





4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.2.8 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights



As at 6 April 2007, the Deleum Group uses the trade names "Delcom" and "Deleum", typically in conjunction with a logo depicted as follows.



The Deleum Group through DSSB has made an application for the registration of the trademark "Delcom" and the above logo as a Class 42 trade mark in Malaysia.

Country	Trademark	Class	Registered owner	Application No./ Certificate No.	Application Date/Issued Date	Status
Malaysia	 "Delcom"	42	DSSB	05006123	22 April 2005/ Pending	Further clarification on the application has been furnished to Intellectual Property Corporation of Malaysia ("PHIM")
Malaysia	"Delcom"	42	DSSB	05006124	22 April 2005/ Pending	Further clarification on the application has been furnished to PHIM
Malaysia	 "Delcom"	42	DSSB	05006125	22 April 2005/ Pending	Further clarification on the application has been furnished to PHIM
Malaysia	 "Delcom"	35	DSSB	07002988	16 February 2007/ Pending	Pending Registration
Malaysia	"Delcom"	35	DSSB	07002986	16 February 2007/ Pending	Pending Registration
Malaysia	 "Delcom"	35	DSSB	07002987	16 February 2007/ Pending	Pending Registration

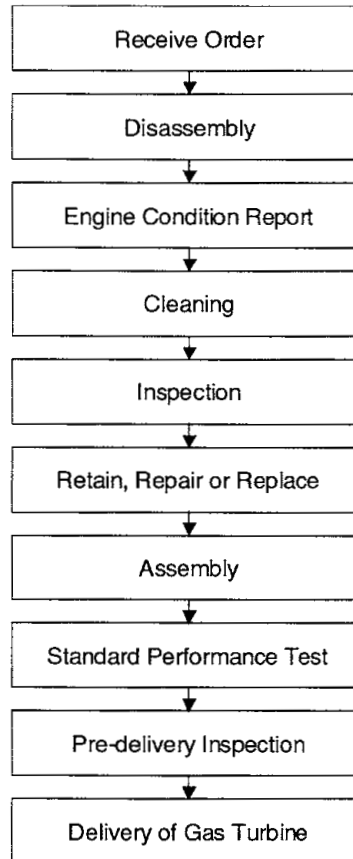
4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Country	Trademark	Class	Registered owner	Application No./ Certificate No.	Application Date/Issued Date	Status
Malaysia	 "Delcom"	37	DSSB	07002991	16 February 2007/ Pending	Pending Registration
Malaysia	"Delcom"	37	DSSB	07002989	16 February 2007/ Pending	Pending Registration
Malaysia		37	DSSB	07002990	16 February 2007/ Pending	Pending Registration
Malaysia	"Deleum"	35	Deleum	07003525	1 March 2007/ Pending	Pending Registration
Malaysia	"Deleum"	36	Deleum	07003526	1 March 2007/ Pending	Pending Registration
Malaysia	"Deleum"	37	Deleum	07003527	1 March 2007/ Pending	Pending Registration
Malaysia	"Deleum"	42	Deleum	07003528	1 March 2007/ Pending	Pending Registration

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.2.9 Operating or Trading Mechanism**Gas Turbine Overhaul Process Flow**

The process flow for gas turbine package overhaul undertaken by TSSB is depicted below:



Upon receipt of a purchase order from the customer, arrangements are made to collect the gas turbine unit. The gas turbine is decommissioned, removed from site, and packed for shipment.

At the overhaul facility, the gas turbine package is disassembled in accordance with STI specifications. The customer may witness the disassembly process. Disassembled parts are carefully tagged and stored. Any abnormalities observed during this stage are photographed and reported to the customer.

The gas turbine parts and components are inspected and an Engine Condition Report complete with photographs of the gas turbine condition is prepared, and a copy is sent to the customer.

Gas turbine parts that require cleaning are cleaned mechanically and chemically. Cleaning of parts and components are carried out in accordance with STI for that part or component.

The necessary repairs are then carried out on gas turbine parts and components that require additional corrective maintenance. Parts that cannot be repaired are replaced with new parts. All repairs are carried out in accordance with STI methods. Repaired parts are also checked.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Final assembly of the gas turbine is carried out in accordance with operating procedures established by STI.

The assembled gas turbine is brought to the test cell facility for Standard Performance Testing. The gas turbine is installed in the appropriate test bed and tested in accordance with STI standards.

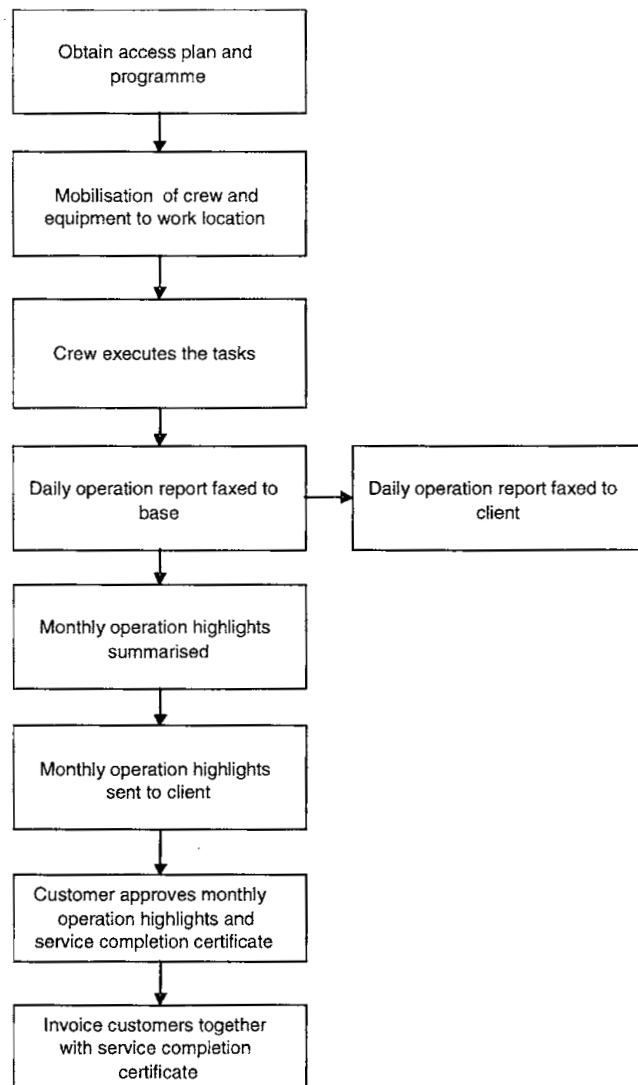
A representative from STI is usually present during each Standard Performance Test. A representative from the customer may also be present.

Pre-delivery Inspection is performed as part of the Quality Assurance process.

The gas turbine is then delivered to the customer.

General Process Flow for Oilfield Services

The general process flow for oilfield services undertaken by DOSSB, namely wireline and surface Wellhead maintenance services is depicted below:



4. INFORMATION ON THE DELEUM GROUP (Cont'd)

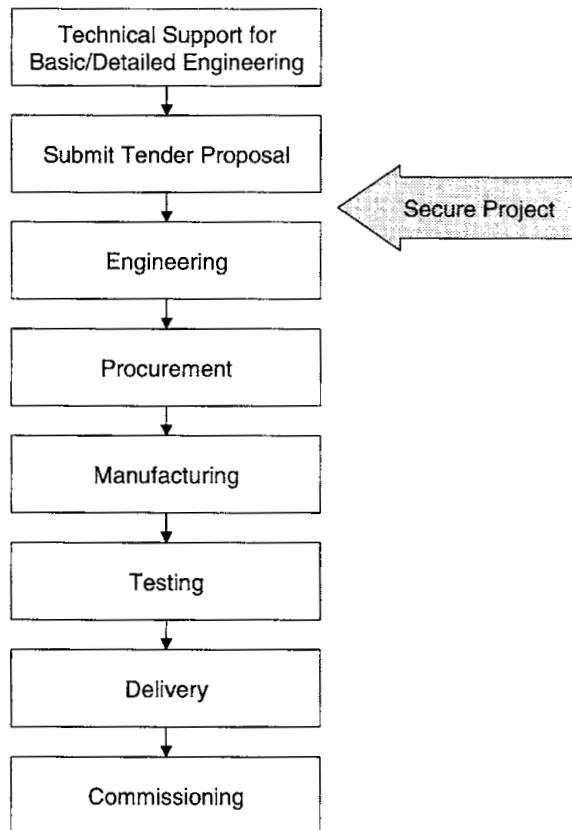
After securing the Wireline and/or Wellhead Maintenance service contract, DOSSB, obtains the Wireline and/or Wellhead Maintenance access plan and programme from the customer. DOSSB then mobilises a Wireline and/or Wellhead Maintenance crew and equipment to the work location. The work location is typically located at a hydrocarbon producing well, and may be onshore or offshore. At the work location, the Wireline and/or Wellhead Maintenance crew executes the required Wireline and/or Wellhead Maintenance activities.

A daily Wireline and/or Wellhead Maintenance service operation report is compiled and faxed to the customer, and to DOSSB's operational base. The daily Wireline and/or Wellhead Maintenance service operation reports are compiled and a summary of monthly operational highlights is also prepared. This summary is also sent to the customer.

The customer will approve monthly Wireline and/or Wellhead Maintenance service operational highlights, and upon successful completion of Wireline and/or Wellhead Maintenance activities the customer will approve a service completion certificate.

General Gas Turbine Package Process Flow

The general process flow of DSSB's gas turbine package operations is depicted below:



DSSB works together with potential customers by providing technical support for basic or detailed engineering and design for gas turbine package specification based on planned power generation and gas compression needs and application.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

A tender proposal is then submitted, containing a technical proposal detailing the technical capabilities of Deleum Group and how they relate to the project. A commercial proposal is also included focusing on pricing and related matters.

If Deleum Group is successful in securing the project, DSSB provides assistance in carrying out detailed engineering work to design the gas turbine package.

STI is primarily responsible for equipment procurement, with DSSB undertaking procurement of items such as inlet and exhaust ducting, waste heat recovery units or heat recovery steam generators, electrical and instrumentation systems, and other equipment.

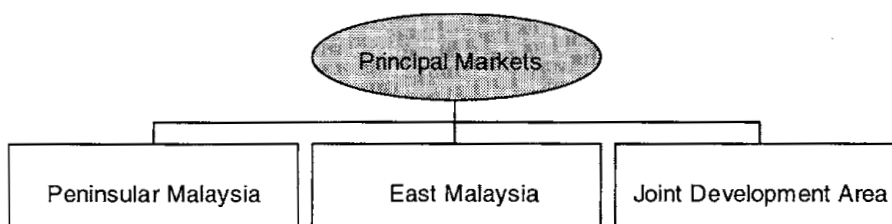
STI undertakes manufacturing of gas turbine packages in accordance with the customer's specifications.

DSSB coordinates with STI shipping forwarders, and the customer to ensure that the gas turbine package is delivered safely in a timely manner.

TSSB then undertakes installation and commissioning of gas turbine packages. Gas turbine packages are handed over to the customer upon successful commissioning.

4.2.10 Market Coverage

The principal markets of Deleum Group for the financial year ended 31 December 2006 are:



Principal Markets of Deleum Group Segmented

The Group's proforma consolidated revenue contribution by principal markets is as follows:

Market	Revenue for the Financial Year Ended 31 December 2006	
	RM' 000	%
Peninsular Malaysia	166,044	38.40
East Malaysia	237,607	54.95
Joint Development Area	28,766	6.65
Total	432,417	100.00

Deleum Group is focused on providing supporting specialised products and services to the oil and gas industry operators in Malaysia.

The Group's customers are active in all of the major oil and gas producing areas in Malaysia i.e. Terengganu, Sarawak, and Sabah. This is reflected by the fact that 93.35% of its proforma consolidated revenue is derived from Peninsular and East Malaysia.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The largest revenue contribution was from East Malaysia, accounting for 54.95% of the Group's total proforma revenue. Revenue from Peninsular Malaysia represented 38.40% of the Group's total proforma revenue.

The Joint Development Area represented 6.65% of the Group's total revenue for the financial year ended 31 December 2006.

4.2.11 New or Proposed Products/Services

The new proposed products and services that the Group plans to venture into is highlighted in Section 4.11 below.

4.2.12 Principal Markets for Products and Services

The breakdown of revenue by business products and services of the Group based on the Group's proforma consolidated income statements for the three (3) financial years ended 31 December 2006 is as follows:

Business Products and Services	2004		2005		2006	
	RM'000	%	RM'000	%	RM'000	%
Specialised equipment and services	126,378	46.9	123,063	36.0	226,921	52.5
Oilfield equipment and services	134,927	50.0	210,817	61.5	200,805	46.4
Oilfield chemicals and services	8,372	3.1	8,436	2.5	4,691	1.1
Total	269,677	100.0	342,316	100.0	432,417	100.0

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4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.2.13 Supply of Services, Materials and Equipment to the Deleum Group**

Below is the list of major items supplied to the Group as at 31 December 2006:

Services, Materials and Equipment Purchased	Value of Purchases (RM'000)	Sources of supply	
		Local (RM'000)	Import (RM'000)
Specialised Equipment	278,779	35,357	243,422
Technical Services	63,591	9,298	54,293
Parts and Accessories	41,777	7,252	34,525
Chemicals and Consumables	2,255	1,044	1,211
Total	386,402	52,951	333,451
	100.0%	13.7%	86.3%

Total purchases made by the Deleum Group for the financial year ended 31 December 2006 totalled RM386.4 million.

Purchases for specialised equipment accounted for approximately 72.2% of the Deleum Group's purchases during FYE2006.

Purchases related to technical services; parts and accessories accounted for approximately 16.5 % and 10.8% respectively.

Chemicals and consumables accounted for approximately 1.0%.

For the FYE2006, imported raw materials, specialised equipment and services accounted for approximately 86.3% of Deleum Group purchases, while locally sourced raw materials, specialised equipment and services accounted for the remaining 13.7%

Deleum Group purchases imported raw materials, specialised equipment and services for the following reasons:

- Significant items are not readily available from local sources. For example, specialised equipment which includes gas turbine packages, subsea systems and certain chemicals. The manufacture of items such as these are highly specialised, and in some instances controlled by patents and other intellectual property rights. As a result, they are not widely manufactured in Malaysia; and
- Some of the items are specified by the customer, and as a result their source is predetermined.

Thus far, management has not experienced any shortages in sourcing these materials for their operations.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.2.14 Quality Control and Health, Safety and Environment

Deleum Group places significant emphasis on quality and this is demonstrated by the Group's quality accreditations:

Subsidiary	Accreditation	Accreditation Body	Date of Accreditation
DOSSB ⁽¹⁾	ISO 9001:2000	SIRIM QAS International Sdn Bhd	12 March 2004
DOSSB ⁽²⁾			12 March 2004
TSSB			23 April 2004

Notes:

- (1) For the Miri operations office.
 (2) For the Labuan workshop and storage facility.

Due to the stringent safety standards and requirements in the oil and gas industry, quality standards are critical in the provision of supporting products and services. The Deleum Group has an experienced quality assurance team that ensures that products and services conform to customer needs and specifications, as well as external quality and safety standards and requirements.

Health, Safety and Environment Policy

Health, Safety and Environment ("HSE") protection are important considerations in the oil and gas industry. PETRONAS and PSC operators routinely require that suppliers of supporting specialised products and services that bid for contracts comply with HSE policies and demonstrate a good HSE record. Deleum Group develops and implements company specific HSE Management Systems, which are compatible with the overall Group HSE Management System.

Deleum Group's safety co-ordinators are responsible for managing their respective company's HSE Management System, and report back monthly to Group HSE.

Hj Abd Razak Bin Abu Hurairah, the Executive Director of Deleum Group, is the Chairman of the Group HSE Committee. He is assisted by a HSE Manager who is a qualified and registered safety officer, and coordinates and implements all HSE-related matters in compliance with local legislation and Occupational Health and Safety Act Standards. The committee meets at least once every quarter to discuss the abovementioned HSE-related issues as well as programmes and priorities and to exchange best practices.

Over the past ten (10) years, Deleum Group has recorded 2.3 million accident-free man-hours. This is an achievement for Deleum Group, which is always committed to achieving zero Loss Time Incidents ("LTI").

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.2.15 Research and Development

Policies of R&D

Deleum Group believes in the importance of R&D in order to create and sustain competitive advantages through enhancing business effectiveness, efficiency and productivity to optimise production and operating costs. Presently, there are three (3) staff engaged in R&D work.

The R&D and field trial activities conducted jointly by DCSB, with PRSS for the purpose of finding a solution to overcome the solids deposition problems in production wells led to the development of the new technology for removal of solid deposits, jointly with PRSS.

Routine analysis work is carried out internally by the team, however for more detailed and extensive studies, the team has access to PRSS' R&D facilities.

The estimated amounts in relation to R&D expenses by the Group during the last three (3) financial years are as follows:

	Financial Year Ended 31 December		
	2004	2005	2006
R&D Capital Expenses (RM' 000)	70	-	-
R&D Operating Expenses (RM' 000)	270	220	150
Total R&D Expenses (RM' 000)	340	220	150
Total R&D Expenses as a proportion of the Deleum's proforma consolidated revenue (%)	0.1	0.1	0.1

Going forward, the Group shall explore opportunities in identifying and collaborating with other agencies and parties in furthering its R&D activities, and participating in any new projects.

Achievements of R&D

Deleum Group has successfully collaborated with PRSS to develop a new technology to address solid deposit problems in production wells. Successful field trials have been carried out, and Deleum Group has generated revenue from the applications of this technology in Malaysia. Deleum Group also plans to market and supply solid deposit solutions to overseas operators.

The solid deposit solutions are designed to address solid deposit problems in oil production wells. Due to changes in temperature, pressure and composition of crude oil during production, a solid deposit of wax, other asphaltenes solid hydrocarbon and non-hydrocarbon material can form in and around the Wellbore, production tubing and other locations in the production path. These deposits can constrict the production flow of oil to the surface, thereby reducing well productivity.

As the nature of the solid deposit choking may differ from well to well in terms of chemical composition and the physical properties, DCSB carries out R&D work to formulate a suitable composition for each well.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

R&D Strategy

Deleum Group's R&D efforts are focused towards developing chemicals with applications in the oil and gas industry, with the ultimate aim of driving future business needs by developing novel chemicals to meet customer needs.

To implement this strategy, the Group plans to undertake R&D utilising in-house resources, collaborate actively with its joint venture partner in DCSB, Navdeep, to develop oilfield chemicals as well as continue its successful R&D collaboration with PRSS.

These R&D plans are on-going. As such, the Deleum Group plans to work on specific customer solutions in the second half of 2007.

4.2.16 Competitive Advantages

The competitive advantages of Deleum Group in the oil and gas industry include the following:

- PETRONAS licensed company;
- Experienced management team and skilled employees;
- Established track record and market reputation;
- Good safety track record;
- Strategic alliances with key global players;
- Investment in facilities and specialised equipment;
- Established customer base of multinational corporations; and
- Financial strength of the Group.

PETRONAS Licensed Company

Deleum Group, through its operating subsidiaries, is licensed and registered with PETRONAS to supply supporting products and services to the oil and gas industry. Deleum Group subsidiaries that hold PETRONAS licences and registrations are:

- DSSB;
- DOSSB; and
- TSSB.

In addition, DSSB is also presently registered as a Class G7 Contractor with CIDB. This allows DSSB to tender for projects of unlimited contract value in specialised registered fields. DSSB and DOSSB are registered as a contractor with the MoF, which allows DSSB and DOSSB to tender for contracts issued by the Malaysian Government.

Experienced Management Team and Skilled Employees

The Group's Executive Directors and management team consists of eleven (11) highly experienced and motivated individuals (as detailed in Sections 5.2 and 5.5 of this Prospectus). Dato' Izham Bin Mahmud, the Executive Chairman has more than 10 years of experience with the Group, Datuk Vivekananthan a/l M. V. Nathan, the Deputy Executive Chairman has more than 45 years of experience in the oil and gas industry and 25 years with the Group.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The Group is further supported by Chandran Aloysius Rajadurai the Group Managing Director and Hj Abd Razak Bin Abu Hurairah the Executive Director of Deleum, who have both in excess of 24 years experience in the oil and gas industry coupled with more than fifteen (15) years hands-on experience with the Group. Further invaluable experience is added from the rest of the management team in various fields in technical, marketing, sales, accounting and corporate secretarial matters.

The Group has drawn and will continue to draw on the collective experiences and knowledge of those individuals to ensure that the Group continues to grow and play an integral role in supporting and servicing the oil and gas industry. Coupled with their dedication, the Deleum Group is poised to further achieve its future goals and continue to develop and expand its reach both locally and internationally.

Established Track Record and Market Reputation

With approximately 25 years of experience in the oil and gas industry, the Group has successfully established a reputable track record associated with quality, reliability, technical expertise, as well as service excellence. As such, the Group can use its track record as a reference to win new customers.

Good Safety Track Record

Deleum Group's subsidiaries have a good safety track record, enjoying long uninterrupted periods of operations without any LTI or fatalities, as highlighted in Section 4.2.14.

Strategic Alliances with Key Global Players

The provision of supporting specialised products and services to the oil and gas industry involves highly specialised fields such as gas turbines, subsea production systems, offshore production platforms and others. As there are no local manufacturers of these types of specialised equipment and systems, the oil and gas industry is dependent on overseas manufacturers and service providers. This is common in the oil and gas industry where proven technologies and experienced operators are highly regarded. Deleum Group has access to this technology, services and products through its strategic alliances as mentioned in Section 4.2.6.

Investment in Facilities and Specialised Equipment

The Group has over the past 20 years, invested extensively in equipment and facilities to support its operations.

To date, the Group has invested approximately RM30.0 million in oilfield equipment and facilities.

As highlighted in Section 4.1.5 of this Prospectus, the Group has strategically positioned operational facilities, located in the major centres of the Malaysian oil and gas industry including Labuan, Kemaman and Miri.

The Group's presence and established facilities in the abovementioned locations enables the Group to provide effective support to its customers who operate offshore oil and gas production facilities.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Established Customer Base of Multinational Corporations

Deleum Group has been providing supporting specialised products and services to approximately 35 customers since entering the industry.

Deleum Group generally enjoys long-term business relationships with its customers. This is reflected by the fact that the average length of relationship between the Group and its twenty (20) largest customers is 9 years as at 31 December 2006 as detailed in Section 4.9 of this Prospectus. Approximately 60% of the Group's top twenty (20) customers have been dealing with the Group for five (5) years or more, and 20% have been dealing with the Group for twenty (20) years or more.

In addition, the Group's two (2) largest customers, SSB/SSPC and PCSB for the last three (3) financial years ended 31 December 2006, have been dealing with the Group since the Group began operating in the oil and gas industry. The established customer base is a reflection of the customer loyalty, which provides continuity, as well as ready demand for the Group's supporting specialised products and services.

Financial Strength of the Group

The Deleum Group has been profitable and operating on a net cash position for over the last ten (10) financial years.

This is reflected by the Group's very low debt to equity ratio of 0.05 times as at 31 December 2006. As such, the Group relies primarily on its internally generated funds. This thus reduces its financing cost significantly and gives it a competitive edge and flexibility.

The low gearing ratio means that Deleum Group should have easy access to credit facilities based on the Group's assets and profitability record to address future opportunities.

4.2.17 Dependency on Commercial Contracts

As at 6 April 2007, being the latest practicable date to the printing of the Prospectus, there are no material agreements (including informal arrangements or understandings) in the ordinary course of business which have been entered into by the Deleum Group on which the Group is highly dependent.

4.2.18 Interruptions in Business for the Past Twelve (12) Months

There has been no interruption in the form of trade disputes or major operational breakdown occurring within and outside the Group that may significantly impair the Group's business performance during the past twelve (12) months.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.2.19 Human Resources**

As at 6 April 2007, the total number of employees of the Deleum Group was 208 persons as illustrated below:

Category	No. of Employees	Average Years in Service
(i) Senior Management	11	11
(ii) Professional	11	4
(iii) Technical and Supervisory		
- Engineers	34	2
- Technical and Service Personnel	72	4
- QHSE	2	4
(iv) Support and Administration	21	10
(v) Clerical and Related Occupations	28	5
(vi) Operations/ Field Personnel	29	3
TOTAL	208	-

Both Senior Management and Professional staff collectively represent approximately 11% of the Group's total staff strength.

The Group's Engineering and Technical and Supervisory personnel represent the bulk of the Group's employees comprising of approximately 51% of total staff strength, the bulk of which are the Technical and Service Personnel with 35%. The Engineers 16% and Quality, Health and Safety and Environment personnel represented 1% of total Group employees.

As at 6 April 2007, the total employee base of 208 includes 36 (approximately 17% of the total Group's employees) who are employed on contract or project basis, principally comprising of Senior Management (1), Engineers (6), Technical and Service Personnel (23), Support and Administration (2), Clerical and Related Occupations (1) and Operations/ Field Personnel (3).

Human capital in Deleum is one of its key assets. On-the-job training coupled with scheduled training, succession planning and incentive-driven remuneration are the drivers to motivate its employees to continue enhancing and supporting the Group's operations.

Deleum Group undertakes training programmes for its employees in various categories. Operational Personnel are sent for periodic training on health and safety and usage and utilisation of equipment, whilst field personnel are sent for training with Deleum Group's principals and partners periodically to keep abreast with developments and changes in technology.

Emphasis is also placed on information technology and soft skills, where employees are required to attend courses to enhance their information technology, communication, management and people skills.

Further, employees are sent for seminars, conferences and trade shows/exhibitions to increase their understanding and technical skills as well as to network and to give them more exposure to the oil and gas industry.

Through these various training efforts and initiatives, Deleum Group is able to retain and enhance its human capital.

None of the employees of Deleum Group are members of any unions. As at 6 April 2007, being the latest practicable date prior to the issuance of this Prospectus, the Group has not been involved in any material industrial disputes with any of its employees in the past five (5) years.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.2.20 Key Achievements/ Milestones/ Awards

The Deleum Group has received the following awards in the past:

Award	Year	Awarded by	Comments/Reasons for Award
Appreciation Award to DOSSB	2005	PCSB	For Samarang Early Start-Up.
Certificate of Achievement for providing SMEP with Maintenance of Solar Gas Turbines	2003	Shell, Exploration & Production Division	Category Level 3 in the SMEP HSE-MS Self Assessment Questionnaire.
President's Quality Award	2002	STI	In recognition of management's commitment to the success of the Malaysian Integrated Maintenance Contract Quality Team.
Health, Safety & Environment Award (Gold Award) to DOSSB	2002	PCSB	In recognition of its Excellent Achievement in the Contractor Category.
Award for Lost Time Incident to DOSSB	1998	SSB	Another record breaking year without lost time incident.
Gold Star Safety Award to Camco (Malaysia) Sdn Bhd ¹	1997	ESSO	In recognition of its safety achievement.
Safety Achievement Award to Camco (Malaysia) Sdn Bhd ¹	1996	Offshore Division of ESSO	In recognition of its safety achievement.
Gold Star Safety Award to Camco (Malaysia) Sdn Bhd ¹	1995	Offshore Division of ESSO	In recognition of its safety achievement.
Safety Achievement Award to Camco (Malaysia) Sdn Bhd ¹	1994	Offshore Division of ESSO	In recognition of its safety achievement.
Safety Achievement Award to Camco (Malaysia) Sdn Bhd ¹	1992	Offshore Division of ESSO	In recognition of its safety achievement.
Safety Recognition Award for Contractors to Camco (Malaysia) Sdn Bhd ¹	1991	Offshore Division of ESSO	In recognition of its safety achievement.

Note:

(1) Camco (Malaysia) Sdn Bhd is currently known as DOSSB.

The numerous abovementioned awards reflect the Group's commitment to safety as well as the illustrious historical track record of the Group for the past decade.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.2.21 Modes of Marketing/ Distributions/ Sales

Marketing strategies

The sales and marketing team of the Deleum Group utilises the following marketing strategies to sustain and expand its business:

- Position the Group as a provider of a synergistic range of supporting specialised products and services to the oil and gas industry;
- Position the Group as an established service provider with approximately 25 years of experience and track record in the oil and gas industry;
- Continue to meet the quality expectations and requirements of customers with the aim of establishing long-term business relationships; and
- Continue to promote and market through participation in local and overseas exhibitions and fostering business relationships with existing and potential customers.

Some of the promotional and marketing activities undertaken by the Group include:

- proactive sales visit to potential customers;
- exposing new and existing customers to new technologies;
- seminars and site visits;
- continuous education; and
- participation and attendance in various exhibitions and conventions to cultivate new customers and foster relationship with existing customers

As part of its strategy to promote its products and services, Deleum Group actively participates and attends exhibitions and conventions including the following:

Name of exhibition/ Location	nature of participation	Year
PetroMin Deepwater & Subsea Technology Conference and Exhibition, Kuala Lumpur	Participant	2006
Annual Asia Oil & Gas Conference, Kuala Lumpur	Participant	2006
Asian Oil, Gas and Petrochemical Engineering Exhibition, Kuala Lumpur	Exhibitor	2005
Asia Pacific Drilling Technology Conference and Exhibition, Kuala Lumpur	Speaker and Participant	2004
Deepwater Drilling Asia	Participant	2004
PetroMin Deepwater Technology, Kuala Lumpur	Speaker and Participant	2003
Asian Council on Petroleum Conference and Exhibition ("ASCOPE")	Participant	2001

Deleum Group's Directors and senior managers such as department and business unit heads, and senior technicians are responsible for implementing the Group's marketing strategy.

These senior staff are focused on business development with existing and potential customers.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.3 SUBSIDIARIES OF DELEUM****4.3.1 DSSB****(a) Background and history**

DSSB was incorporated in Malaysia under the Act on 10 July 1976 as a private limited company. DSSB embarked into the provision of oil and gas services in 1982.

(b) Principal Activities and Products/Services

The principal activities of the DSSB are the provision of supporting specialised products and services for the exploration and production of oil and gas.

(c) Substantial Shareholders

The substantial shareholders of DSSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Deleum	10,000,000	100.00	-	-
LMSB	-	-	⁽¹⁾ 10,000,000	100.00
HSB	-	-	⁽¹⁾ 10,000,000	100.00
Dato' Izhah Bin Mahmud	-	-	⁽²⁾ 10,000,000	100.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽²⁾ 10,000,000	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽²⁾ 10,000,000	100.00
Sian Rahimah Abdullah	-	-	⁽³⁾ 10,000,000	100.00
Faye Miriam Abdullah	-	-	⁽³⁾ 10,000,000	100.00
Hugh Idris Abdullah	-	-	⁽³⁾ 10,000,000	100.00

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Notes:

- (1) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of DSSB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each.

The changes in DSSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
10/7/1976	2	1.00	Subscribers' shares	2
26/10/1976	9,998	1.00	Cash	10,000
25/3/1978	10,000	1.00	Cash	20,000
15/2/1982	80,000	1.00	Cash	100,000
18/12/1984	250,000	1.00	Rights Issue	350,000
29/12/1984	300,000	1.00	Cash	650,000
26/12/1985	90,000	1.00	Cash	740,000
26/12/1985	260,000	1.00	Bonus Issue	1,000,000
29/8/1987	700,000	1.00	Cash	1,700,000
31/12/1990	300,000	1.00	Cash	2,000,000
8/6/1999	3,000,000	1.00	Bonus Issue	5,000,000
31/12/2001	5,000,000	1.00	Bonus Issue	10,000,000

(e) Subsidiary/Associate Corporation

DSSB is the holding company for the oil and gas related companies within the Group. DSSB has six (6) subsidiaries, namely DOSSB, TSSB, DCSB, WSB, DHSB and VSM and one (1) associate corporation, 2MC. The details of the subsidiaries and associate corporation within the Group are disclosed in the ensuing sections.

4.3.2 DSHL**(a) Background and History**

DSHL was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 26 January 1995 as a private limited company. DSHL commenced its business in 1995.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**(b) Principal Activities and Products/Services**

DSHL is principally an investment holding company.

(c) Substantial Shareholders

The substantial shareholders of DSHL are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Deleum	100	100.00	-	-
LMSB	-	-	⁽¹⁾ 100	100.00
HSB	-	-	⁽¹⁾ 100	100.00
Dato' Izham Bin Mahmud	-	-	⁽²⁾ 100	100.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽²⁾ 100	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽²⁾ 100	100.00
Sian Rahimah Abdullah	-	-	⁽³⁾ 100	100.00
Faye Miriam Abdullah	-	-	⁽³⁾ 100	100.00
Hugh Idris Abdullah	-	-	⁽³⁾ 100	100.00

Notes:

- (1) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of DSHL is HK\$1,000 comprising 1,000 ordinary shares of HK\$1.00 each. The issued and paid-up share capital is HK\$100 comprising 100 ordinary shares of HK\$1.00 each.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The changes in DSHL's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (HK\$)	Consideration	Cumulative Issued and Paid-up Share Capital (HK\$)
26/1/1995	2	1.00	Cash	2.00
11/2/1995	98	1.00	Cash	100.00

(e) Subsidiary/Associate Corporation

DSHL has two (2) subsidiaries, DPCL and DUCL. DUCL has a 20% equity interest in CUPL. Other than DPCL, DUCL and CUPL, DSHL has no other subsidiary or associate corporation.

4.3.3 DFSSB**(a) Background and history**

DFSSB was incorporated on 21 August 2006 in Malaysia under the Act as a private limited company.

(b) Principal Activities and Products/Services

DFSSB is presently dormant. It is intended for DFSSB to undertake the manufacture of DRA.

(c) Substantial Shareholders

The substantial shareholders of DFSSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Deleum	100	100.00	-	-
LMSB	-	-	⁽¹⁾ 100	100.00
HSB	-	-	⁽¹⁾ 100	100.00
Dato' Izham Bin Mahmud	-	-	⁽²⁾ 100	100.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽²⁾ 100	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽²⁾ 100	100.00
Sian Rahimah Abdullah	-	-	⁽³⁾ 100	100.00
Faye Miriam Abdullah	-	-	⁽³⁾ 100	100.00

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Hugh Idris Abdullah	-	-	⁽³⁾ 100	100.00

Notes:

- (1) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DFSSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DFSSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DFSSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of DFSSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM100 comprising 100 ordinary shares of RM1.00 each.

The changes in DFSSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
21/8/2006	100	1.00	Subscribers' shares	100

(e) Subsidiary/Associate Corporation

DFSSB does not have any subsidiary or associate corporation.

4.3.4 TOSB**(a) Background and history**

TOSB was incorporated in Malaysia under the Act on 21 December 2005 as a private limited company.

(b) Principal Activities and Products/Services

TOSB is presently dormant. It is intended that TOSB will undertake the provision of gas turbine overhaul and maintenance services once it commences its business.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of TOSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Deleum	100,000	100.00	-	-
LMSB	-	-	⁽¹⁾ 100,000	100.00
HSB	-	-	⁽¹⁾ 100,000	100.00
Dato' Izham Bin Mahmud	-	-	⁽²⁾ 100,000	100.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽²⁾ 100,000	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽²⁾ 100,000	100.00
Sian Rahimah Abdullah	-	-	⁽³⁾ 100,000	100.00
Faye Miriam Abdullah	-	-	⁽³⁾ 100,000	100.00
Hugh Idris Abdullah	-	-	⁽³⁾ 100,000	100.00

Notes:

- (1) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in TOSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in TOSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in TOSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of TOSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The changes in TOSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
21/12/2005	2	1.00	Subscribers' shares	2
3/3/2006	99,998	1.00	Cash	100,000

(e) Subsidiary/Associate Corporation

TOSB does not have any subsidiary or associate corporation.

4.4 SUBSIDIARIES OF DSSB**4.4.1 DOSSB****(a) Background and history**

DOSSB was incorporated in Malaysia under the Act on 20 March 1978 as a private limited company under the name of Camco (Malaysia) Sdn Bhd and assumed its present name on 29 May 2001. DOSSB commenced business in 1979.

(b) Principal Activities and Products/Services

DOSSB's principal activity is in the provision of supporting specialised products and services.

(c) Substantial Shareholders

The substantial shareholders of DOSSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	1,000,000	100.00	-	-
Deleum	-	-	⁽¹⁾ 1,000,000	100.00
LMSB	-	-	⁽²⁾ 1,000,000	100.00
HSB	-	-	⁽²⁾ 1,000,000	100.00
Dato' Izham Bin Mahmud	-	-	⁽³⁾ 1,000,000	100.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽³⁾ 1,000,000	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽³⁾ 1,000,000	100.00

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 1,000,000	100.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 1,000,000	100.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 1,000,000	100.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has 100% shareholding in DOSSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in DOSSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in DOSSB pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in DOSSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of DOSSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in DOSSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
20/3/1978	2	1.00	Subscribers' shares	2
13/7/1979	99,998	1.00	Cash	100,000
5/12/1994	900,000	1.00	Bonus Issue	1,000,000

(e) Subsidiary/Associate Corporation

DOSSB does not have any subsidiary or associate corporation.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.4.2 TSSB****(a) Background and history**

TSSB was incorporated in Malaysia under the Act on 6 November 1987 as a private limited company pursuant to a joint venture between DSSB and STI for the provision of after sales technical service for gas turbine packages in Malaysia. TSSB commenced its business in 1988.

(b) Principal Activities and Products/Services

TSSB is principally engaged in the provision of gas turbine overhaul and technical services.

(c) Substantial Shareholders

The substantial shareholders of TSSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	1,924,000	74.00	-	-
STICO *	676,000	26.00	-	-
Deleum	-	-	⁽¹⁾ 1,924,000	74.00
LMSB	-	-	⁽²⁾ 1,924,000	74.00
HSB	-	-	⁽²⁾ 1,924,000	74.00
Dato' Izham Bin Mahmud	-	-	⁽³⁾ 1,924,000	74.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽³⁾ 1,924,000	74.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽³⁾ 1,924,000	74.00
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 1,924,000	74.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 1,924,000	74.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 1,924,000	74.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has substantial shareholding in TSSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in TSSB pursuant to Section 6A of the Act.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has a 100% shareholding in DSSB, which in turn has substantial shareholding in TSSB pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in TSSB pursuant to Section 6A of the Act.
- * STICO is a subsidiary of STI, which in turn is a wholly owned subsidiary of Caterpillar Incorporated. Caterpillar Incorporated is listed on the NYSE.

(d) Share Capital

The authorised share capital of TSSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM2,600,000 comprising 2,600,000 ordinary shares of RM1.00 each.

The changes in TSSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
6/11/1987	4	1.00	Subscribers' shares	4
5/1/1988	99,996	1.00	Cash	100,000
10/10/2000	2,500,000	1.00	Cash	2,600,000

(e) Subsidiary/Associate Corporation

TSSB does not have any subsidiary or associate corporation.

4.4.3 DCSB**(a) Background and history**

DCSB was incorporated in Malaysia under the Act on 5 July 1982 as a private limited company under the name of Delcom Services (Sarawak) Sdn Bhd and assumed its present name on 3 January 2002. DCSB commenced its business in 2003. DCSB is the joint venture vehicle for Navdeep and DSSB in the field of oilfield chemicals and services.

(b) Principal Activities and Products/Services

DCSB is principally engaged in the development and supply of oilfield chemicals and services.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of DCSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	60,000	60.00	-	-
Navdeep	40,000	40.00	-	-
Deleum	-	-	⁽¹⁾ 60,000	60.00
LMSB	-	-	⁽²⁾ 60,000	60.00
HSB	-	-	⁽²⁾ 60,000	60.00
Dato' Izham Bin Mahmud	-	-	⁽³⁾ 60,000	60.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽³⁾ 60,000	60.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽³⁾ 60,000	60.00
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 60,000	60.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 60,000	60.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 60,000	60.00
Deepak Vijaysingh Bhimani (Hindu Undivided Family)	-	-	⁽⁵⁾ 40,000	40.00
Sandhya Deepak Bhimani	-	-	⁽⁵⁾ 40,000	40.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has substantial shareholding in DCSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in DCSB pursuant to Section 6A of the Act.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in DCSB pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in DCSB pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of his/her substantial shareholding in Navdeep, which in turn has substantial shareholding in DCSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of DCSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The changes in DCSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
5/7/1982	2	1.00	Subscribers' shares	2
31/12/2003	99,998	1.00	Cash	100,000

(e) Subsidiary/Associate Corporation

DCSB does not have any subsidiary or associate corporation.

4.4.4 WSB**(a) Background and history**

WSB was incorporated in Malaysia under the Act on 10 May 1985 as a private limited company.

(b) Principal Activities and Products/Services

WSB ceased operation in 2004.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of WSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	135,002	100.00	-	-
Deleum	-	-	⁽¹⁾ 135,002	100.00
LMSB	-	-	⁽²⁾ 135,002	100.00
HSB	-	-	⁽²⁾ 135,002	100.00
Dato' Izham Bin Mahmud	-	-	⁽³⁾ 135,002	100.00
Datuk Vivekananthan a/ M. V. Nathan	-	-	⁽³⁾ 135,002	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽³⁾ 135,002	100.00
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 135,002	100.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 135,002	100.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 135,002	100.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has 100% shareholding in WSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in WSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in WSB pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in WSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of WSB is RM250,000 comprising 250,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM135,002 comprising 135,002 ordinary shares of RM1.00 each.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The changes in WSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
10/5/1985	2	1.00	Subscribers' shares	2
18/4/1988	135,000	1.00	Cash	135,002

(e) Subsidiary/Associate Corporation

WSB does not have any subsidiary or associate corporation.

4.4.5 DHSB**(a) Background and history**

DHSB was incorporated in Malaysia under the Act on 18 February 1984 as a private limited company.

(b) Principal Activities and Products/Services

DHSB ceased operation in 1997.

(c) Substantial Shareholders

The substantial shareholders of DHSB are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	2	100.00	-	-
Deleum	-	-	(1) 2	100.00
LMSB	-	-	(2) 2	100.00
HSB	-	-	(2) 2	100.00
Dato' Izham Bin Mahmud	-	-	(3) 2	100.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	(3) 2	100.00
Hj Abd Razak Bin Abu Hurairah	-	-	(3) 2	100.00
Sian Rahimah Abdullah	-	-	(4) 2	100.00
Faye Miriam Abdullah	-	-	(4) 2	100.00

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Hugh Idris Abdullah	-	-	⁽⁴⁾ 2	100.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has 100% shareholding in DHSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in DHSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in DHSB pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has 100% shareholding in DHSB pursuant to Section 6A of the Act.

(d) Share Capital

The authorised share capital of DHSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in DHSB's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
18/2/1984	2	1.00	Subscribers' Shares	2.00

(e) Subsidiary/Associate Corporation

DHSB does not have any subsidiary or associate corporation.

4.4.6 VSM**(a) Background and history**

VSM was incorporated in Malaysia under the Act on 11 June 1981 as a private limited company under the name of Fleet Telecommunication Industry Sdn Bhd. Subsequently, it changed its name to D M Alcatel (M) Sdn Bhd and then Petrodyne Sdn Bhd on 19 December 1983 and 24 May 1989 respectively. The company assumed its present name on 23 March 1998.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**(b) Principal Activities and Products/Services**

VSM ceased operation in 2004.

(c) Substantial Shareholders

The substantial shareholders of VSM are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	363,600	90.00	-	-
Datuk Vivekananthan a/l M. V. Nathan	40,400	10.00	⁽³⁾ 363,600	90.00
Deleum	-	-	⁽¹⁾ 363,600	90.00
LMSB	-	-	⁽²⁾ 363,600	90.00
HSB	-	-	⁽²⁾ 363,600	90.00
Dato' Izham Bin Mahmud	-	-	⁽³⁾ 363,600	90.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽³⁾ 363,600	90.00
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 363,600	90.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 363,600	90.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 363,600	90.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has substantial shareholding in VSM pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in VSM pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in VSM pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in VSM pursuant to Section 6A of the Act.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**(d) Share Capital**

The authorised share capital of VSM is RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM404,000 comprising 404,000 ordinary shares of RM1.00 each.

The changes in VSM's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
11/6/1981	2	RM1.00	Subscribers' share	2
15/6/1981	98	RM1.00	Cash	100
2/1/1982	299,900	RM1.00	Cash	300,000
24/12/1986	104,000	RM1.00	Cash	404,000

(e) Subsidiary/Associate Corporation

VSM does not have any subsidiary or associate corporation.

4.5 SUBSIDIARIES OF DSHL**4.5.1 DUCL****(a) Background and History**

DUCL was incorporated in BVI under BVI's International Business Companies Act (Cap. 291) on 26 October 1998 as a private limited company under the name of Deleum Integrated Services Limited. DUCL assumed its present name on 10 October 2001. DUCL commenced its business in 2003.

(b) Principal Activities and Products/Services

DUCL is principally an investment holding company.

(c) Substantial Shareholders

The substantial shareholders of DUCL are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSHL	6	60.00	-	-
Kirkcowan *	4	40.00	-	-

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Deleum	-	-	⁽¹⁾ 6	60.00
LMSB	-	-	⁽²⁾ 6	60.00
HSB	-	-	⁽²⁾ 6	60.00
Dato' Izham Bin Mahmud	-	-	⁽³⁾ 6	60.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	⁽³⁾ 6	60.00
Hj Abd Razak Bin Abu Hurairah	-	-	⁽³⁾ 6	60.00
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 6	60.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 6	60.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 6	60.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL pursuant to Section 6A of the Act.

* Kirkcowan is a corporation incorporated in BVI providing nominee and trust services. Kirkcowan holds these shares as nominee for party(ies) who is/are not promoters, directors, substantial shareholders or key management and technical personnel of the Company nor for any person(s) related or connected to promoters, directors, substantial shareholders or key management and technical personnel of the Company.

(d) Share Capital

The authorised share capital of DUCL is USD50,000 comprising 50,000 ordinary shares of USD1.00 each. The issued and paid-up share capital is USD10.00 comprising 10 ordinary shares of USD1.00 each.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The changes in DUCL's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (USD)	Consideration	Cumulative Issued and Paid-up Share Capital (USD)
30/10/1998	10	10.00	Cash	10.00

(e) Subsidiary/Associate Corporation

DUCL is an investment holding company which principal asset is its 20% equity interest in CUPL. Other than CUPL, DUCL does not have any other subsidiary or associate corporation.

4.5.2 DPCL**(a) Background and history**

DPCL was incorporated in BVI under BVI's International Business Companies Act (Cap. 291) on 10 October 2001 as a private limited company.

(b) Principal Activities and Products/Services

DPCL is presently dormant.

(c) Substantial Shareholders

The substantial shareholders of DPCL are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSHL	6	60.00	-	-
Kirkcowan *	4	40.00	-	-
Deleum	-	-	(1) 6	60.00
LMSB	-	-	(2) 6	60.00
HSB	-	-	(2) 6	60.00
Dato' Izham Bin Mahmud	-	-	(3) 6	60.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	(3) 6	60.00
Hj Abd Razak Bin Abu Hurairah	-	-	(3) 6	60.00

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Sian Rahimah Abdullah	-	-	⁽⁴⁾ 6	60.00
Faye Miriam Abdullah	-	-	⁽⁴⁾ 6	60.00
Hugh Idris Abdullah	-	-	⁽⁴⁾ 6	60.00

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSHL, which in turn has substantial shareholding in DPCL, pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DPCL pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DPCL pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DPCL pursuant to Section 6A of the Act.

* Kirkcowan is a corporation incorporated in BVI providing nominee and trust services. Kirkcowan holds these shares as nominee for party(ies) who is/are not promoters, directors, substantial shareholders or key management and technical personnel of the Company nor for any person(s) related or connected to promoters, directors, substantial shareholders or key management and technical personnel of the Company.

(d) Share Capital

The authorised share capital of DPCL is USD50,000 comprising 50,000 ordinary shares of USD1.00 each. The issued and paid-up share capital is USD10 comprising 10 ordinary shares of USD1.00 each.

The changes in DPCL's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (USD)	Consideration	Cumulative Issued and Paid-up Share Capital (USD)
10/10/01	10	1.00	Cash	10.00

(e) Subsidiary/Associate Corporation

DPCL does not have any subsidiary or associate corporation.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.6 ASSOCIATE CORPORATION OF DSSB****4.6.1 2MC****(a) Background and history**

2MC was incorporated in Malaysia under the Act on 19 April 1985 as a private limited. 2MC commenced its business in 1986.

(b) Principal Activities and Products/Services

2MC is principally engaged in the provision of bulking services for the oil and gas industry.

(c) Substantial Shareholders

The substantial shareholders of 2MC are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DSSB	544,000	32.00	-	-
Sabahebat Sdn Bhd	677,280	39.84	-	-
Baker Hughes Inteq France S.A. *	478,720	28.16	-	-
Deleum	-	-	(1) 544,000	-
LMSB	-	-	(2) 544,000	-
HSB	-	-	(2) 544,000	-
Dato' Izham Bin Mahmud	-	-	(3) 544,000	-
Datuk Vivekananthan a/l M. V. Nathan	-	-	(3) 544,000	-
Hj Abd Razak Bin Abu Hurairah	-	-	(3) 544,000	-
Sian Rahimah Abdullah	-	-	(4) 544,000	-
Faye Miriam Abdullah	-	-	(4) 544,000	-
Hugh Idris Abdullah	-	-	(4) 544,000	-
Abdul Razak Harris	-	-	(5) 677,280	-

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in DSSB, which in turn has substantial shareholding in 2MC pursuant to Section 6A of the Act.
 - (2) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in 2MC pursuant to Section 6A of the Act.
 - (3) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in 2MC pursuant to Section 6A of the Act.
 - (4) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSSB, which in turn has substantial shareholding in 2MC pursuant to Section 6A of the Act.
 - (5) Deemed interested by virtue of his substantial shareholding in Sabahebat Sdn Bhd, which in turn has substantial shareholding in 2MC pursuant to Section 6A of the Act.
- * Baker Hughes Inteq France S.A. is a subsidiary of Baker Hughes Incorporated, a company based in the United States and listed on the NYSE.

(d) Share Capital

The authorised share capital of 2MC is RM2,500,000 comprising 2,500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM1,700,000 comprising 1,700,000 ordinary shares of RM1.00 each.

The changes in 2MC's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
19/4/1985	2	1.00	Subscribers' shares	2
19/4/1986	100,000	1.00	Cash	100,002
30/10/1986	299,998	1.00	Cash	400,000
13/3/1987	100,000	1.00	Cash	500,000
2/8/2004	1,200,000	1.00	Cash	1,700,000

(e) Subsidiary/Associate Corporation

2MC does not have any subsidiary or associate corporation.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.7 ASSOCIATE CORPORATION OF DUCL****4.7.1 CUPL****(a) Background and history**

CUPL was incorporated in Cambodia on 24 April 1995 as a private limited company. CUPL commenced its business in 1997.

(b) Principal Activities and Products/Services

CUPL is principally an independent power producer in Cambodia.

(c) Substantial Shareholders

The substantial shareholders of CUPL are as follows:

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
DUCL	2,400,000	20.00	-	-
Leader Universal (Hong Kong) Company Ltd *	7,200,000	60.00	-	-
GUH Holdings Berhad ^	2,400,000	20.00	-	-
DSHL	-	-	(1) 2,400,000	20.00
Deleum	-	-	(2) 2,400,000	20.00
LMSB	-	-	(3) 2,400,000	20.00
HSB	-	-	(3) 2,400,000	20.00
Dato' Izham Bin Mahmud	-	-	(4) 2,400,000	20.00
Datuk Vivekananthan a/l M. V. Nathan	-	-	(4) 2,400,000	20.00
Hj Abd Razak Bin Abu Hurairah	-	-	(4) 2,400,000	20.00
Sian Rahimah Abdullah	-	-	(5) 2,400,000	20.00
Faye Miriam Abdullah	-	-	(5) 2,400,000	20.00
Hugh Idris Abdullah	-	-	(5) 2,400,000	20.00

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Notes:

- (1) Deemed interested by virtue of its substantial shareholding in DUCL, which in turn has substantial shareholding in CUPL pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL, which in turn has substantial shareholding in CUPL pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL, which in turn has substantial shareholding in CUPL pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his substantial shareholding in LMSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL, which in turn has substantial shareholding in CUPL pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of his/her substantial shareholding in HSB, which in turn has substantial shareholding in Deleum, which in turn has 100% shareholding in DSHL, which in turn has substantial shareholding in DUCL, which in turn has substantial shareholding in CUPL pursuant to Section 6A of the Act.
- * Leader Universal (Hong Kong) Company Limited is a subsidiary of Leader Universal Holdings Berhad, a company listed on the Main Board of Bursa Securities.
- ^ GUH Holdings Berhad is a company listed on the Main Board of Bursa Securities.

(d) Share Capital

The registered share capital of CUPL is USD20,000,000 comprising 20,000,000 ordinary shares of USD1.00 each. The issued and paid-up share capital is USD12,000,000 comprising 12,000,000 ordinary shares of USD1.00 each.

The changes in CUPL's issued and paid-up share capital since incorporation are as follows:

Date Issued	No. of Shares Allotted	Par Value (USD)	Consideration	Cumulative Issued and Paid-up Share Capital (USD)
24/4/95	3,000,000	1.00	Cash	3,000,000
8/9/95	600,000	1.00	Cash	3,600,000
5/12/95	1,800,000	1.00	Cash	5,400,000
1/7/96	2,000,000	1.00	Cash	7,400,000
15/7/96	* 2,400,000	1.00	Cash	9,800,000
9/8/96	2,200,000	1.00	Cash	12,000,000

* As at 31 December 2003, the balance of USD0.99 per share was fully paid-up.

(e) Subsidiary/Associate Corporation

CUPL does not have any subsidiary or associate corporation.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.8 INDUSTRY OVERVIEW**4.8.1 Overview of the Global Economy**

The outlook for global performance remains fairly optimistic. Global growth in 2007 is forecast to be sustained at above 4% for the fifth consecutive year. A growth of 4.5% is anticipated in 2007 (5.0% in 2006), with further easing of inflationary pressures and with some moderation in growth of world trade. The adjustment in the US housing market is expected to gradually have a broader impact on consumption. Recovery in Japan would continue, albeit at a more measured pace, while prospects for the euro area now look brighter following signs of a broad-based recovery in the major member countries. Notwithstanding the more moderate pace of expansion in external demand, growth in the Asian region is expected to remain encouraging, supported increasingly by domestic demand, particularly in PR China and India.

In the US, the prospect for further housing market weakness lingers as the ratio of residential property investment to GDP remains above its historical average while oversupply persists as evident from the high housing inventories and homeowner vacancy rates. There may be some spillover effects into consumption activity and other sectors of the economy in the early part of the year. Import demand may also be more broadly affected, given the moderating domestic demand. This anticipated outcome would contribute to a further improvement in the US external imbalance, which has been a major area of concern associated with the adjustment of global imbalances.

The impact of the moderation of growth in the US on global economic momentum in 2007 depends significantly on the sustainability of the recovery in Europe and Japan and the strength of domestic sources of growth in the rest of Asia. However, while these economies have relied on external demand to support growth and recovery, the share of European and Japanese exports to the US has declined noticeably (EU-15: 24% in 2000 to 20% of total exports in 2006; Japan: 30% in 2000 to 23% of total exports in 2006). With respect to domestic demand, the euro area economy appears to be better positioned to sustain its expansion. Labour market conditions are expected to continue improving in line with stronger economic activity and higher wage settlements supporting consumer spending. Germany's recovery is also seen to be contributing to global demand, as reflected in the trend of a stronger rise of German imports from economies outside the euro area.

In Japan, however, concerns persist on the prospects for a stronger recovery in private consumption. Enhanced consumption activity needs to be supported by a sustained uptrend in wage and income growth. Nonetheless, the strength in investment spending is expected to prevail as Japanese corporations are well-positioned to benefit from the continued expansion of global and regional demand.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

With an anticipated moderate softening in external demand, especially in the first half of 2007, regional economies are projected to expand at a slightly less rapid pace in 2007. Domestic demand is expected to play a central role in cushioning the impact of the moderation in external demand. In addition, flexibility in monetary and fiscal policy following the easing of inflationary pressures and improving fiscal positions of regional economies, would provide further support to growth in domestic demand. This development is evident given the more accommodative monetary policy stance in Indonesia, Thailand and the Philippines. Higher consumption activity is also increasingly supported by rising income levels amid improving labour market conditions as seen in the lower levels of unemployment and rising real wages. Recent developments suggest a revival in investment trends. Several large infrastructure projects have been announced or have commenced operations. Such projects include the relocation of the administrative centre and the expansion of public housing supply in Korea, the building of the integrated resorts in Singapore, and public infrastructure projects in Thailand and the Philippines.

Trends also suggest that the global semiconductor industry, a key export sector of the region, is poised to record another favourable year with forecast growth of 9.5 - 10%. Demand for electronic products with advanced features has driven technology enhancement in the semiconductor industry, leading to the production of high-performance microprocessors, graphics processors and memory chips. The new Microsoft operating system, Vista, is expected to lend support to sales in the PC segment in the second half of 2007 as demand increases. Meanwhile, in the broad commodity markets, despite some recent corrections, indications are that demand and prices would be generally sustained at elevated levels.

In PR China, rebalancing growth away from investment and export-related activities towards private consumption remains a key focus for policy makers. GDP growth in PR China is expected to ease moderately in 2007 due to slower exports and policy measures undertaken to restrain over-investment and promote economic rebalancing. Ongoing infrastructure projects related to rural development and several significant events like the Olympics 2008, Shanghai World Expo and Guangzhou Asian Games 2010 would continue to support strong investment growth.

Global inflation has started to stabilize amid easing oil prices. However, underlying demand conditions for commodities remain firm, especially in fast-growing regions, which suggests that prices would remain supported in the longer term. Going forward, while easing oil prices and slowing global growth may generally prompt some degree of monetary easing, monetary policy responses are expected to vary based on country-specific circumstances and conditions.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Global financial markets have grown significantly, driven by expanding capital flows and growth of new financial intermediaries. These developments have increased volatility and potential mis-pricing of risks across a number of asset classes and markets. Persistently strong capital inflows have also prompted policy responses by selected monetary authorities in the region. The large increase in carry trades and derivative trades and increased integration of global financial markets have raised the risks of sudden and large adjustments in financial markets and asset prices. Markets remain vulnerable to a sharp correction that could be triggered by a significant change in expectations. The recent developments at the end of February and early March in the global, regional and domestic equity markets reflect the potential for contagion. Nonetheless, the capacity to absorb the volatility from time to time would depend on the resilience and fundamentals of the underlying economies.

While global growth is expected to remain favourable in 2007, several key risks could affect this outlook. One risk is a sharper-than expected US moderation. Although oil prices have declined from their recent peaks, geopolitical developments could suddenly reverse this trend with implications for slower global growth and renewed inflationary pressures. Furthermore, while recent developments suggest that the US current account deficit is improving, the risk of a disorderly adjustment still remains. In addition, events that prompt the unwinding of carry trades could also contribute to destabilizing developments in the international financial system.

(Source: Bank Negara Malaysia Annual Report 2006)

4.8.2 Overview of the Malaysian Economy

Supported by sustained global growth and resilient domestic demand, the Malaysian economy is expected to register solid growth in 2007, with real GDP expanding by 6%. This pace is consistent with the expansion in productive capacity following the strengthening of the recovery in capital formation.

In 2007, investment, particularly private investment, is expected to play a major role in sustaining growth as strong domestic and external demand, coupled with high levels of capacity utilisation, induced firms to expand capacity. In addition, investment activity by the public sector is also expected to expand substantially with the commencement of work on infrastructure and other projects under the Ninth Malaysia Plan ("9MP"). Firm-level investment is also expected to benefit from the reduction in the corporate tax rate that was announced in the 2007 Budget, while ample liquidity in the financial system will ensure funding would be adequate.

The year will also see broad-based growth as the mining and construction sectors, which had contracted in 2006, are expected to register positive growth. The construction sector, in particular, will benefit from higher public expenditure as well as strong demand in the non-residential properties segment. In the mining sector, growth would be driven by a recovery in natural gas output after major upgrading work on the MLNG2 plant is completed. In addition, the Kikeh oil field in Sabah, which was discovered in 2004, is expected to start production in the fourth quarter of the year.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

The growth momentum during the year will be influenced by both external and domestic factors. The global economy is expected to expand more moderately in the first half of the year, mirroring the slower growth expected in the US during this period. In addition, the global electronics industry is expected to see demand remain stable in the first half of the year before new products boost demand in the second-half year. On the domestic front, a number of major developments are expected to impact growth, mainly towards the latter part of the year. These include the more rapid implementation of public projects, the start of production at the Kikeh oil field and the significant increase in tourist arrivals for the Visit Malaysia Year 2007 during the peak summer travel season. Reflecting these factors, the Malaysian economy is expected to enjoy stronger growth in the second half-year.

Inflation is expected to remain benign during the year. After having increased in 2006 following the partial reduction of fuel and other subsidies, inflation is expected to trend downwards during the year. Price pressures from demand conditions are expected to remain subdued, given that the economy would be on a balanced growth path during the year. In addition, lower oil and energy prices would mitigate imported inflation. As a result of these factors, the average inflation rate for 2007 is expected to be in the range of 2 - 2.5%.

The current account is forecasted to record a surplus, driven by the trade surplus and improved services receipts arising from the tourism sector. Inflows of foreign direct investment are expected to remain substantial. Balancing these inflows, however, would be the strong outflows that are characteristic of a highly open economy. The nation's external indebtedness is expected to decline as the public sector will continue to register net repayment of its external obligations. Similarly, the strong performance of the trade, oil and gas and financial sectors would see significant repatriation of profits and dividends by foreign direct investors back to their home offices. In addition, Malaysian investors and firms are expected to intensify the diversification of their portfolios by investing abroad. These healthy two-way flows will combine to improve Malaysia's fundamentals while enhancing the economic integration with the regional and global economies.

(Source: Bank Negara Malaysia Annual Report 2006)

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4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.8.3 Overview of the Oil and Gas Sector

The oil and gas industry plays a significant role as a major contributor to the growth and development of the Malaysian economy, contributing in terms of domestic production and as a major generator of export earnings.

The supporting products and services sector plays a critical supporting role in ensuring the effective facilitation of operations in the oil and gas industry.

In 2006, the sales value of the domestic manufacture of refined petroleum products amounted to RM82.4 billion.

In 2006, export value of major product segments of the oil and gas industry are as follows:

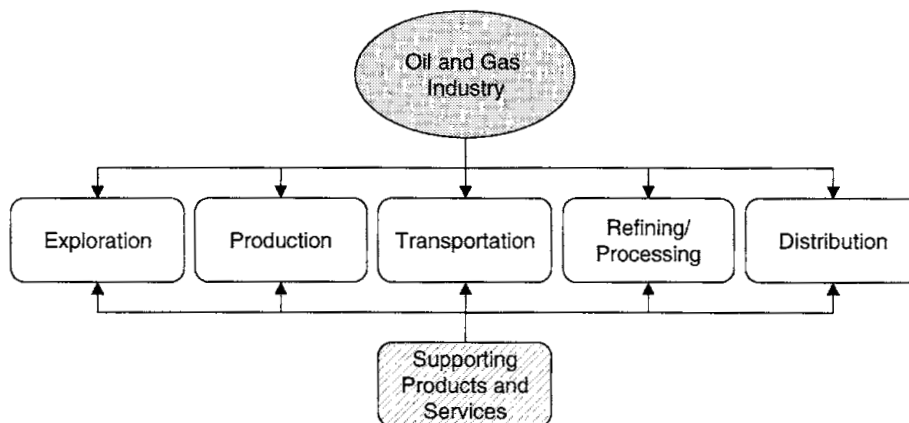
- Export value of crude petroleum amounted to RM32.6 billion;
- Export value of refined petroleum products amounted to RM19.2 billion;
- Export value of residual petroleum products amounted to RM525.7 million;
- Export value of liquefied propane and butane amounted to RM2.0 billion;
- Export value of natural gas amounted to RM23.3 billion; and
- Export value of other gaseous hydrocarbons amounted to RM2.9 billion.

In addition to its contribution to the nation's foreign exchange earnings, the oil and gas industry also contributes towards employment generation, value-added creation and income generation.

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

4.8.4 The Segments/Sectors of the Industry

The structure of the oil and gas industry may be depicted as follows:



Segmentation of the Oil and Gas Industry

Exploration comprises activities that are related to the prospecting of undiscovered hydrocarbons. Exploration activities include the collection and interpretation of seismic survey data, and exploratory drilling and core analysis.

Deleum Group is involved in providing exploration drilling through the operation of drilling rigs.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Production comprises activities that are related to the extraction of hydrocarbons from identified hydrocarbon reserves. Production activities directly related to the extraction of hydrocarbons include drilling for hydrocarbons, completion, and production platform engineering and construction.

Deleum Group is involved in the following production activities:

- Provision of gas turbine technical services;
- Subsea production development;
- Provision of production equipment and storage vessels;
- Provision of offshore drilling rig operations;
- Provision of production and drilling equipment and services;
- Supply of generator set, and mechanical drive gas turbine packages;
- Provision of Wireline products and services;
- Provision of Wellhead and Christmas Tree maintenance services;
- Provision of oilfield chemicals and related services.

Transportation comprises the activities related to the transportation of extracted hydrocarbons from production fields to storage facilities and refineries. Transportation includes the operation of onshore and offshore hydrocarbon pipelines, and the operation of hydrocarbon transport vessels.

Deleum Group is involved in the supply of Drag Reducing Agents, which are chemicals used to increase the efficiency of petroleum transmission through pipelines. The Group is also involved in providing fluid transfer lines.

Refining/Processing comprises activities that are related to the processing of extracted hydrocarbons into a form that may be utilised by intermediate and final users.

Distribution comprises activities that are related to the transportation and distribution of refined hydrocarbons to end-users.

Supporting Products and Services are used to facilitate the exploration, production through to the distribution of oil and gas. Some examples include, among many others, oil and gas power generation equipment, Oil and gas production equipment, seismic surveying services, wireline services, maintenance of equipment and machinery, pipeline fabrication and offshore platform fabrication and maintenance.

Deleum Group is primarily involved in the provision of supporting specialised products and services for oilfield exploration and production.

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

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.8.5 Future Growth and Drivers of Growth of the Industry**Outlook and Growth Forecast of the Supporting Products and Services for the Oil and Gas Industry**

The outlook for the supporting products and services for the oil and gas industry in Malaysia is **favourable**.

The supporting products and services for the oil and gas industry in Malaysia is forecasted to grow by **5% to 8%** per annum for the next five years.

The outlook for the supporting products and services for the oil and gas industry as a whole is dependent on the outlook of the overall oil and gas industry. As such, the favourable outlook of the supporting products and services for the oil and gas industry in Malaysia is based on the following observations and analyses:

Local Exploration Activity

- Between the financial years ended 31 March 2000 and 31 March 2006, Investment in the exploration and production sectors of the Malaysian oil and gas industry by PETRONAS and PSC operators increased at an average annual rate of 21.7%. Investment increased by 30.9% in 2006, to approximately RM16.1 billion;
- Between the years ended 31 March 2001 and 31 March 2006, a total of 28 PSCs were signed between PETRONAS and PSC operators. During the financial year ended 31 March 2006, 9 PSCs were signed and a record 60 PSCs were in operation;
- Offshore seismic survey activity declined at an average annual rate of 6.4% between the years ended 31 March 2002 to 31 March 2004. During the year ended 31 March 2004, Offshore seismic survey data recovered increased by 9.3% to 384,247 line kilometres. The amount of offshore seismic survey data recovered in 2006 was 14.3% higher compared to 2004. A total of 439,182 line kilometres of seismic data were recovered in 2006;
- The number of exploration wells drilled increased at an average annual rate of 14.3% between the years ended 31 March 2002 to 31 March 2006. During the year ended 31 March 2006, a total of 53 exploration wells were drilled;

Local Production

- Between the financial years ended 31 March 2002 and 2006, daily crude oil and condensates production increased at an average annual growth rate of 1.0%. During the financial year ended 31 March 2006, production of crude oil and condensates declined by 5.0% to 699,100 Barrels of Oil Equivalent ("BOE") per day;
- Between the financial years ended 31 March 2002 and 2006, daily natural gas production increased at an average annual growth rate of 0.9%. During the financial year ended 31 March 2006, production of natural gas increased by 0.2% to reach 957,000 BOE per day;

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**Exports**

- Between 2002 and 2006, the export value of crude petroleum increased at an average annual rate of 28.8%. In 2006, export value increased by 7.7% to reach RM32.6 billion;
- Between 2002 and 2006, the export value of refined petroleum products increased at an average annual rate of 29.8%. In 2006, export value increased by 26.2% to reach RM19.2 billion;
- Between 2002 and 2006, the export value of natural gas increased at an average annual rate of 23.9%. In 2006, export value increased by 12.0% to reach RM23.3 billion;

Imports

- Between 2002 and 2006, the import value of gas turbines, which comprises "Gas Turbines of Power Not Exceeding 5,000 kW" and "Gas Turbines of Power Exceeding 5,000 kW", declined at an average annual rate of 8.4%. In 2006, provisional data indicates that import value declined by 23.2% to RM274.0 million;
- Between 2002 and 2006, the import value of gas turbines "Gas Turbines of Power Not Exceeding 5,000 kW" increased at an average annual rate of 10.0%. In 2006, provisional data indicates that import value declined by 15.0% to RM52.8 million;
- Between 2002 and 2006, the import value of "Gas Turbines of Power Exceeding 5,000 kW" declined at an average annual rate of 11.0%. In 2006, provisional data indicates that import value declined by 25.0% to RM221.2 million;
- Between 2001 and 2005, the import value of "Gas Turbine Parts and Components" increased at an average annual rate of 34.1%. In 2005, import value increased by 55.0% to reach RM804.8 million. Between January and October 2006, import value totalled RM474.8 million, representing a decline of 33.5% compared to the corresponding period in 2005;
- Between 2002 and 2006, the import value of "Gas Compressors for Hydrocarbon Drilling" declined at an average annual rate of 26.9%. In 2006, provisional data indicates that import value declined by 72.8% to RM16.4 million;
- Between 2002 and 2006, the import value of "Parts and Accessories for Drilling Rigs" increased at an average annual rate of 23.4%. In 2006, provisional data indicates that import value increased by 109.1% to reach RM258.1 million.

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

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Drivers of Growth

Some of the drivers of growth for the oil and gas industry and supporting products and services are as follows:

Market Price of Hydrocarbons Sustained at a High Level

Sustained high market price for hydrocarbons is likely to encourage hydrocarbon producers to maintain production at a high level, or even to increase production. In turn, a high level of production is likely to drive growth in the demand for supporting products and services to increase the efficiency and/or production capacity of existing production facilities.

In addition, a sustained high market price for hydrocarbons may lead to the development of marginal or previously commercially unviable deposits. The development of these hydrocarbon deposits will drive growth in the oil and gas industry, and of supporting products and services.

PETRONAS reported that during the year ended 31 March 2006, operators intensified exploration, development and production activities to capitalise on the high oil price scenario.

The market prices of hydrocarbons are continued to be relatively high (in nominal terms) in early 2007, after increasing in 2005 and 2006. This in turn has driven high level of activity in the oil and gas industry, including in the provision of supporting products and services.

Technological Advances

Technological advances that enhance production efficiency, lower production cost, or enable production to take place in previously inaccessible areas are likely to increase demand for supporting product and service providers, particularly for providers with access to these technological advances. Existing hydrocarbon producers may be inclined to apply these technological advances to increase production efficiency, lower cost or improve recovery rates.

Technological advances that enable production in previously inaccessible areas may drive growth by bringing new deposits into production. This drives growth of supporting product and service providers.

PETRONAS Policy and Leadership

PETRONAS has a policy of nurturing the development of local oil and gas industry operators, including local supporting product and services providers.

In addition, PETRONAS encourages Malaysian operators to participate in the oil and gas industry overseas. Qualified Malaysian oil and gas industry operators, including local supporting product and services providers, are encouraged to support PETRONAS' foreign operations.

As at 31 March 2006, PETRONAS had interests a total of 62 upstream (exploration and production) ventures in 23 overseas countries.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Opening of Acreage for New Exploration

The opening of new blocks of Malaysian territorial waters for exploration, development and production will create new demand for supporting products and services.

With a large proportion of shallow water (generally with depth of less than 200 metres) already allocated to PSC operators, the opening of new acreage is most likely to be for deep-water exploration, development and production.

Between 1976, when the current PSC model was initiated, and October 1999, PETRONAS had signed a total of 70 PSCs with various oil and gas industry operators.

9 new PSCs were signed during the year ended 31 March 2006, and a historical high of 60 PSCs were in operation in Malaysia.

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

4.8.6 Players and Competition**Competitive Nature and Intensity in Malaysia*****Competitive Conditions***

Supporting Product and Services Providers in the oil and gas industry face **normal** competitive conditions, in that operators normally have to compete with each other for business.

However, there are some conditions as follows:

- Only operators that are licensed or registered by PETRONAS are allowed to bid directly for work provided by PETRONAS and PSC operators in the oil and gas industry.
- Operators who wish to carry out construction work in Malaysia are required to register with the CIDB under the Construction Industry Development Board Act 1994.
- All builders, contractors and sub-contractors (including operators carrying out civil engineering, mechanical and electrical works) who wish to tender for Government projects must also register with Pusat Khidmat Kontraktor ("PKK") of the Ministry of Entrepreneur Development.
- All operators who wish to obtain contracts from the Government or to bid directly for work provided by PETRONAS and PSC operators in the oil and gas industry are required to register as contractors with the MoF.

Thus, although operators within the supporting product and services providers in the oil and gas industry operate under normal competitive conditions, it is imperfect due to the requirements for licensing and registration that partly inhibits free competition.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

As with most free enterprise environments, once all the licensing and registration requirements are complied, competition is based on a number of factors, including:

- Technical compliance to customers' specifications and requirements;
- Quality products and services
- Cost competitiveness;
- Prompt delivery/completion.

An additional competitive factor that concerns supporting products and service providers is the ability to demonstrate a good safety record, typically measured by work time between work-related fatalities and lost time accidents or incidents. PETRONAS and other major oil and gas industry operators typically require that their suppliers provide proof that they have a good health and safety record when submitting bids for contracts.

Basis of competition

The basis of competition within the supporting product and services providers in the oil and gas industry is mainly as follows:

- Most work contracts are based on open tender. This system creates a normal competitive environment;
- In virtually all open tender situations, once the technical specifications are fully complied, the bid with the lowest price wins;
- For large, complex and high value jobs, in many situations, international firms with highly reputable track records are involved in the bidding process;
- In many situations there are many bidders with the relevant credentials for tender and non-tender jobs;
- However, competition is restricted to companies with the relevant licences and registrations from PETRONAS and various Government bodies.

Operators in the Industry

Gas Turbine Sector

The total number of gas turbine manufacturers is limited, as a high degree of technical expertise is required to successfully design, develop, and manufacture gas turbines. Virtually all gas turbines used in Malaysia are imported.

The principal global manufacturers of gas turbines that may be suitable for use in the oil and gas industry include:

- Solar Turbines Inc.;
- General Electric Corp.;
- Rolls-Royce plc;
- Siemens AG;
- Kawasaki Heavy Industries, Inc.;
- Hitachi;
- Mitsubishi Power Systems; and
- MTU Aero Engines.

Global gas turbine manufacturers operating in Malaysia are typically supported by local partners.

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

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.8.7 Relevant Laws and Regulations**(a) Government laws, regulations and policies**Government regulations

All rights related to the exploration and extraction of petroleum in Malaysia is vested in PETRONAS under the PDA. PETRONAS was also granted control over the carrying out of downstream activities and development relating to petroleum and its products under the PDA.

All operators wishing to participate in the oil and gas industry are required to obtain the necessary licences, or successfully register with PETRONAS before they are allowed to participate in these activities.

Operators who wish to tender for contracts from the Government are also required to register as contractors with the MoF, and the CIDB.

All companies that are in the manufacturing of petrochemical products have to apply for a manufacturing licence from MIDA or MITI.

According to the Industrial Coordination Act, 1975 which mandates all companies with shareholders' funds of RM2.5 million or above, or engaging 75 or more full-time employees to attain a manufacturing licence

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

PETRONAS Licences and Registrations

Applicants are required to specify the scope of work for which the licence or registration is being applied for, based on a set of Standardised Work & Equipment Categories ("SWEC"). An individual licence or registration must be obtained for each SWEC.

Companies that have obtained a license for a SWEC are allowed to participate in the upstream sector, downstream sector, and maritime sector of the oil and gas industry.

In contrast to a licence, companies that are registered in a SWEC are allowed to only participate in the downstream sector and maritime sector of the oil and gas industry. Registered companies are not allowed to participate in the upstream sector or in the offshore sector.

Generally, licenses and registration are effective for a period of one (1) year. However, licenses and registration that are effective for a period of more than one (1) year, can be considered.

Deleum Group currently holds the PETRONAS licences and registrations that are relevant to its business.

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

The details of the licences and registrations held by the Deleum Group are detailed in Section 4.2.7 of this Prospectus.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

(b) Government initiatives and incentives*PETRONAS Initiatives*

As part of the aim to promote and encourage local participation in the oil and gas industry, PETRONAS has implemented the following initiatives:

- Licensing and registration of companies with preference given to local companies.

Manufacturing Incentives for Petrochemicals

Major Government incentives are also available for the manufacturing of petrochemicals. These include:

- Pioneer Status;
- Investment Tax Allowance;
- Reinvestment Allowance.

Eligibility for incentives under Pioneer Status and Investment Tax Allowance will be determined according to the priorities termed as "promoted activities" or "promoted products". In addition, the level of value-added, technology and industrial linkages will also be taken into consideration.

As part of the Malaysian Government's intention to nurture the development of the Petrochemicals Industry, it is listed as a promoted activity eligible for Pioneer Status.

DFSSB had obtained Pioneer Status for industries located in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak, with the tax exemption of 100% on the statutory income for five (5) years under the Promotion of Investments Act 1986, for the production of "Drag Reducing Agent" in August 2006. TOSB had obtained the income tax exemption for ten (10) years from the date fixed by MITI, in relation to overhaul, repair and servicing.

Other incentives also include Reinvestment Allowance. All manufacturing companies that have been in operation for at least 12 months and incur qualifying capital expenditure to expand production capacity, modernise and upgrade production facilities, diversify into related products, and automate its production facilities can obtain a Reinvestment Allowance.

(c) Environmental Regulations

TSSB has obtained for its Test Cell facility a written certificate of approval for the Erection of Fuel Burning Equipment, and Chimneys under rules 36 and 38 of the Department of Environment's Environmental Quality (Clean Air) Regulations 1978. Under the terms of this certificate, TSSB is allowed to install and operate fuel burning equipment and chimneys, including up to six (6) gas turbine units and up to four (4) chimneys. The Test Cell facility operated by TSSB is used to test and verify the power output of overhauled gas turbines before they are returned to customers.

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

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.8.8 Demand and Supply

As highlighted in Section 4.2.6 above, the Group relies on the technology derived from its principals and partners. The industry dynamics governing the demand and supply of these specialised products and services can be broken down as follows:

- (a) Supply Dependencies;
- (b) Demand; and
- (c) Demand Dependencies.

The abovementioned three (3) factors which affect the demand and supply of supporting specialised products and services are explained in Section 11, subsections 1.8, 1.9 and 1.10, respectively, of this Prospectus.

4.8.9 Substitute Products/Services

There are limited practical substitutes for most of the exploration and production technologies, products and services. As such, Deleum Group faces limited threat of substitutes.

One potential exception is in the use of reciprocating engines in place of gas turbines for power generation on offshore production platforms.

Reciprocating Engines

A reciprocating engine, also known as a piston engine, is a type of internal combustion engine that utilises one or more pistons to convert pressure into a rotating motion. A range of fuels can be used in reciprocating engines, including gasoline, diesel fuel, oil or natural gas.

A wide range of reciprocating engines are currently in use, generating power in a wide range of applications. The more familiar reciprocating engine types include:

- Petrol engines in passenger cars and motorcycles;
- Diesel engines in commercial vehicles, locomotives and ships;
- Diesel engines for electric power generation.

Reciprocating engines are a potential substitute to gas turbine engines in power generating applications on offshore platforms in the oil and gas industry. The advantages of reciprocating engines over gas turbines generally include lower capital cost per unit of power output. Diesel engines may be cheaper to operate, due to their inherent fuel efficiency.

Mitigating Factors

The advantages of gas turbine engines over reciprocating engines include the following:

- Gas turbines typically have a higher power to weight ratio compared to reciprocating engines;
- The availability of gas turbines is generally higher compared to reciprocating engines. Lost production due to reciprocating engine unavailability is a critical economic factor;

4. INFORMATION ON THE DELEUM GROUP *(Cont'd)*

- The reliability of gas turbines is generally higher compared to Reciprocating engines. Gas turbines operate with only the rotor rotating in a balanced mode. Reciprocating engines have many moving parts, which may cause vibration and metal fatigue due to the reciprocating motion of the pistons;
- Reciprocating engines generally produce more vibration than gas turbine engines of comparable power output due to the reciprocating motion of their pistons.

An offshore production platforms that houses a reciprocating engines generally has to be more robust compared to one that houses a gas turbine of comparable power to accommodate the greater weight, volume and vibration of a reciprocating engine. As a result, any potential capital saving from purchasing a Reciprocating engine may be offset by the increased cost of fabricating the structure.

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

4.8.10 Prospects and Outlook

Please refer to Section 11, subsection 1.15 of this Prospectus for details pertaining to the prospects and outlook of the oil and gas industry.

4.8.11 Reliance on and Vulnerability to Imports

The supporting products and services for the oil and gas industry in Malaysia is generally dependent on imported raw materials, systems and services.

Raw materials, systems and services are imported for the following reasons:

- Certain items are not readily available from local sources. For example, gas turbine packages, subsea production system and wellhead products, and drag reducing agent are not commonly manufactured in Malaysia.
- The manufacture of items such as these are highly specialised, and in some instances controlled by patents and other intellectual property rights. As a result, they are not commonly manufactured in Malaysia.
- Some of the items are specified by the customer, and as a result their source is predetermined.

Local operators can mitigate their vulnerability to a disruption in imports by forming joint ventures, or by entering into exclusive distribution agreements with international suppliers, as these international suppliers will then have an interest in supporting their local partners.

In addition, local operators who have long business relationships with international suppliers also mitigate against their vulnerability to a disruption in imports.

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

4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.9 MAJOR CUSTOMERS**

Based on the Group's proforma consolidated income statements for the last three (3) financial years ended 31 December 2006, the major customers (representing 10% or more of revenue) of the Group are as follows:

No.	Customer	Key Products/ Services Sold	Length of Relationship (Years)	Level of Sales		
				FYE 2004 (%)	FYE 2005 (%)	FYE 2006 (%)
1.	SSB/SSPC	Specialised equipment and services, oilfield equipment and services, and oilfield chemicals and services	25	25.92	27.88	18.86
2.	MDFT	Specialised equipment and services	2	-	1.82	15.76
3.	PCSB	Specialised equipment and services, oilfield equipment and services, and oilfield chemicals and services	25	21.77	25.90	15.70
4.	Murphy	Specialised equipment and services	11	-	6.25	13.72
5.	PGB	Specialised equipment and services, and oilfield equipment and services	24	9.41	8.80	10.33
6.	EMEPMI	Specialised equipment and services, oilfield equipment and services, and oilfield chemicals and services	25	23.62	7.32	7.29
7.	Talisman	Specialised equipment and services, and oilfield equipment and services	5	14.35	7.98	5.93
	Total			95.07	85.95	87.59

For the financial year ended 31 December 2006, the top twenty (20) customers of Deleum Group represented 99.7% of the Group's proforma revenue, amounting to RM430.9 million. The remaining 0.3% of Group proforma revenue was spread across approximately fifteen (15) other customers.

For FYE2006, the bulk of the Deleum Group's revenue was spread over a broader band of customers namely SSB/SSPC, MDFT, PCSB, Murphy and PGB, which contributed to 74.4% or RM321.6 million of the total revenue for the year.

The average business relationship of the abovementioned five (5) major customers is approximately 18 years, which indicates a long-term and stable business relationship, hence providing a base for continued business relationship. Any dependency on these customers is also mitigated by the activity levels of other existing and new PSC operators in the coming years.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Deleum Group has been a provider of a wide range of supporting specialised products and services to both SSB/SSPC and PCSB over the past 25 years, which includes:

- Specialised equipment and services;
- Oilfield equipment and services; and
- Oilfield chemicals and services

SSB/SSPC and PCSB both being PSC operators, are two (2) of the main participants in the Malaysian oil and gas industry. It is inevitable that they would be a major source of revenue for Deleum Group.

SSB/SSPC and PCSB are likely to continue incorporating the Group's products and services into their operations due to the specialised nature of the products, and the established Deleum Group's local support. The Deleum Group is also the exclusive sole representative and authorised provider of maintenance services for certain specialised equipment and systems used by SSB/SSPC and PCSB. As a result, there may not be many similar alternatives in the market for the Group's supporting products and services.

Deleum Group generally enjoys long-term business relationships with its customers. This is reflected by the fact that as at FYE2006, the average length of relationship between the Group and its twenty (20) largest customers is 9 years. Approximately 60% of the Group's top twenty (20) customers have been dealing with the Group for five (5) years or more, and 20% have been dealing with the Group for twenty (20) years or more.

These long-standing relationships with major operators in the Malaysian oil and gas industry serve as an endorsement for the quality of Deleum Group's products and services. More importantly, it indicates that Deleum Group has a stable customer base to sustain and grow the business in the future.

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4. INFORMATION ON THE DELEUM GROUP (Cont'd)**4.10 MAJOR SUPPLIERS**

Based on the Group's proforma consolidated income statements for the last three (3) financial years ended 31 December 2006, the major suppliers (representing 10% or more of purchases) of the Group are as follows:

No.	Supplier	Key Products/ Services Supplied	Length of Relationship (Years)	Level of Purchases		
				FYE 2004 (%)	FYE 2005 (%)	FYE 2006 (%)
1.	STICO	Specialised equipment and services, and oilfield equipment and services	25	55.40	21.30	35.63
2.	Vetco Gray	Specialised equipment and services, and oilfield equipment and services	25	10.10	28.10	20.24
3.	Solar Turbines Asia	Oilfield equipment and services	25	13.90	20.70	18.63
4.	SBM Offshore Contractors Inc	Specialised equipment and services	22	4.60	10.30	8.49
	Total			84.00	80.40	82.99

The top twenty (20) suppliers of Deleum Group accounted for 96.4% of total Group purchases for the financial year ended 31 December 2006.

The largest supplier was STICO for the supply of specialised equipment and services, and oilfield equipment and services to the Group. Purchases from STICO accounted for 35.6% of total Group purchases for the financial year ended 31 December 2006.

The second largest supplier was Vetco Gray for the supply of specialised equipment and services, and oilfield equipment and services to the Group. Purchases from Vetco Gray accounted for 20.3% of total Group purchases for the financial year ended 31 December 2006.

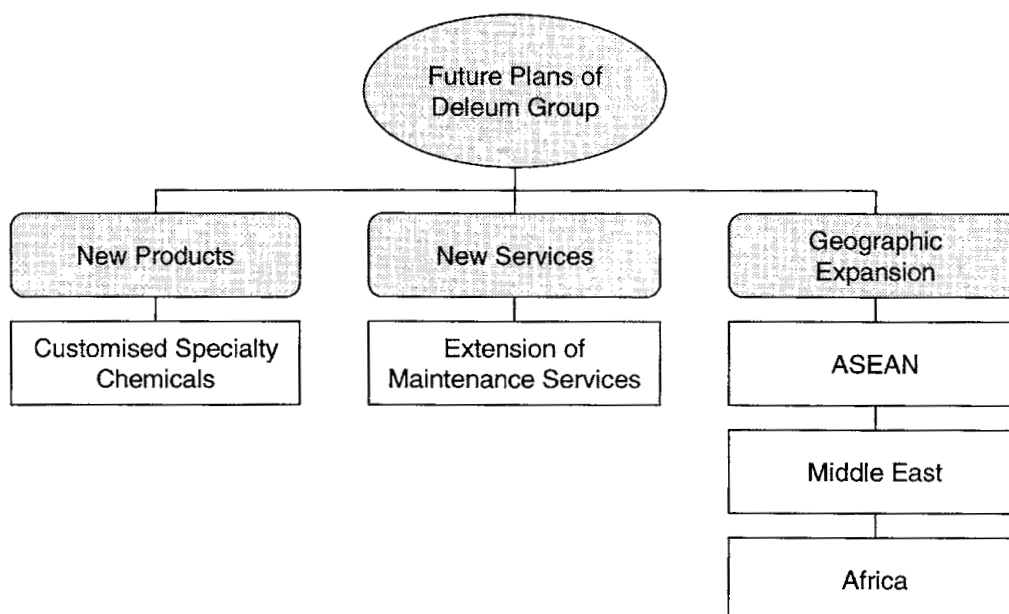
Solar Turbines Asia based in Singapore is the third largest supplier to the Group, supplying oilfield equipment and services. Purchases from Solar Turbines Asia accounted for 18.6% of total Group purchases for the financial year ended 31 December 2006.

The three (3) largest suppliers collectively accounted for 74.5% of total Group purchases for the financial year ended 31 December 2006. Deleum Group generally enjoys a long-term relationship with its suppliers. This is reflected by the fact the average length of the relationship between the Group and its top twenty (20) suppliers is nine (9) years. Furthermore, 35% of the Group's top twenty (20) suppliers have been dealing with the Group for ten (10) years or more, and 30% have been dealing with the Group for twenty (20) years or more.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

4.11 FUTURE PLANS, STRATEGIES AND PROSPECTS

The future plans of Deleum Group are focused in three (3) key areas, as depicted in the diagram below:



Overview of the Future Plans of Deleum Group

Development of New Products

Customised Specialty Chemicals

DCSB has successfully collaborated with PRSS to develop chemical systems that remove organic solid deposits in oil wells and help resurrect wells with low production rates, or closed oil wells.

Building on this success, the Group is currently undertaking R&D activities to develop customised specialty chemicals for other solutions e.g. removal of wax from sludge tanks and pipelines or other industrial applications. Current tests conducted together with customers proved the chemicals to be effective.

Deleum Group plans to primarily utilise in-house resources to carry out the R&D necessary to develop customised specialty chemicals.

With more new wells coming on stream plus existing wells, there will be some degree of rework required after some years to restore production output. The chemicals that the Group produces can be readily used in this area.

The Group plans to accelerate the development of specialty chemicals for the above solutions by the second half of 2007.

4. INFORMATION ON THE DELEUM GROUP (Cont'd)

Development of New Services***Extension of Maintenance Services to Other Systems and Equipment***

As part of its future plans, Deleum Group plans to expand on the current portfolio of maintenance services to cover a wider range of systems and equipment for the exploration and production of oil and gas.

The Deleum Group currently provides maintenance services for gas turbines, Wellhead and Christmas Trees and subsea Wellhead systems. As such, the Group already has an established customers base and existing expertise to expand on its maintenance services.

Deleum Group plans to continue enhancing its oilfield services by acquiring further high technology downhole and surface tools for more efficient operations to compliment its services to its existing customers. The Group plans to accelerate and place more emphasis on this thrust from the second half of 2007 onwards.

The Group also intends to expand its gas turbine technical services capability by developing its ability to overhaul higher capacity gas turbine models than of those currently being overhauled. The Group plans to commence development of expanded gas turbine overhaul services in its own dedicated facility by the second half of 2007.

The Deleum Group is continuously seeking new partnerships with expertise and new technologies to expand its current scope of specialised products and services to the oil and gas industry.

Geographic Expansion

Deleum Group primarily services the local market. For FYE2006, revenue from Peninsular and East Malaysia accounted for 93.35% of total Group revenue while the remaining 6.65% was derived from the Joint Development Area.

The Group plans to expand its geographic coverage to provide supporting specialised products and services to markets outside of Malaysia. It is expected that export revenue will account for a significant proportion of the Group revenue in the future.

As part of the Group's future plans, Deleum Group plans to expand its presence overseas into the ASEAN region, the Middle East, and in Africa countries where opportunities in oil and gas industry exist.

Furthermore, in line with the Group's continuing support to PETRONAS, part of the Group's future plans is to expand its presence overseas in countries where PETRONAS has established operations.

Deleum Group expects to commence initiatives for overseas expansion from the second half of 2007 onwards. No material contribution is expected from these initiatives for the financial year ending 31 December 2007.