Vital Factor Consulting Sdn Bhd)

(ii) Competition and Contracts Secured

Deleum operates in the oil and gas industry which is a competitive industry. However, Deleum provides a broad range of products and services in support of the industry which includes amongst others, specialised oilfield chemicals, oilfield equipment and services, and bulking services.

These products and services are provided to the main customers of the industry which include PCSB, EMEPMI, SSB/SSPC, Talisman, Nippon and Murphy.

Deleum has a good business relationship with all these customers and the relationship with them spans approximately 25 years.

With Deleum's proven track record, competent personnel, competitive advantages and the continued support of the customers, the Directors and management of Deleum are confident that Deleum is well positioned to withstand future competition and to secure future projects from its existing and potential customers.

It is also the Group's intention to expand its domestic business base and to look for new markets in the region and overseas.

(iii) Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Profits

Deleum Group has business transactions in foreign currencies for its specialised products and services.

The Group mitigates its exposure to foreign currency fluctuations by entering into contracts for both the supply and sale in the same currency. This forms a natural hedge, ensuring that the Deleum Group is not materially affected by unfavourable foreign currency movements.

There is no material impact of interest rates as the Group does not have any significant borrowings. The Group has been operating on a net cash basis.

As the Group is involved in the provision of specialised services and equipment, it is not materially affected by the fluctuation in the commodity prices.

(iv) Taxation

The tax provision has been adequately provided for in all the financial years under review. The tax submission for the Group has been made up to the year of assessment 2005. There were no material matters in dispute with the Inland Revenue Board ("IRB") of Malaysia.

(v) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) financial years ended 31 December 2006.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

9.5.3 Liquidity and Capital Resources

(a) Working Capital

The Group has operated on a net cash basis for the last ten (10) years and has reinvested its internally generated funds into the business. Deleum also has minimal gearing.

The Directors of Deleum are of the opinion that after taking into consideration the existing unutilised sources of liquidity and the net proceeds from the Listing, the Group has adequate working capital to meet its requirements.

(b) Cash Flows

The proforma consolidated cash flow statement of Deleum for the financial year ended 31 December 2006 has been prepared, solely for illustrative purposes, to show the cash flows of the Deleum Group had the completed transactions and internal group reorganisation described in the Appendices on the Proforma Consolidated Financial Information set out in Section 9.4 of this Prospectus, been completed on 1 January 2006 and the respective transaction dates, respectively. The proforma consolidated cash flow statement should be read in conjunction with the basis of preparation of proforma consolidated income statements as set out in Section 9.1 of this Prospectus as well as the assumptions in the Appendices of the Proforma Consolidated Financial Information set out in Section 9.4 of this Prospectus.

	Proforma Year ended 31 December 2006 (RM'000)
Net cash flows from operating activities	19,431
Net cash flows from investing activities	(15,476)
Net cash flows from financing activities	(7,856)
Net decrease in cash and cash equivalents	(3,901)
Currency translation differences	(296)
Cash and cash equivalents at beginning of year	45,245
Cash and cash equivalents at end of the year	41,048

The Group commenced the year with RM45.2 million in cash and cash equivalents and generated a further RM19.4 million in profits during the year.

During the year due to expanding operations and business, the Group utilised approximately RM15.0 million for the purchase of property, plant and equipment.

Further outflows during the year included repayment of borrowings and payment of dividends of approximately RM7.9 million. Thus y-o-y there was a net reduction in cash of approximately RM3.9 million.

(c) **Borrowings**

As at 6 April 2007, the last practicable date prior to the issuance of this Prospectus, the total outstanding bank borrowings of the Group, is in the form of long term Islamic term loan financing and Hire Purchase financing amounting to RM4,884,525.

The Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings. There are also no foreign borrowings in the Deleum Group

(d) **Key Financial Ratios**

Trade Receivables

	As at 31 December 2004				
	Within credit period		Exceeding credit period		
	0-30 days	31-60 days	61-120 days	> 120 days	Total
Trade Receivables (RM`000)	56,376	20,731	4,307	6,180	87,594
% of trade receivables	64.36	23.67	4.92	7.05	100.00

	As at 31 December 2005				
	Within credit period		Exceeding credit period		
	0-30 days	31-60 days	61-120 days	> 120 days	Total
Trade Receivables (RM`000)	67,915	29,464	17,225	1,846	116,450
% of trade receivables	58.32	25.30	14.79	1.59	100.00

	As at 31 December 2006				
	Within credit period		Exceeding credit period		
	0-30 days	31-60 days	61-120 days	> 120 days	Total
Trade Receivables (RM`000)	46,544	14,389	7,574	5,541	74,048
% of trade receivables	62.86	19.43	10.23	7.48	100.00

As at financial year ended 31 December 2006, trade receivables stood at RM74.05 million out of which RM13.11 million had exceeded 60 days.

As of 6 April 2007, being the latest practicable date prior to the issuance of this Prospectus, all receivables exceeding 60 days as at 31 December 2006, have been collected except for amounts of RM6.7 million which are still outstanding from customers. There is no financial impact to the Group for these amounts as there are similar amounts payable to the Group's principals which are reflected as outstanding payables in the trade payables balances.

Trade Payables

	As at 31 December 2004				
	Within credit period		Exceeding credit period		
	0-30 days	31-60 days	61-120 days	> 120 days	Total
Trade Payables (RM`000)	24,395	29,972	9,573	9,165	73,105
% of trade payables	33.37	41.01	13.09	12.53	100.00

	As at 31 December 2005				
	Within credit period		Exceeding credit period		
	0-30 days	31-60 days	61-120 days	> 120 days	Total
Trade Payables (RM`000)	32,982	39,338	22,445	6,516	101,281
% of trade payables	32.56	38.84	22.16	6.44	100.00

	As at 31 December 2006				
	Within credit period		Exceeding credit period		
	0-30 days	31-60 days	61-120 days	> 120 days	Total
Trade Payables (RM`000)	12,442	7,233	12,728	8,887	41,290
% of trade payables	30.13	17.52	30.83	21.52	100.00

For the financial year ended 31 December 2006, trade payables stood at RM41.29 million out of which RM21.61 million had exceeded 60 days.

As of 6 April 2007, being the latest practicable date prior to the issuance of this Prospectus, there is only an amount of RM6.3 million outstanding which is related to the amount receivable above.

9.5.4 Interim Dividend

On 5 March 2007, Deleum declared in respect of the financial year ended 31 December 2006, an interim gross dividend of 6.28 sen per Share (tax exempt) and 7.72 sen per Share, less income tax of 28% on 60,000,000 Shares, amounting to a total of RM7.1 million. This dividend was paid on 26 March 2007.

9.6 CONTINGENT LIABILITIES AND MATERIAL COMMITMENT

(a) Contingent Liabilities

The Directors of Deleum declare that, as at 6 April 2007, being the latest practicable date prior to the issuance of this Prospectus, the Group has total contingent liabilities of RM36.9 million. Details of the contingent liabilities, including the financial impact on the performance and position of the Group upon becoming enforceable are as follows:

Contingent Liabilities	Facilities Utilised (RM'000)	Facilities Not Utilised (RM'000)	Total (RM'000)
Corporate Guarantees given by:			
- Deleum [(1)]	6,604	4,926	11,530
- DSSB [(2)]	7,737	14,050	21,787
Bank Guarantees given by:			
- DSSB [(3)]	3,134	-	3,134
- DOSSB [(4)]	506	-	506
Total	**17,981**	**18,976**	**36,957**

Notes:

(1) The corporate guarantee relates to a corporate guarantee given by Deleum to a financial institution for credit facilities granted to DSSB out of which RM5.0 million is still available for utilisation.

(2) The corporate guarantee relates to a corporate guarantee given by DSSB to TOSB, a related company of DSSB. RM14.0 million of these facilities are still available for utilisation.

(3) Of the RM3.1 million in bank guarantees, RM2.8 million relates to bank guarantees given to SSB/SSPC, customers of DSSB in favour of customer contracts. These guarantees are backed by bank guarantees by suppliers to DSSB. The balance of RM0.3 million relates to various guarantees given for operating requirements and utilities.

(4) The above guarantee relates to bank guarantees given to customers of DOSSB in relation to maintenance contracts.

Save as disclosed above and in Section 14.5, Deleum Group is not aware of any material contingent liabilities that upon materialisation, may have a material effect on the financial results/position of Deleum Group.

(b) Material Commitment

As at 6 April 2007 being the latest practicable date prior to the issuance of this Prospectus, the Group has the following material capital commitments :-

Capital Commitment	Amount (RM'000)
Approved and contracted for	
- New overhaul facilities	7,133
- Purchase of equipment	2,367
Total	**9,500**

The Group will fund the above capital commitment from internally generated funds and credit facilities extended by the financial institutions.

9. FINANCIAL INFORMATION *(Cont'd)*

9.7 CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

Financial Year Ending 31 December	Forecast 2007 (RM'000)
Revenue	581,486
PBT *	34,023
Tax	(7,690)
PAT	26,333
Attributable to:	
Equity holders of the Company	23,031
MI	3,302
	26,333
Weighted average number of shares ('000)	72,416
Enlarged issued share capital ('000)	80,000
Gross EPS (sen) (1)	47
Gross EPS (sen) (2)	43
Net EPS (sen) (1)	32
Net EPS (sen) (2)	29
Gross PE Multiple (times) (1) (3)	5.4
Gross PE Multiple (times) (2) (3)	5.9
Net PE Multiple (times) (1) (3)	8.0
Net PE Multiple (times) (2) (3)	8.8

Notes:

(1) Based on the weighted average number of shares in issue.
(2) Based on the enlarged share capital.
(3) Based on the IPO price of RM2.55 per Share.

* Includes share of profits after tax from associate corporations namely CUPL and 2MC amounting to approximately RM3.8 million and RM4.1 million respectively.

The consolidated profit forecast of Deleum Group for the financial year ending 31 December 2007 has been prepared based on the Directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date the forecast was approved, the Directors expect to take place. These future events may or may not take place. The principal assumptions which may impact their achievement are set out in the notes to the consolidated profit forecast.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which are outside the control of Deleum Group and its Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the forecast, and the differences may be material. Accordingly, the Directors cannot and do not guarantee the achievement of the forecast.

9.8 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF THE DELEUM GROUP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

(Prepared for inclusion in the Prospectus)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 3 2693 1077
Facsimile +60 3 2693 0997
www.pwc.com/my

The Board of Directors
Deleum Berhad
42, Jalan Bangsar Utama 1
Bangsar Utama
59000 Kuala Lumpur

11 April 2007

PwC/PH/KK/ra/1645J

DELEUM BERHAD
CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

Dear Sirs,

We have reviewed the consolidated profit forecast of Deleum Berhad ("Deleum") and its subsidiaries ("Deleum Group") for the financial year ending 31 December 2007 as set out in the accompanying statement (which we have stamped solely for the purpose of identification), in accordance with the International Standards on Assurance Engagement 3400 "The Examination of Prospective Financial Information", applicable to the review of forecasts.

The consolidated profit forecast has been prepared for the purpose of inclusion in the prospectus dated 15 May 2007 in connection with the proposed listing of Deleum on the Main Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by Deleum Group in its audited financial statements for the year ended 31 December 2006. The Directors of Deleum are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/KK/ra/1645J
11 April 2007

Subject to the matters stated in the preceding paragraph:

(i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and

(ii) in our opinion, the consolidated profit forecast, so far as the calculation are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by Deleum Group in its audited financial statements for the financial year ended 31 December 2006.

Yours faithfully,

PRICEWATERHOUSECOOPERS
(AF No: 1146)
Chartered Accountants

PAULINE HO
(No. 2684/11/07 (J))
Partner of the firm

APPENDIX
Page 1

DELEUM BERHAD

CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

The Directors of Deleum Berhad ("Deleum") forecast that the consolidated profit for the financial year of Deleum and its subsidiaries ("Deleum Group") for the financial year ending 31 December 2007, will be as follows:

	2007
	RM'000
Revenue	581,486
Profit before tax	34,023*
Tax	(7,690)
Profit for the financial year	26,333
Attributable to:	
Equity holders of the Company	23,031
Minority interest	3,302
Profit for the financial year	26,333
Weighted average number of ordinary shares in issue ('000)	72,416
Basic earnings per share ** (sen)	32

* Includes share of profits after tax from associates namely, Cambodia Utilities Pte Ltd and Malaysian Mud and Chemicals Sdn Bhd , amounting to RM3.8 million and RM4.1 million respectively.

** The basic earnings per share of Deleum Group is calculated by dividing the consolidated profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue for the financial year ending 31 December 2007 on the assumption that the rights issue of 6,000,000 new ordinary shares and public issue of 14,000,000 new ordinary shares will occur on 6 April 2007 and 1 June 2007 respectively.

The consolidated profit forecast of Deleum Group for the financial year ending 31 December 2007 have been prepared based on the Directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date the forecast was approved, the Directors expect to take place. These future events may or may not take place. The principal assumptions which may impact their achievement are set out in the notes to the consolidated profit forecast.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which are outside the control of Deleum Group and its Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the forecast, and the differences may be material. Accordingly, the Directors cannot and do not guarantee the achievement of the forecast.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX
Page 2

DELEUM BERHAD

CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007 (CONTINUED)

NOTES TO THE CONSOLIDATED PROFIT FORECAST

1 Listing scheme

The consolidated profit forecast is prepared for Deleum Group for the financial year ending 31 December 2007 in connection with the proposed listing of Deleum on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The consolidated profit forecast includes the impact of the proposed listing scheme as set out below:

(a) Rights issue
Rights issue of 6,000,000 ordinary shares at an issue price of RM1.00 per rights issue share to the existing shareholders of Deleum on the basis of one new ordinary share for every ten existing ordinary shares. The proceeds from the Rights issue are expected to be received on 6 April 2007.

(b) Public issue
The public issue comprises the issuance of 14,000,000 new ordinary shares of RM1.00 in Deleum at an issue price of RM2.55 per ordinary share. The gross proceeds from the public issue of RM35,700,000 will be received on the date of listing of the Deleum shares on the Main Board of Bursa Securities, expected to be on 1 June 2007. The total proceeds from the rights issue and the public issue of RM41,700,000 are expected to be utilised as follows:

	RM'000
Capital Expenditure	
- Oilfield Equipment	15,000
- Investment in Facilities	6,000
Working Capital	
- Expansion of Business and Markets	12,000
- Existing Operations	5,700
Estimated Listing Expenses*	3,000
	41,700

* The estimated listing expenses include share issue expenses of RM2,500,000 which will be debited against the share premium account.

(c) Offer for sale

The offer for sale of 6,450,000 ordinary shares of RM1.00 each in Deleum comprises the offer for sale by the offerors of Deleum collectively at an offer price of RM2.55 per ordinary share.

PRICEWATERHOUSECOOPERS
KUALA LUMPUR
for identification only
Chartered Accountants

APPENDIX
Page 3

DELEUM BERHAD

CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007 (CONTINUED)

NOTES TO THE CONSOLIDATED PROFIT FORECAST (CONTINUED)

2 Bases of preparation of consolidated profit forecast

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

General

i. There will be no changes in the significant accounting policies from those presently adopted by Deleum Group in its audited financial statements for the financial year ended 31 December 2006.

ii. There will be no material changes to the Deleum Group structure.

iii. There will be no significant changes to the principal activities and services, existing strategic and operating policies, and composition of existing key management personnel that will adversely affect the activities and performance of Deleum Group.

Economic

iv. There will be no material changes in the present legislation, governmental regulations or license conditions or requirements in Malaysia, or in other jurisdictions or other markets, especially legislations or regulations that affect the oil and gas industry and utilities industry, which will adversely affect the activities and performance of the Deleum Group.

v. There will be no material change in the prevailing political and economic conditions in Malaysia, or in other jurisdictions or other markets, especially those conditions that affect the oil and gas industry and utilities industry, which will adversely affect the activities or performance of Deleum Group.

vi. There will be no significant changes to the prevailing statutory tax rates of the respective countries and the bases of taxation applicable to Deleum Group. The tax rates applicable in Malaysia and Cambodia are 27% and 9% respectively.

vii. There will be no major disruptions or disputes and there will be no other events or abnormal factors, including war, terrorist attacks, weather conditions, which will adversely affect the operations of Deleum Group.

viii. The rate of inflation will not vary significantly from the current level.

ix. There will be no significant changes in the prevailing exchange rates of foreign currencies. Exchange rates of foreign currencies used in the forecast are as follows:

	2007
	RM
USD	3.50
HKD	0.45
GBP	6.50

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

DELEUM BERHAD

CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007 (CONTINUED)

NOTES TO THE CONSOLIDATED PROFIT FORECAST (CONTINUED)

2 Bases of preparation of consolidated profit forecast (continued)

Revenue

x. The revenue of Deleum Group has been forecasted at the contracted or prevailing rates and prices offered to the customers and there will be no significant changes in the rates and prices offered.

xi There will be no significant changes to the current demand for the products and services of Deleum Group. Existing contracts with customers will be renewed upon expiration during the forecast year.

xii. Deleum Group will be able to achieve the contract milestones as set out in its contracts with its customers based on the forecast of progress of services and equipment delivery.

xiii. Deleum Group will be able to secure their new business volume as expected and there will be no delays and cost overruns in the provision of equipment and services from those assumed in the forecast.

xiv. Revenue is forecasted to be secured as follows:

	RM'mil	%
Sale of equipment and services	464	80
Potential sale of equipment and services	111	19
Marketing fees	6	1
	581	100

xv. Gas turbines are expected to be overhauled by customers upon reaching an average of 35,000 operating hours consistent with historical experience.

APPENDIX
Page 5

DELEUM BERHAD

CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007 (CONTINUED)

NOTES TO THE CONSOLIDATED PROFIT FORECAST (CONTINUED)

2 Bases of preparation of consolidated profit forecast (continued)

Expenses and capital expenditure

xvi. Existing trading relationships with major suppliers will be maintained. There will be no delay in provision of their products and services that will significantly affect the operations and activities of Deleum Group.

xvii. The cost charged by suppliers is at the prices and rates currently enjoyed by Deleum Group and there will not be any significant changes to the rates and prices.

xviii. There will be increase in staff and staff related expenditure in the forecast year due to inflation and headcount increase to support the forecasted growth in business. Deleum Group will have access to adequate manpower resources to support its forecasted growth in business. The hiring of employees will occur as planned and matches expansion/ increase in revenue. The employees will be adequately trained and there will be no deterioration on the service quality of its employees which will materially affect the operations of Deleum Group.

xix. Other than inflationary increases, there will be no significant increase in administrative, overhead and other expenses incurred in the operations and activities of Deleum Group.

xx. Average gross profit margin of approximately 8% is expected to be achieved from the forecasted revenue.

xxi. Capital expenditure programmes will be implemented as planned and is expected to provide sufficient support for the forecast activities.

Debtors and creditors

xxii. All payments and receipts are made on a timely basis and in accordance with terms stipulated in the respective agreements, invoices and contracts.

xxiii. There will be no significant allowances for doubtful debts.

Others

xxiv. Deleum Group will be able to obtain additional financial facilities as and when required at interest rates approximating those in the forecast and that existing and future financing facilities will remain available at current prevailing interest rates.

xxv. Instalments from borrowings are forecast to be repaid using the cash generated from operations.

xxvi. Proceeds from the Rights issue will be received on 6 April 2007 and proceeds from the Public issue will be received on 1 June 2007.

DELEUM BERHAD

CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007 (CONTINUED)

NOTES TO THE CONSOLIDATED PROFIT FORECAST (CONTINUED)

2 Bases of preparation of consolidated profit forecast (continued)

Others (continued)

xxvii. 70% of the proceeds from the Rights issue and Public issue will be placed in fixed deposits with financial institutions.

xxviii. Dividends amounting to RM11,359,000 is forecast to be declared by Deleum's subsidiaries in March 2007 and April 2007 and these dividends will be placed in fixed deposits with financial institutions.

xxix. Interest income on deposits with financial institutions is forecast to be earned at the current interest rate of 2.5% to 3.1% per annum.

xxx. There will be no material contingent liabilities and litigation which will likely give rise to any legal proceedings which might adversely affect Deleum Group's financial position and operations.

Share of results of associates

xxxi. The forecasted activities of the associates of Deleum Group are expected to contribute a share of results after tax of approximately RM3,849,000 for Cambodia Utilities Pte Ltd ("CUPL") and RM4,073,000 for Malaysian Mud and Chemicals Sdn Bhd ("2MC") during the forecast year.

xxxii. There will be no significant disruption to the operations and capacity of the power plant maintained and operated by CUPL in Cambodia ("CUPL Power Plant") pursuant to the Power Purchase Agreement ("PPA") dated 14 December 1994 and the relevant Supplemental Agreements.

xxxiii. The average availability factor of CUPL Power Plant is expected to remain at the 2006 level of 82%.

xxxiv. The terms stipulated in the PPA affecting the computation of capacity and energy changes of CUPL Power Plant will remain unchanged.

xxxv. The volume of bulking services forecast to be provided by 2MC will be achieved based on the expected schedule of drilling activities to be undertaken by its customers.

xxxvi. The expansion of the liquid mud plant by 2MC is forecast to be financed by bank overdrafts, cash generated from operations and extended interest free credit terms from suppliers.

PRICEWATERHOUSECOOPERS KUALA LUMPUR for identification only Chartered Accountants

9. FINANCIAL INFORMATION *(Cont'd)*

9.9 DIRECTORS' ANALYSIS AND COMMENTS ON THE PROFIT FORECAST

For FYE2007, Group revenue is expected to increase by approximately 34.5% from RM432.4 million to RM581.5 million, which is mainly attributable to the continuing high level of activities in the oil and gas industry. In tandem, profit attributable to the equity holders of the Company for FYE2007 is expected to increase by 7.5% from RM21.4 million to RM23.0 million.

The Board confirms that the consolidated profit forecast of the Group and the underlying bases and assumptions stated therein have been reviewed by the Directors.

After due and careful enquiry, and having taken into account the contracts secured and potential contracts to be secured, current prospects, new discoveries and accelerated development in the oil and gas industry, the Group's plans to expand its business activities in the domestic markets and also venture overseas, the Directors are of the opinion that the consolidated profit forecast is achievable under the prevailing business and economic environment.

The Directors are also of the opinion that the Group will continue to be liquid and have sufficient funds for its working capital and investment requirements.

The Group's forecasted profit for the financial year also includes share of profits after tax from associates namely CUPL and 2MC amounting to approximately RM3.8 million and RM4.1 million respectively for which the Board has the ability to exercise significant influence but not control on their financial and operating policy decisions. However, the Directors have no reason to believe that the profits forecast by the associates cannot be achieved.

Nevertheless, these bases and assumptions cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to uncertainties and contingencies, which are often outside the control of the Group. Therefore, certain assumptions used in the preparations of the consolidated profit forecast may differ significantly from the actual situation after the date of this profit forecast of 11 April 2007.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

9.10 DIVIDEND FORECAST AND POLICY

The following is the dividend forecast for FYE2007:

Financial Year Ending 31 December	Forecast 2007 (RM'000)
Consolidated PBT	34,023
Less : Taxation	(7,690)
Consolidated PAT	26,333
Less : MI	(3,302)
Consolidated PAT after MI	23,031
Less : Proposed Final Dividend	(8,410)
Retained Profits	14,621
Gross dividend per share (sen)	[1] 14.4
Gross dividend yield (%) [2]	5.6
Gross dividend cover (times)	4.1
Net dividend per share (sen)	10.5
Net dividend yield (%) [1]	4.1
Net dividend cover (times)	2.7

Notes:

(1) Based on the enlarged share capital
(2) Based on the IPO price of RM2.55 per Share.

Declarations of dividends are at the discretion of the Board and prevailing economic and market conditions. Going forward, it will be the policy of the Company to distribute gross dividends of 50% of the Group's annual profit attributable to the equity holders of the Company. However, in recommending dividends to be declared, the Board will take into account amongst others, the following factors:

- the availability of adequate distributable reserves and cash flows of the Company;
- the availability of sufficient tax credits under Section 108 of the Malaysian Income Tax Act, 1967 to enable the Company to distribute dividends to the shareholders without incurring any tax liability; and
- the operating cash flow requirements, financing commitments and expansion plans of the Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

9.11 SENSITIVITY ANALYSIS

The business of the Deleum Group is not dependent on factors which have a high probability of variation, such as prices of raw materials, volume of sales and production capacity. Unlike companies in retail or manufacturing, the profitability of Deleum Group as a service provider in the oil and gas industry is not materially affected by such variables.

The profitability of Deleum Group is not affected by any one single variable, as it is more dependent on the industry and market conditions as a whole. A sensitivity analysis is therefore inappropriate to be included in this Prospectus, as it is not reflective of the true nature of the business of the Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

9.12 TREND INFORMATION

As at 6 April 2007, being the latest practicable date, to the best of Deleum Group's knowledge and belief, Deleum's conditions and operations have not been and are not expected to be affected by any of the following:

(a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on Deleum Group's financial performance, position and operations other than those discussed in this section and in Section 3 and Section 4.8 of this Prospectus;

(b) Material commitment for capital expenditure save as disclosed in Section 9.6 of this Prospectus;

(c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of Deleum Group save as disclosed in this section and in Section 3 of this Prospectus;

(d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in Deleum Group's revenue save for those that had been disclosed in this section and future plans, strategies and prospects as set out in Section 4.11 of this Prospectus; and

(e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make Deleum Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus.

The Group's business and financial prospects including significant trends in revenue and costs as discussed in Section 4.11 of this Prospectus and Sections 9.5.2 and 9.9 of this Prospectus. Further discussion on the overview of the oil and gas industry, its prospects and outlook are elaborated in Sections 4.8.1 to 4.8.10 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

(Prepared for inclusion in the Prospectus)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 3 2693 1077
Facsimile +60 3 2693 0997
www.pwc.com/my

The Board of Directors
Deleum Berhad
42, Jalan Bangsar Utama 1
Bangsar Utama
59000 Kuala Lumpur

11 April 2007

PwC/PH/LKT/zu/1644J

Dear Sirs,

A INTRODUCTION

This Accountants' Report (the "Report") has been prepared by PricewaterhouseCoopers, Malaysia, an approved company auditor, for the purpose of inclusion in the prospectus to be dated 15 May 2007 in connection with the proposed listing of Deleum Berhad ("Deleum" or "the Company") on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Securities").

B GENERAL INFORMATION

(i) The Company

Deleum was incorporated on 23 November 2005 under the Companies Act, 1965 as Deleum Sdn. Bhd., a private limited liability company in Malaysia. Deleum was subsequently converted to a public limited liability company on 15 September 2006 and has since assumed its present name.

(ii) Share Capital

As at the date of this Report, the authorised and issued share capital of the Company is as follows:

	RM
Authorised:	
100,000,000 ordinary shares of RM1.00 each	100,000,000
Issued and paid up:	
60,000,000 ordinary shares of RM1.00 each	60,000,000

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

B GENERAL INFORMATION (CONTINUED)

(ii) Share Capital (continued)

The movements in the authorised share capital since incorporation are as follows:

	RM
At date of incorporation on 23 November 2005	
100,000 ordinary shares of RM1.00 each	100,000
Created on 20 December 2005	
99,900,000 ordinary shares of RM1.00 each	99,900,000
	100,000,000

The movements in issued and paid up share capital since incorporation are as follows:

	RM
At date of incorporation on 23 November 2005	
2 ordinary shares of RM1.00 each at par for cash	2
Share exchange on 20 December 2005	
Allotment of 59,999,998 ordinary shares of RM1.00 each on acquisition of entire issued and paid up share capital of Delcom Services Sdn Bhd, at par	59,999,998
	60,000,000

(iii) Listing scheme

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid up share capital of Deleum on the Main Board of Bursa Securities, Deleum will undertake a listing scheme which involves the following:

(a) <u>Rights issue</u>

Rights issue of 6,000,000 ordinary shares at an issue price of RM1.00 per Rights Issue Share to the existing shareholders of Deleum on the basis of one new ordinary share for every ten existing ordinary shares.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

B GENERAL INFORMATION (CONTINUED)

(iii) Listing scheme (continued)

(b) Public Issue

The Public Issue comprises a new issue of 14,000,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM2.55 per ordinary share.

(c) Offer For Sale

The Offer For Sale of 6,450,000 ordinary shares of RM1.00 each in Deleum comprises the offer for sale by the offeror of Deleum collectively at an offer price of RM2.55 per ordinary share.

(iv) BACKGROUND INFORMATION OF SUBSIDIARIES

List of the subsidiaries of Deleum as at 11 April 2007 are set out below:

	Name of subsidiary	Effective interest (%)
(a)	Delcom Services Sdn. Bhd.	100
(b)	Delcom Services Holdings Ltd.	100
(c)	Turboservices Overhaul Sdn. Bhd.	100
(d)	Delflow Solutions Sdn. Bhd.	100
(e)	Delcom Oilfield Services Sdn. Bhd.*	100
(f)	Turboservices Sdn. Bhd.*	74
(g)	Delcom Chemicals Sdn. Bhd.*	60
(h)	Wisteria Sdn. Bhd.*	100
(i)	Delcom Holdings Sdn. Bhd.*	100
(j)	VSM Technology Sdn. Bhd.*	90
(k)	Delcom Utilities (Cambodia) Ltd.#	60
(l)	Delcom Power (Cambodia) Ltd.#	60

* held through Delcom Services Sdn. Bhd.
\# held through Delcom Services Holdings Ltd.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

B GENERAL INFORMATION (CONTINUED)

(iv) BACKGROUND INFORMATION OF SUBSIDIARIES (CONTINUED)

Delcom Services Sdn. Bhd. Group

Details of Delcom Services Sdn. Bhd. and its subsidiaries ("Delcom Group") are set out below:

Delcom Services Sdn. Bhd. ("DSSB") was incorporated on 10 July 1976 under the Malaysian Companies' Act, 1965 as a private limited company.

The principal activities of DSSB are that of provision of specialised equipment and technical and engineering support services to the oil and gas, and general industries.

The principal activities of the subsidiaries consist of provision of gas turbine overhaul and technical services and supply of gas turbine parts to the oil and gas, and general industries, provision of wireline and wellhead equipment, offshore drilling rigs and related services and other oilfield equipment and technical services to the oil and gas industry, development and provision of solid deposit removal solutions for enhancement of crude oil production and provision of oilfield chemicals and services.

There was no significant change in the nature of the activities of DSSB and Delcom Group during the financial year ended 31 December 2004 to 31 December 2006 except that Delcom Group ceased to provide seismic acquisition and data processing services due to the disposal of WesternGeco (M) Sdn. Bhd. during the financial year ended 31 December 2005. DSSB also ceased to hold an investment in an associate that maintains and operates a power plant in Cambodia arising from the disposal of the Delcom Services Holdings Ltd. group of companies during the financial year ended 31 December 2005 to its ultimate holding company, Deleum, as disclosed in Section F (iv) Note (g) of the Report. During the financial year ended 31 December 2006, DSSB disposed its entire investment in Foradel Sdn. Bhd,, a subsidiary involved in the provision and operation of offshore drilling rigs. Other subsidiaries disposed during the financial years were dormant companies with no significant operations.

As at 31 December 2006, the authorised and issued and fully paid up share capital of DSSB is as follows:

	RM
Authorised	
10,000,000 ordinary shares of RM1.00 each	10,000,000
Issued and paid up	
10,000,000 ordinary shares of RM1.00 each	10,000,000

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

B GENERAL INFORMATION (CONTINUED)

(iv) BACKGROUND INFORMATION OF SUBSIDIARIES (CONTINUED)

Delcom Services Sdn. Bhd. Group (continued)

(a) Authorised share capital

The movements in the authorised share capital since DSSB's date of incorporation were as follows:

	RM
At date of incorporation on 10 July 1976 25,000 ordinary shares of RM1.00 each	25,000
Created on 18 January 1982 475,000 ordinary shares of RM1.00 each	475,000
Created on 18 December 1984 4,500,000 ordinary shares of RM1.00 each	4,500,000
Created on 31 December 2001 5,000,000 ordinary shares of RM1.00 each	5,000,000
	10,000,000

(b) Issued and paid up share capital

The movements in the issued and paid up share capital since DSSB's date of incorporation were as follows:

	RM
At date of incorporation on 10 July 1976 2 ordinary shares of RM1.00 each at par for cash	2
Issued on 26 October 1976 9,998 ordinary shares of RM1.00 each at par for cash	9,998
Issued on 25 March 1978 10,000 ordinary shares of RM1.00 each at par for cash	10,000
Issued on 15 February 1982 80,000 ordinary shares of RM1.00 each at par for cash	80,000
Sub-total carried forward to next page	100,000

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

B GENERAL INFORMATION (CONTINUED)

(iv) BACKGROUND INFORMATION OF SUBSIDIARIES (CONTINUED)

Delcom Services Sdn. Bhd. Group (continued)

(b) Issued and paid up share capital (continued)

	RM
Sub-total brought forward from previous page	100,000
Issued on 18 December 1984 Rights issue of 250,000 ordinary shares of RM1.00 each on the basis of 5 for every 2 existing ordinary shares held	250,000
Issued on 29 December 1984 300,000 ordinary shares of RM1.00 each at par for cash	300,000
Issued on 26 December 1985 Bonus issue of 260,000 ordinary shares of RM1.00 each on the basis of 1 for every 2.5 existing ordinary shares held	260,000
Issued on 26 December 1985 90,000 ordinary shares of RM1.00 each at par for cash	90,000
Issued on 29 August 1987 700,000 ordinary shares of RM1.00 each at par for cash	700,000
Issued on 31 December 1990 300,000 ordinary shares of RM1.00 each at par for cash	300,000
Issued on 8 June 1999 Bonus issue of 3,000,000 ordinary shares of RM1.00 each on the basis of 3 for every 2 existing ordinary shares held	3,000,000
Issued on 31 December 2001 Bonus issue of 5,000,000 ordinary shares of RM1.00 each on the basis of 1 for every 1 existing ordinary share held	5,000,000
	10,000,000

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

C AUDITORS

We are the auditors of Deleum and its subsidiaries ("Deleum Group" or "the Group") for the financial years/period relevant to this Report except for the following subsidiaries which are audited by firms other than PricewaterhouseCoopers, Malaysia:

Subsidiaries	Auditors
Delcom Services Holdings Ltd.	RSM Nelson Wheeler, Hong Kong
Turboservices Overhaul Sdn. Bhd.	Gomez & Co., Malaysia
Delflow Solutions Sdn. Bhd.	Gomez & Co., Malaysia
Subsidiaries of DSSB	
Delcom Oilfield Services Sdn. Bhd.	Gomez & Co., Malaysia
WesternGeco (M) Sdn. Bhd.*	Gomez & Co., Malaysia
Delcom Chemicals Sdn. Bhd.	Senthe & Co., Malaysia
Defcom Services Sdn. Bhd.*	Senthe & Co., Malaysia
Wisteria Sdn. Bhd.	Senthe & Co., Malaysia
VSM Technology Sdn. Bhd.	Senthe & Co., Malaysia
Delcom Holdings Sdn. Bhd.	Senthe & Co., Malaysia
Erat Jernih Sdn. Bhd.* (formerly known as Delcom Trading Sdn. Bhd.)	Senthe & Co., Malaysia
Multi Logistics Services Sdn. Bhd.*	Senthe & Co., Malaysia
United Communications Industry Sdn. Bhd.*	Senthe & Co., Malaysia
Momentum Excel Sdn. Bhd.* (formerly known as Delcom SVS Sdn. Bhd.)	Senthe & Co., Malaysia
Econergy Sdn. Bhd.*	Senthe & Co., Malaysia
O&G Integrated Services Sdn. Bhd.*	Senthe & Co., Malaysia
Silver Top Services (M) Sdn. Bhd. * (formerly known as Sonsub Services Sdn. Bhd.)	Senthe & Co., Malaysia
Subsidiaries of Delcom Services Holdings Ltd.	
Delcom Utilities (Cambodia) Ltd.	RSM Nelson Wheeler, Hong Kong
Delcom Power (Cambodia) Limited	RSM Nelson Wheeler, Hong Kong

* Disposed off during the financial year ended 31 December 2005

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2006.

The financial information of Deleum and Deleum Group included in this Report has been extracted from the audited financial statements of Deleum and Deleum Group for the financial period/year ended 31 December 2005 and 31 December 2006. As Deleum was incorporated on 23 November 2005, the financial information of the Company presented herein for the financial period ended 31 December 2005 is relating to the period from date of incorporation to 31 December 2005.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

C AUDITORS (CONTINUED)

The financial information of Delcom Group included in this Report has been extracted from the audited financial statements of Delcom Group for the financial years ended 31 December 2004 to 31 December 2006.

The audited financial statements of Deleum and Deleum Group, and of Delcom Group have been reported on by us without qualification to the shareholders of Deleum and DSSB, respectively as a body in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. Our audit opinions relating to the financial statements of Deleum and Deleum Group for the financial period/year ended 31 December 2005 and 31 December 2006 were dated 30 May 2006 and 19 March 2007 respectively while our audit opinions relating to the financial statements of Delcom Group for the financial years ended 31 December 2004 to 31 December 2006 were dated 16 June 2005, 30 May 2006 and 19 March 2007 respectively. The financial statements have not been re-audited and our audit opinions have not been updated.

The financial statements of Deleum Group for the financial year ended 31 December 2005 were audited and reported on without any qualification except for the financial statements of Delcom Services Holdings Ltd. ("DSHL") and its subsidiary, Delcom Utilities (Cambodia) Limited ("DUCL"), audited by auditors other than PricewaterhouseCoopers, Malaysia, which included an emphasis of matter paragraph. The financial statements of DSHL and DUCL were prepared in accordance with generally accepted accounting principles in Hong Kong, which complies with International Financial Reporting Standards ("IFRS") except for the failure to account for the results of its associate under the equity method of accounting, which was not in accordance with Hong Kong Accounting Standard No. 28 Investments in Associates ("HKAS 28"). Under HKAS 28, companies are required to recognise investments in associates at cost and the carrying amount increased or decreased to account for share of profits or losses in the associates, unless certain conditions for exemption are applicable. DSHL and DUCL did not satisfy the conditions to obtain an exemption from the requirements of HKAS 28.

The qualifications did not impact the audit opinion of Deleum Group for the financial year ended 31 December 2005 as the results of the associate has been equity accounted for by Deleum Group.

The audit opinions on the audited financial statements of Deleum and Deleum Group, and of Delcom Group referred to above are set out in the following appendices:

- Appendix I: Audited Financial Statements of Deleum and Deleum Group for the financial period ended 31 December 2005
- Appendix II: Audited Financial Statements of Deleum and Deleum Group for the financial year ended 31 December 2006
- Appendix III: Audited Financial Statements of Delcom Group for the financial year ended 31 December 2004
- Appendix IV: Audited Financial Statements of Delcom Group for the financial year ended 31 December 2005
- Appendix V: Audited Financial Statements of Delcom Group for the financial year ended 31 December 2006

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION

The financial information and financial statements of Deleum and Deleum Group, and of Delcom Group presented in this Report are based on audited financial statements of Deleum Group and the Company for the financial period/year ended 31 December 2005 and 31 December 2006, and of Delcom Group for the financial years ended 31 December 2004 to 31 December 2006.

The financial statements of Deleum and Deleum Group and of Delcom Group are the responsibility of the respective Directors.

The financial statements of Deleum and Deleum Group, and of Delcom Group have been prepared in accordance with the provisions of Companies Act, 1965 and Financial Reporting Standards, the MASB approved accounting standards in Malaysia for entities other than private entities. The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies detailed in Section E (iii) of this Report.

The preparation of financial statements in conformity with the MASB approved accounting standards for entities other than private entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

During the financial period ended 31 December 2005, Deleum acquired DSSB as part of an internal group reorganisation that resulted in Deleum being the new parent company for the Delcom Group. The ordinary shares in DSSB were exchanged for ordinary shares in Deleum. This internal group reorganisation has been accounted using the merger method of accounting and as such, the Deleum Group's financial results and position have been presented as if Deleum had been incorporated on 1 January 2005 and the internal group reorganisation had been in effect throughout the financial year presented.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION (CONTINUED)

(1) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments to published standards and IC Interpretations to existing standards effective for the Group's and the Company's financial year beginning on or after 1 January 2006 are as follows:

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION (CONTINUED)

(1) Standards, amendments to published standards and interpretations that are effective (continued)

- Amendment to FRS 119_{2004} Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures – in relation to the "asset ceiling" test
- IC 107 Introduction of the Euro
- IC 110 Government Assistance – No Specific Relation to Operating Activities
- IC 112 Consolidation – Special Purpose Entities
- IC 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers
- IC 115 Operating Leases – Incentives
- IC 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets
- IC 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IC 129 Disclosure – Service Concession Arrangements
- IC 131 Revenue – Barter Transactions Involving Advertising Services
- IC 132 Intangible Assets – Web Site Costs

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations. All standards, amendments and interpretations adopted by the Group and the Company require retrospective application other than:

- FRS 2 – retrospective application for all equity instruments granted after 31 December 2004 and not vested at 1 January 2006;
- FRS 3 – prospectively for business combinations for which the agreement date is or on after 1 January 2006;
- FRS 5 – prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and to operations that meet the criteria to be classified as discontinued on/after 1 January 2006;
- FRS 116 – the exchange of property, plant and equipment is accounted at fair value prospectively;
- FRS 121 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- FRS 136 & 138 – applies to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 1 January 2006 and all other assets prospectively from 1 January 2006;
- FRS 140 – the effect of adopting the fair value model is adjusted to the opening balance of retained earnings for the period.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION (CONTINUED)

(1) Standards, amendments to published standards and interpretations that are effective (continued)

The adoption of the new accounting standards, amendments to published standards and IC interpretations to existing standards effective to the Group and the Company did not have a material impact on the financial statements of Deleum and Deleum Group, and of Delcom Group, except on the following:

- FRS 3: Business combinations

  The adoption of FRS 3 has resulted in a change in the accounting policy for negative goodwill. Until 31 December 2005, negative goodwill was recognised as reserve on consolidation. Under the transitional provision of FRS 3, Deleum Group's and Delcom Group's carrying amount of negative goodwill at 1 January 2006 of RM1,294,730 that arose of acquisitions prior that date was derecognised with a corresponding adjustment to retained earnings. Additionally, reserves brought forward of RM126,800 were also reclassified to retained earnings. Accordingly, there is no impact on prior year consolidated financial statements.

- FRS 101: Presentation of financial statements

  The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit for the financial year. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Group and to minority interest. The presentation of Deleum Group's and Delcom Group's financial statements is based on the revised requirements of FRS 101. The figures relating to Deleum Group for the financial period ended 31 December 2005 and to Delcom Group for the financial year ended 31 December 2004 and 31 December 2005 have been reclassified as disclosed in Section E (v) Note (ah) and Section F (iv) Note (ad) respectively.

- FRS 140: Investment property

  The adoption of FRS 140 has resulted in certain properties of the Group previously classified under property, plant and equipment being reclassified to investment properties. Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The figures relating to Deleum Group for the financial period ended 31 December 2005 and to Delcom Group for the financial year ended 31 December 2004 and 31 December 2005 have been reclassified as disclosed in Section E (v) Note (ah) and Section F (iv) Note (ad).

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION (CONTINUED)

(2) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group's and the Company's financial years beginning on or after 1 January 2007 or later, but which the Group and the Company have not early adopted, are as follows:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. The Group and the Company will apply this standard from financial year beginning on 1 January 2007.

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group and the Company will apply this standard from financial year beginning 1 January 2007.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group and the Company will apply this standard when effective.

(3) Standards that are not yet effective and not relevant for the Group's and the Company's operations

- Amendment to FRS 119_{2004} Employee Benefits – *Actuarial Gains and Losses, Group Plans and Disclosures* (effective for accounting periods beginning on or after 1 January 2007). This amendment is not relevant to the Group and the Company as the Group and the Company do not have any defined benefit plan.

- FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007). FRS 6 is not relevant to the Group and the Company operations as the Group and the Company do not carry out exploration for and evaluation of mineral resources.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION (CONTINUED)

(4) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Taxation

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

(ii) Critical judgement in applying the Group's accounting policies

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. The following accounting policies require subjective judgment.

(a) Functional currency

The consolidated financial statements are prepared in the functional currency of the Group of Ringgit Malaysia, which is the currency of the primary economic environment in which the Group operates. Factors considered by management when determining the functional currency for subsidiaries include the competitive forces and regulations affecting the sales price, the currency used to acquire raw materials, labour, services and supplies, and sources of financing. Based on the factors considered, the Group has determined that Ringgit Malaysia is the functional currency for all its subsidiaries.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

D BASIS OF PREPARATION (CONTINUED)

(4) Critical accounting estimates and judgements (continued)

(ii) Critical judgement in applying the Group's accounting policies (continued)

(b) Revenue recognition

The Group measures its revenues based on the gross inflow of economic benefits received or receivable. In determining whether revenues are recognised on a gross basis, management considers whether:

- the Group has latitude, within economic constraints, to set transaction terms with customers including selling price and payment terms;
- part of the services provided to customers are rendered by the Group; and
- the Group assumes risks associated with ownership, such as price risks, credit risks and contractual risks.

If any of the above criteria is not met, the marketing fee earned on the sale is recognised as revenue.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD

(i) Historical Financial Performance

The following financial information is based on the audited financial statements of Deleum and Deleum Group for the financial period/year ended 31 December 2005 and 31 December 2006:

		Group		Company	
		2005	2006	2005	2006
Financial Position					
Paid up capital	(RM'000)	60,000	60,000	60,000	60,000
Shareholders' funds	(RM'000)	61,333	78,503	60,000	61,534
Total borrowings	(RM'000)	1,920	4,091	N/A	N/A
Net Tangible Assets ("NTA")	(RM'000)	61,333	78,503	60,000	61,534
NTA per share	(RM)	1.02	1.31	1.00	1.03
Current ratio	(Times)	1.26	1.50	*-	0.16
Gearing	(Times)	0.03	0.05	N/A	N/A

		Year ended 31.12.2005	Year ended 31.12.2006	From 23.11.2005 (date of incorporation) to 31.12.2005	Year ended 31.12.2006
Financial Results					
Revenue	(RM'000)	707,156	452,047	N/A	3,766
Gross profit	(RM'000)	60,203	39,372	N/A	3,766
Finance cost	(RM'000)	145	109	N/A	N/A
Profit before tax	(RM'000)	22,848	27,530	N/A	1,534
Profit for the financial period/year	(RM'000)	15,585	20,799	N/A	1,534
Earnings per share					
- basic	(sen)	19.66	30.15	N/A	2.56
Gross dividend rate	(%)	**40	**14	N/A	**14
Effective tax rate	(%)	32	24	N/A	-
Gross profit margin	(%)	9	9	N/A	100
Pre-tax profit margin	(%)	3	6	N/A	41
Interest coverage ratio	(Times)	158.81	253.00	N/A	N/A
After tax return on shareholders' funds	(%)	19	23	N/A	2

N/A - Not applicable
* Less than 0.01
** Divided by RM60,000,000 being 60,000,000 ordinary shares of RM1 each in issue as at 31 December 2005 and 31 December 2006.

The definition of financial ratios is as detailed in Appendix VI to this Report.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) **Historical Financial Statements**

Income Statements

The following income statements are based on the audited financial statements of Deleum and Deleum Group for the financial period/year ended 31 December 2005 and 31 December 2006:

	Note	Group Year ended 31.12.2005 (Restated) RM	Group Year ended 31.12.2006 RM	Company From 23.11.2005 (date of incorporation) to 31.12.2005 RM	Company Year ended 31.12.2006 RM
Revenue	(c)	707,155,576	452,047,001	-	3,766,400
Cost of sales		(646,952,175)	(412,674,715)	-	-
Gross profit		60,203,401	39,372,286	-	3,766,400
Other operating income		2,026,091	1,913,659	-	132,593
Selling and distribution costs		(3,258,723)	(2,867,608)	-	-
Administration expenses		(31,605,894)	(16,873,524)	-	(2,365,076)
Other operating expenses		(12,192,623)	(3,917,261)	-	-
Finance cost	(f)	(144,785)	(109,247)	-	-
Share of results of associates	(n)	7,820,656	10,011,446	-	-
Profit before tax		22,848,123	27,529,751	-	1,533,917
Tax expense	(g)	(7,262,794)	(6,730,368)	-	-
Profit for the financial period/year	(d)	15,585,329	20,799,383	-	1,533,917
Attributable to:					
Equity holders of the Company		11,793,722	18,090,348	-	1,533,917
Minority interest		3,791,607	2,709,035	-	-
		15,585,329	20,799,383	-	1,533,917
Earnings per share (sen)					
- Basic	(h)	19.66	30.15		

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Balance Sheets

The following balance sheets are based on the audited financial statements of Deleum and Deleum Group as 31 December 2005 and 31 December 2006:

	Note	Group 2005 (Restated)	Group 2006	Company 2005	Company 2006
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	(j)	13,129,046	24,138,644	-	4,781,595
Investment properties	(k)	1,131,613	1,108,038	-	-
Dry docking expenditure	(l)	1,993,297	-	-	-
Subsidiaries	(m)	-	-	73,832,517	73,932,617
Associates	(n)	28,134,350	31,655,066	-	-
Other investments	(o)	67,135	3,105	-	-
		44,455,441	56,904,853	73,832,517	78,714,212
CURRENT ASSETS					
Inventories	(p)	564,807	2,094,025	-	-
Amounts due from associates	(q)	3,020,403	18,007	-	-
Trade receivables	(r)	125,129,697	74,048,228	-	-
Other receivables, deposits and prepayments	(r)	7,477,585	5,045,934	-	524,220
Tax recoverable		486,570	1,120,159	-	-
Deposits with licensed banks	(t)	31,369,794	33,947,270	-	2,250,000
Cash and bank balances	(t)	13,875,806	7,102,319	2	261,006
		181,924,662	123,375,942	2	3,035,226
LESS: CURRENT LIABILITIES					
Amount due to subsidiaries	(s)	-	-	13,832,519	19,615,469
Amounts due to associates	(q)	2,503	-	-	-
Amounts due to related parties	(u)	2,323,113	-	-	-
Trade payables	(v)	112,165,151	73,211,776	-	-
Other payables and accruals	(v)	22,162,736	7,162,203	-	600,052
Taxation		449,119	748,002	-	-
Borrowings	(w)	549,122	1,059,216	-	-
Dividends payable		7,200,000	-	-	-
		144,851,744	82,181,197	13,832,519	20,215,521

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Balance Sheets (continued)

	Note	Group		Company	
		2005 (Restated)	2006	2005	2006
		RM	RM	RM	RM
NET CURRENT ASSETS/ (LIABILITIES)		37,072,918	41,194,745	(13,832,517)	(17,180,295)
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	(y)	1,361,372	878,424	-	-
Term loans (secured)	(x)	1,370,675	3,031,524	-	-
		2,732,047	3,909,948	-	-
		78,796,312	94,189,650	60,000,000	61,533,917
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	(z)	60,000,000	60,000,000	60,000,000	60,000,000
Retained earnings		50,438,372	69,950,250	-	1,533,917
Merger deficit	(ab)	(50,000,000)	(50,000,000)	-	-
Currency translation differences		(526,675)	(1,447,649)	-	-
Capital reserve	(ac)	1,421,530	-	-	-
Shareholders' equity		61,333,227	78,502,601	60,000,000	61,533,917
MINORITY INTEREST		17,463,085	15,687,049	-	-
TOTAL EQUITY		78,796,312	94,189,650	60,000,000	61,533,917

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Statements of Changes in Equity

The following statements of changes in equity are based in the audited financial statements of Deleum and Deleum Group for the financial period/year ended 31 December 2005 and 31 December 2006:

		Attributable to equity holders of the Company								
		Issued and fully paid ordinary shares of RM1 each								
	Note	Number of shares	Nominal value RM	Currency translation differences RM	Capital reserve RM	Merger deficit RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Group										
At 1 January 2005		60,000,000	60,000,000	(459,305)	1,434,695	(50,000,000)	60,297,650	71,273,040	23,254,790	94,527,830
Profit for the financial year		-	-	-	-	-	11,793,722	11,793,722	3,791,607	15,585,329
Realisation of reserve on consolidation		-	-	-	(13,165)	-	-	(13,165)	-	(13,165)
Currency translation differences		-	-	(67,370)	-	-	-	(67,370)	(44,913)	(112,283)
Disposal of subsidiaries	(a)	-	-	-	-	-	-	-	(3,385,716)	(3,385,716)
Dividends										
- 31 December 2004	(i)	-	-	-	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
- 31 December 2005	(i)	-	-	-	-	-	(19,653,000)	(19,653,000)	(6,152,683)	(25,805,683)
At 31 December 2005		60,000,000	60,000,000	(526,675)	1,421,530	(50,000,000)	50,438,372	61,333,227	17,463,085	78,796,312

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Statements of Changes in Equity (continued)

		Attributable to equity holders of the Company								
		Issued and fully paid ordinary shares of RM1 each								
	Note	Number of shares	Nominal value RM	Currency translation differences RM	Capital reserve RM	Merger deficit RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Group										
At 1 January 2006										
- as previously reported		60,000,000	60,000,000	(526,675)	1,421,530	(50,000,000)	50,438,372	61,333,227	17,463,085	78,796,312
- adoption of FRS 3	(ah)	-	-	-	(1,421,530)	-	1,421,530	-	-	-
- as restated		60,000,000	60,000,000	(526,675)	-	(50,000,000)	51,859,902	61,333,227	17,463,085	78,796,312
Profit for the financial year		-	-	-	-	-	18,090,348	18,090,348	2,709,035	20,799,383
Dividend paid		-	-	-	-	-	-	-	(2,825,156)	(2,825,156)
Disposal of subsidiaries	(a)	-	-	-	-	-	-	-	(712,478)	(712,478)
Currency translation differences		-	-	(920,974)	-	-	-	(920,974)	(947,437)	(1,868,411)
At 31 December 2006		60,000,000	60,000,000	(1,447,649)	-	(50,000,000)	69,950,250	78,502,601	15,687,049	94,189,650

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Statements of Changes in Equity (continued)

	Note	Issued and paid up ordinary shares of RM1 each Number of shares	 Nominal value RM	Distributable Retained earnings RM	Total RM
Company					
At 23 November 2005 (date of incorporation)		2	2	-	2
Issued during the financial period	(z)	59,999,998	59,999,998	-	59,999,998
At 31 December 2005		60,000,000	60,000,000	-	60,000,000
At 1 January 2006		60,000,000	60,000,000	-	60,000,000
Profit for the financial year		-	-	1,533,917	1,533,917
At 31 December 2006		60,000,000	60,000,000	1,533,917	61,533,917

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Cash Flow Statements

The following cash flow statements are based on the audited financial statements of Deleum and Deleum Group for the financial period/year ended 31 December 2005 and 31 December 2006:

	Note	Group		Company	
		Year ended 31.12.2005 (Restated)	Year ended 31.12.2006	From 23.11.2005 (date of incorporation) to 31.12.2005	Year ended 31.12.2006
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		15,585,329	20,799,383	-	1,533,917
Adjustments for:					
Allowance for doubtful debts		182,910	1,055,756	-	-
Amortisation of dry docking expenditure		2,537,048	1,157,177	-	-
Impairment loss on other investment		-	64,030	-	-
Bad debts written off		85,215	210,663	-	-
Depreciation on property, plant and equipment		3,173,304	3,439,757	-	257,609
Depreciation on investment properties		23,575	23,575	-	-
Dry docking expenditure written off		4,845,002	-	-	-
Gain on disposal of property, plant and equipment		(643,650)	(214,266)	-	(122,773)
Property, plant and equipment written off		4,440	2,833	-	-
Interest income		(658,315)	(1,013,054)	-	(9,820)
Finance cost		144,785	109,247	-	
Loss on disposal of subsidiaries		6,799,434	1,626,331	-	-
Share of results of associates	(n)	(7,820,656)	(10,011,446)	-	-
Tax expense		7,262,794	6,730,368	-	-
Unrealised foreign exchange gain		(70,372)	(355,755)	-	-
		31,450,843	23,624,599	-	1,658,933
Changes in working capital:					
Inventories		(98,795)	(1,592,677)	-	-
Receivables, deposits and prepayments		(88,378,490)	39,197,390	-	(524,220)
Payables		121,433,901	(42,611,170)	-	600,052
		64,407,459	18,618,142	-	1,734,765
Interest received		658,315	1,013,054	-	9,820
Tax paid		(6,869,843)	(7,173,102)	-	-
Interest paid		(144,785)	(109,247)	-	-
Net cash generated from operating activities		58,051,146	12,348,847	-	1,744,585

(23)

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(ii) Historical Financial Statements (continued)

Cash Flow Statements (continued)

	Note	Group		Company	
		Year ended 31.12.2005 (Restated)	Year ended 31.12.2006	From 23.11.2005 (date of incorporation) to 31.12.2005	Year ended 31.12.2006
		RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Amount due from associates		6,888,849	2,999,893	-	-
Investment in subsidiaries		-	-	-	(100,100)
Investment in associates		(132,727)	-	-	-
Disposal of subsidiaries	(a)	(27,941,117)	(2,073,463)	-	-
Purchase of property, plant and equipment		(3,234,894)	(14,651,257)	-	(5,039,204)
Proceeds from disposal of property, plant and equipment		919,768	413,335	-	155,100
Dividends received from associates		-	4,917,240	-	-
Dry docking expenditure incurred		(2,453,287)	-	-	-
Net cash used in investing activities		(25,953,408)	(8,394,252)	-	(4,984,204)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from subsidiaries		-	-	-	5,750,623
Borrowings:					
- proceeds		-	2,717,772	-	-
- repayments		(515,272)	(548,439)	-	-
Dividends paid to:					
- shareholders		(14,453,000)	(7,200,000)	-	-
- minority interest		(6,152,683)	(2,825,156)	-	-
Net cash (used in)/generated from financing activities		(21,120,955)	(7,855,823)	-	5,750,623
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR/PERIOD		10,976,783	(3,901,228)	-	2,511,004
FOREIGN EXCHANGE DIFFERENCES		-	(296,393)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/DATE OF INCORPORATION		34,268,744	45,245,527	2	2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	(t)	45,245,527	41,047,906	2	2,511,006

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Delcom Services Sdn. Bhd., a subsidiary company, is consolidated using the merger method of accounting as the internal group reorganisation as defined by FRS 122_{2004} "Business Combinations" took place on/after 1 April 2002 and with agreement dates before 1 January 2006, and where the ultimate shareholders remain the same, and the rights of each such shareholder relative to the others, are unchanged and the minorities' share of net assets of the Group is not altered by the transfer. The other subsidiaries are consolidated using the purchase method of accounting.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired at the date of acquisition is reflected as goodwill on consolidation. See the accounting policy Note (b) on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represent that portion of the profit and loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal together with the exchange differences, that relate to the subsidiary is recognised in the consolidated income statement.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(a) Economic entities in the Group (continued)

(ii) Associates

Associates are enterprises in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(b) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units of groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note (r) on impairment of assets.

Goodwill on acquisitions of associates is included in investments in associates. Such goodwill is tested for impairment as part of the overall balance.

(c) Investments

Investments in subsidiaries and associates are shown at cost. At each balance sheet date, the Company assesses whether there is any indication of impairment. If such indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See the accounting policy Note (r) on impairment of assets.

Investments in other long term investments are stated at cost and an allowance for diminution in value is made where, in the opinion of Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(d) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, on when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Long term leasehold land is amortised in equal instalments over the periods of the respective leases that range from 95 years to 99 years.

All other property, plant and equipment are depreciated on the straight line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Office premises	2%
Long term leasehold buildings	2%
Office equipment, furniture and fittings	10 - 33 1/3%
Renovations	20%
Plant, machinery and other equipment	20 - 33 1/3%
Motor vehicles	20%

Residual values and useful lives of the assets are reviewed, and are adjusted if appropriate at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (r) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(e) Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight line basis to write off the costs to their residual values over their estimated useful lives at the rate of 2% per annum.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the investment property is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (r) on impairment of assets.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in income statement in the financial year of the retirement or disposal.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related of production overheads, but excludes borrowings costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(g) Revenue recognition

Sale of specialised equipment and parts are recognised upon delivery of equipment and customer acceptance, net of sales taxes and discounts, and after eliminating sales within the Group. Revenue arising from provision of technical and engineering support services is recognised upon performance of services and customer acceptance.

Revenues are measured at the fair value of the consideration received or receivable by the Group. In arrangements whereby the criteria set out in Section D(4) Note (ii)(b) are not met, the marketing fee on the sale is recognised as revenue.

Other operating income earned by the Group are recognised on the following bases:

(i) Interest income - as it accrues unless collectability is in doubt.
(ii) Dividend income - when the Group's right to receive payment is established.

Dividend income earned by the Company is recognised as revenue on a similar basis as above.

(h) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts. Bad debts are written off when identified. Included in trade receivables are unbilled revenue for services rendered. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(i) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on the straight line basis over the lease period.

(j) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(k) Foreign currencies

The financial statements are presented in Ringgit Malaysia.

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(ii) Group companies

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially sold or disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS – DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(k) Foreign currencies (continued)

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(l) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Company operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in associates except where it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

PRICEWATERHOUSECOOPERS

The Board of Directors
Deleum Berhad
PwC/PH/LKT/zu/1644J
11 April 2007

E HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL STATEMENTS - DELEUM BERHAD (CONTINUED)

(iii) Summary of significant accounting policies (continued)

(m) Employee benefits

(i) Short term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Dry docking expenditure

Dry docking expenditure represents costs incurred on capital for inspection, overhaul and mobilisation of rented rigs and drilling equipment. These costs are capitalised and amortised on a straight-line basis over the period of the rig leased, which is between 2 to 5 years.