

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007

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DELEUM BERHAD
(Company No: 715640-T)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

ANNOUNCEMENT

The Board of Directors of Deleum Berhad (Deleum or the Company) is pleased to announce the following unaudited consolidated results for the second quarter ended 30 June 2007.

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED INCOME STATEMENT**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---------------------------------|------------------------------------------------|------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| | QUARTER ENDED 30/06/2007 RM'000 | QUARTER ENDED 30/06/2006 RM'000 | PERIOD ENDED 30/06/2007 RM'000 | PERIOD ENDED 30/06/2006 RM'000 |
| Revenue | 261,658 | 148,825 | 381,493 | 231,351 |
| Cost of sales | (247,838) | (137,084) | (356,501) | (209,121) |
| Gross profit | <u>13,820</u> | <u>11,741</u> | <u>24,992</u> | <u>22,230</u> |
| Other operating income | 528 | 861 | 776 | 969 |
| Selling and distribution costs | (1,188) | (506) | (1,545) | (880) |
| Administrative expenses | (5,097) | (6,003) | (9,416) | (10,354) |
| Other operating expenses | (1,071) | (900) | (1,639) | (1,799) |
| Finance costs | (126) | (27) | (190) | (58) |
| Share of results of associates | 2,386 | 3,439 | 4,749 | 6,201 |
| Profit before tax | <u>9,252</u> | <u>8,605</u> | <u>17,727</u> | <u>16,308</u> |
| Tax expense | (1,882) | (1,718) | (3,983) | (3,222) |
| Profit for the financial period | <u><u>7,370</u></u> | <u><u>6,887</u></u> | <u><u>13,744</u></u> | <u><u>13,086</u></u> |
| Attributable to: | | | | |
| Equity holders of the Company | 6,854 | 5,952 | 12,537 | 11,528 |
| Minority Interests | 516 | 935 | 1,207 | 1,558 |
| | <u><u>7,370</u></u> | <u><u>6,887</u></u> | <u><u>13,744</u></u> | <u><u>13,086</u></u> |
| Earnings per share (sen) | | | | |
| - Basic | 9.69 | 9.92 | 19.16 | 19.21 |

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED BALANCE SHEET

| | As at 30/06/2007 RM'000 | As at 31/12/2006 (Restated) RM'000 |
|-------------------------------------------------------------------------|-------------------------------|---------------------------------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 27,864 | 20,088 |
| Investment properties | 1,096 | 1,108 |
| Prepaid lease rentals | 3,975 | 4,051 |
| Associates | 28,590 | 31,655 |
| Other investments | 3 | 3 |
| | <u>61,528</u> | <u>56,905</u> |
| CURRENT ASSETS | | |
| Inventories | 2,985 | 2,094 |
| Trade receivables | 149,850 | 74,048 |
| Other receivables, deposits and prepayments | 6,603 | 5,064 |
| Tax recoverable | 725 | 1,120 |
| Deposits with licensed banks | 80,208 | 33,947 |
| Cash and bank balances | 24,334 | 7,102 |
| | <u>264,705</u> | <u>123,375</u> |
| LESS: CURRENT LIABILITIES | | |
| Trade payables | 169,401 | 73,212 |
| Other payables and accruals | 8,288 | 7,162 |
| Taxation | 811 | 748 |
| Borrowings | 1,917 | 1,059 |
| | <u>180,417</u> | <u>82,181</u> |
| NET CURRENT ASSETS | <u>84,288</u> | <u>41,194</u> |
| LESS: NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | 1,334 | 878 |
| Borrowings | 7,563 | 3,031 |
| | <u>8,897</u> | <u>3,909</u> |
| | <u>136,919</u> | <u>94,190</u> |
| CAPITAL AND RESERVES | | |
| Attributable to the Equity holders of the Company | | |
| Share capital | 80,000 | 60,000 |
| Share premium | 20,070 | - |
| Retained earnings | 75,386 | 69,951 |
| Merger deficit | (50,000) | (50,000) |
| Currency translation differences | (1,995) | (1,448) |
| | <u>123,461</u> | <u>78,503</u> |
| MINORITY INTERESTS | <u>13,458</u> | <u>15,687</u> |
| TOTAL EQUITY | <u>136,919</u> | <u>94,190</u> |
| Net assets per share attributable to Equity holders of the Company (RM) | 1.54 | 1.31 |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statement for the financial year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | <u>Attributable to the Equity holders of the Company</u> | | | | | | | | |
|----------------------------------|----------------------------------------------------------|---------------|----------------------------------|-----------------|-----------------|-------------------|----------------|-------------------|----------------|
| | Share capital | Share premium | Currency translation differences | Capital reserve | Merger deficit | Retained earnings | Total | Minority interest | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2006 | 60,000 | - | (527) | 1,422 | (50,000) | 50,438 | 61,333 | 17,463 | 78,796 |
| Profit for the financial period | - | - | - | - | - | 11,528 | 11,528 | 1,558 | 13,086 |
| Dividend | - | - | - | - | - | - | - | (2,946) | (2,946) |
| Currency translation differences | - | - | (668) | - | - | - | (668) | (579) | (1,247) |
| At 30 June 2006 | <u>60,000</u> | <u>-</u> | <u>(1,195)</u> | <u>1,422</u> | <u>(50,000)</u> | <u>61,966</u> | <u>72,193</u> | <u>15,496</u> | <u>87,689</u> |
| At 1 January 2007 | 60,000 | - | (1,448) | - | (50,000) | 69,951 | 78,503 | 15,687 | 94,190 |
| Issuance of shares | - | - | - | - | - | - | - | - | - |
| - Rights Issue | 6,000 | - | - | - | - | - | 6,000 | - | 6,000 |
| - Public Issue | 14,000 | 21,700 | - | - | - | - | 35,700 | - | 35,700 |
| Share issue expenses | - | (1,630) | - | - | - | - | (1,630) | - | (1,630) |
| Profit for the financial period | - | - | - | - | - | 12,537 | 12,537 | 1,207 | 13,744 |
| Dividend | - | - | - | - | - | (7,102) | (7,102) | (3,010) | (10,112) |
| Currency translation differences | - | - | (547) | - | - | - | (547) | (426) | (973) |
| At 30 June 2007 | <u>80,000</u> | <u>20,070</u> | <u>(1,995)</u> | <u>-</u> | <u>(50,000)</u> | <u>75,386</u> | <u>123,461</u> | <u>13,458</u> | <u>136,919</u> |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD
(Company No: 715640-T)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | CUMULATIVE QUARTER | |
|------------------------------------------------------------------------------|----------------------|----------------------|
| | PERIOD ENDED | PERIOD ENDED |
| | 30/06/2007 RM'000 | 30/06/2006 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the financial period | 13,744 | 13,086 |
| <u>Adjustments for:</u> | | |
| Allowance for doubtful debts written back | (266) | - |
| Property, plant and equipment | | |
| - Depreciation | 2,112 | 1,485 |
| Share of results of associates | (4,749) | (6,201) |
| Tax expense | 3,983 | 3,222 |
| Others | (726) | 487 |
| | 14,098 | 12,079 |
| Non cash adjustments | | |
| Working capital changes | 17,701 | 26,444 |
| Interest received | 569 | 450 |
| Tax paid | (3,068) | (4,263) |
| Interest paid | (190) | (58) |
| | 29,110 | 34,652 |
| Net cash generated from operating activities | 29,110 | 34,652 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from issuance of shares | 41,700 | - |
| Share issue expenses | (2,000) | - |
| Property plant and equipment | | |
| - Purchases | (8,424) | (3,443) |
| - Proceeds from disposals | 295 | 143 |
| Dividend received from associate | 6,946 | 5,011 |
| | 38,517 | 1,711 |
| Net cash generated from investing activities | 38,517 | 1,711 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bank borrowings: | | |
| - Proceeds | 6,072 | - |
| - Repayments | (681) | (269) |
| Dividends paid to: | | |
| - Shareholders | (7,102) | - |
| - Minority interests | (2,321) | (2,946) |
| | (4,032) | (3,215) |
| Net cash used in financing activities | (4,032) | (3,215) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD | 63,595 | 33,148 |
| CURRENCY TRANSLATION DIFFERENCES | (102) | (113) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 41,049 | 45,246 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 104,542 | 78,281 |
| Cash and cash equivalents at the end of the period comprise the following: | | |
| Cash and bank balances | 24,334 | 30,765 |
| Deposits with licensed banks | 80,208 | 47,516 |
| | 104,542 | 78,281 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Financial Reporting Standards (“FRS”) No.134 – “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the attached explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the annual financial statements for the financial year ended 31 December 2006 except for the adoption of the following new accounting standards and amendment to published standards issued by MASB that are effective for the Group’s financial years beginning on or after 1 January 2007:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments.
- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures.
- Amendment to FRS 119 ²⁰⁰⁴ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment is not relevant to the Group as the Group does not have any defined benefit plan.
- FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007). FRS 6 is not relevant to the Group as the Group does not carry out exploration for and evaluation of mineral resources.

The adoption of the new accounting standards and amendments to published standards did not have material impact on the financial statements of the Group except for FRS 117 Leases. The Group has applied the changes in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease rentals has been accounted for retrospectively. The comparatives have been reclassified as disclosed in note A1.

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(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A1. BASIS OF PREPARATION (Cont'd)

The effects of the adoption of FRS117 are as follows:

| | <u>Before adoption of FRS117</u> RM'000 | <u>Reclassification</u> RM'000 | <u>After adoption of FRS 117</u> RM'000 |
|-----------------------------------|------------------------------------------------|-----------------------------------|------------------------------------------------|
| <u>Quarter ended 30 June 2007</u> | | | |
| Depreciation | 1,185 | (15) | 1,170 |
| Amortisation of lease rentals | 0 | 15 | 15 |
| <u>Period ended 30 June 2007</u> | | | |
| Depreciation | 2,142 | (30) | 2,112 |
| Amortisation of lease rentals | 0 | 30 | 30 |
| <u>At 30 June 2007</u> | | | |
| Property, plant and equipment | 31,839 | (3,975) | 27,864 |
| Prepaid lease rentals | 0 | 3,975 | 3,975 |

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A1. BASIS OF PREPARATION (Cont'd)

The following comparatives have been restated due to the adoption of FRS 117:

| | <u>As previously reported</u> RM'000 | <u>Reclassification</u> RM'000 | <u>As restated</u> RM'000 |
|-----------------------------------|---------------------------------------------|-----------------------------------|------------------------------|
| <u>Quarter ended 30 June 2006</u> | | | |
| Depreciation | 758 | (15) | 743 |
| Amortisation of lease rentals | 0 | 15 | 15 |
| <u>Period ended 30 June 2006</u> | | | |
| Depreciation | 1,515 | (30) | 1,485 |
| Amortisation of lease rentals | 0 | 30 | 30 |
| <u>At 31 December 2006</u> | | | |
| Property, plant and equipment | 24,139 | (4,051) | 20,088 |
| Prepaid lease rentals | 0 | 4,051 | 4,051 |

A2. QUALIFICATION OF PRECEDING ANNUAL AUDITED STATUTORY FINANCIAL STATEMENTS

There was no qualification to the preceding annual audited statutory financial statements.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operation is not affected by any significant seasonal or cyclical factors in the quarter under review.

A4. NATURE AND AMOUNT OF ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME, OR CASH FLOWS THAT ARE UNUSUAL BECAUSE OF THEIR NATURE, SIZE, OR INCIDENCE

Other than the receipt of proceeds from the rights issue and the initial public offer of the Company's shares, there were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A5. NATURE AND AMOUNT OF CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR OR CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR FINANCIAL YEARS, IF THOSE CHANGES HAVE A MATERIAL EFFECT IN THE CURRENT INTERIM PERIOD

There were no material changes to estimates made in prior periods that have had a material effect in the current financial period results.

A6. EQUITY AND DEBT SECURITIES

During the current quarter, the issued and paid-up capital of the Company was increased by the following:

- (a) On 6 April 2007, 6 million ordinary shares of RM 1 each were issued pursuant to a rights issue to the existing shareholders of Deleum on the basis of 1 new ordinary share per every 10 existing ordinary shares at an issue price of RM1.00. The proceeds from the rights issue were received on 6 April 2007.
- (b) On 29 May 2007, 14 million ordinary shares of RM 1 each were issued to the public in conjunction with the listing of the Company on the Main Board of Bursa Malaysia at an issue price of RM2.55 per ordinary share.

Save as disclosed above, there were no issuances, cancellations, repurchases, resale and repayments of equity and debt securities during the current financial period.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A7. DIVIDEND PAID

During the previous quarter, the Company paid interim dividends on 60,000,000 ordinary shares in respect of the financial year ended 31 December 2006 :

| | RM'000 |
|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Interim tax exempt dividend of 6.28 sen per share, paid on 26 March 2007 | 3,766 |
| Interim gross dividend of 7.72 sen per share, less income tax of 28%, paid on 26 March 2007 | 3,336 |
| | <hr style="width: 100%; border: 0.5px solid black;"/> <u>7,102</u> |

No dividend was paid in the current quarter.

A8. SEGMENTAL REPORTING

The Group is organised into three main business segments:

- Specialised equipment and services – Mainly consist of provision of subsea production development, gas turbine packages and umbilicals.
- Oilfield equipment and services – Mainly consist of provision of wireline equipment and related services, wellhead maintenance services, gas turbine overhaul, supply of gas turbine parts and other oilfield equipment and technical services.
- Oilfield chemicals and other services – Development and provision of solid deposit removal solutions and speciality chemicals.

Other operations of the Group comprise mainly investment holding.

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

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A8. SEGMENTAL REPORTING (Cont'd)

Segmental information for the financial period to-date is as follows:

| | Individual Quarter Ended 30/06/07 RM'000 | Individual Quarter Ended 30/06/06 RM'000 | Cumulative Quarter Ended 30/06/07 RM'000 | Cumulative Quarter Ended 30/06/06 RM'000 |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------|
| <u>Segment Revenue</u> | | | | |
| Specialised equipment and services ("Specialised equipment") External revenue | 148,799 | 78,856 | 234,013 | 125,257 |
| Specialised equipment revenue | 148,799 | 78,856 | 234,013 | 125,257 |
| Oilfield equipment and services ("Oilfield equipment") External revenue | 112,473 | 68,773 | 145,708 | 103,401 |
| Intersegment revenue | 1,850 | 342 | 2,790 | 1,971 |
| Oilfield equipment revenue | 114,323 | 69,115 | 148,498 | 105,372 |
| Oilfield chemicals and other services ("Oilfield chemicals") External revenue | 386 | 1,196 | 1,772 | 2,693 |
| Oilfield chemicals revenue | 386 | 1,196 | 1,772 | 2,693 |
| Total reportable segments | 263,508 | 149,167 | 384,283 | 233,322 |
| Eliminations | (1,850) | (342) | (2,790) | (1,971) |
| Total Group revenue | 261,658 | 148,825 | 381,493 | 231,351 |

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A8. SEGMENTAL REPORTING (Cont'd)

| | Individual Quarter Ended 30/06/07 RM'000 | Individual Quarter Ended 30/06/06 RM'000 | Cumulative Quarter Ended 30/06/07 RM'000 | Cumulative Quarter Ended 30/06/06 RM'000 |
|---------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| <u>Segment Results</u> | | | | |
| Specialised equipment | 6,020 | 2,828 | 9,612 | 5,346 |
| Oilfield equipment | 5,043 | 4,730 | 9,690 | 9,122 |
| Oilfield chemicals | (688) | 260 | (359) | 530 |
| Others | 517 | 684 | 752 | 905 |
| Segment results | 10,892 | 8,502 | 19,695 | 15,903 |
| Unallocated corporate expenses | (3,900) | (3,309) | (6,527) | (5,738) |
| Finance cost | (126) | (27) | (190) | (58) |
| Share of results of associates | 2,386 | 3,439 | 4,749 | 6,201 |
| Tax expense | (1,882) | (1,718) | (3,983) | (3,222) |
| Profit for the financial period | 7,370 | 6,887 | 13,744 | 13,086 |

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revalued property, plant and equipment as at 30 June 2007.

A10. MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no material subsequent events that took place subsequent to the balance sheet date.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period.

A12. CONTINGENT LIABILITIES / ASSETS

As at 30 June 2007, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions amounting to RM38 million out of which RM17 million has been utilised. Guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts amount to RM4 million.

DELEUM BERHAD
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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

PART A – EXPLANATORY NOTES (Cont'd)

A13. COMMITMENTS

Capital commitments for property, plant and equipment not provided for as at 30 June 2007 are as follows:

| | RM'000 |
|-------------------------------|--------------|
| Authorised and contracted for | <u>5,689</u> |

A14. RELATED PARTY TRANSACTIONS

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

| | RM'000 |
|-----------------------------------------------------|---------------|
| Purchases from Solar Turbines International Company | <u>39,770</u> |

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS**

B1. PERFORMANCE REVIEW

For the current quarter under review, the Group achieved a profit before tax of RM9.3 million, an increase of 7.5% over the previous year corresponding quarter's RM8.6 million.

The good performance is attributable mainly to the higher revenue contributed by the specialised equipment and services as well as the oilfield equipment and services segments.

For the six months ended 30 June 2007, the Group achieved a profit before tax of RM17.7 million, an increase of 8.7% over the first half of the previous financial year's RM16.3 million on the back of 64.9% increase in revenue from RM231.4 million to RM381.5 million.

The better performance of the specialised equipment and services and the oilfield equipment and services segments was however offset partly by the lower contribution from the associates mainly due to the lower contribution from an associate involved in bulking services as a result of a lower throughput.

On a net basis, the profit attributable to shareholders increased by 8.8% from RM11.5 million for the 6 months ended 30 June 2006 to RM12.5 million for the period under review.

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

For the current quarter under review, the Group achieved a profit before taxation of RM9.3 million as compared to RM8.5 million for the immediate preceding quarter, an increase of 9.2%. The better results were mainly attributable to higher contribution from the specialised equipment and services and oilfield equipment and services segments.

B3. CURRENT YEAR PROSPECTS

The Group has issued a profit forecast in conjunction with the Company's listing on the Main Board of Bursa Malaysia in the Company's Prospectus dated 15 May 2007.

Based on actual results for the period ended 30 June 2007 and after due and careful inquiry, and having taken into account the contracts secured and potential contracts to be secured, the Directors are of the opinion that the consolidated profit forecast of RM23 million for the financial year ending 31 December 2007 is achievable under the prevailing business and economic environment.

DELEUM BERHAD
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**UNAUDITED INTERIM FINANCIAL REPORT
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**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

B4. PROFIT FORECAST

Save for the profit forecast of RM23 million included in the Company's Prospectus dated 15 May 2007, the Group did not issue any forecast for the current financial year. Disclosure on explanatory notes for the variance between actual and forecast results would be provided in the final quarter announcement for the current financial year ending 31 December 2007.

B5. TAXATION

| | Individual Quarter Ended 30/06/07 RM'000 | Individual Quarter Ended 30/06/06 RM'000 | Cumulative Quarter Ended 30/06/07 RM'000 | Cumulative Quarter Ended 30/06/06 RM'000 |
|--------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Current tax | 1,268 | 1,456 | 3,360 | 3,249 |
| Deferred tax | 614 | 262 | 623 | (27) |
| | 1,882 | 1,718 | 3,983 | 3,222 |

Excluding the associate results, the effective tax rate of the Group is higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

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

There were no sales of unquoted investments and/or properties during the current quarter under review and financial year to date.

B7. QUOTED SECURITIES

There were no quoted securities acquired or disposed during the quarter and financial year to date.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

- (a) There were no corporate proposals announced but not completed as of 7 August 2007 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this report)

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED (Cont'd)

(b) On 1 June 2007, the Company was listed on the Main Board of Bursa Malaysia. The status of utilisation of the listing proceeds from the Initial Public Offering exercise are as follows: -

| Purpose | Proposed Utilisation RM'000 | Actual Utilisation 30.06.2007 RM'000 | Transferred to Working Capital* RM'000 | Intended Timeframe for Utilisation | Balance RM'000 |
|-------------------------------------------|-----------------------------------|-----------------------------------------------|-------------------------------------------------|---------------------------------------------|-------------------|
| i Working Capital : | | | | | |
| - Expansion of Business and Markets | 12,000 | - | - | Within 24 months | 12,000 |
| - Existing Operations | 5,700 | 5,700 | - | Within 12 months | - |
| ii Capital Expenditure : | | | | | |
| - Oilfield Equipment | 15,000 | - | - | Within 24 months | 15,000 |
| - Investment in facilities | 6,000 | - | - | Within 12 months | 6,000 |
| iii Estimated Listing expenses | 3,000 | 2,000 | 1,000 | Immediate | - |
| | <u>41,700</u> | <u>7,700</u> | <u>1,000</u> | | <u>33,000</u> |

* In accordance with the provision of the Prospectus.

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B9. GROUP BORROWINGS

The amount of Group borrowings as at 30 June 2007 are as follows:

| | <u>Short Term</u> RM'000 | <u>Long Term</u> RM'000 | <u>Total</u> RM'000 |
|-------------------------|---------------------------------|--------------------------------|------------------------|
| Term Loan (Secured) | 1,263 | 4,537 | 5,800 |
| Hire Purchase (Secured) | 654 | 3,026 | 3,680 |
| | <u>1,917</u> | <u>7,563</u> | <u>9,480</u> |

The borrowings are all denominated in Ringgit Malaysia.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Derivative financial instruments are used to reduce the Group's exposure to fluctuations in foreign exchange rates and are viewed as risk management tools by the Group and not used for trading or speculative purposes.

Off balance sheet financial instruments as at 7 August 2007 are as follows:-

| | Contract amount RM'000 |
|---------------------------------------------|-------------------------------------------------|
| Foreign exchange forward purchase contracts | <u>10,941</u> |

The above contracts are maturing within a period of 6 months.

There is minimal credit and market risk because the contracts were executed with an established financial institution.

Gains and losses on foreign exchange forward contracts are recognised in the income statements upon realisation.

B11. CHANGES IN MATERIAL LITIGATION

Save as disclosed in the prospectus dated 15 May 2007, there were no other material litigation as at 7 August 2007.

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B12. DIVIDEND

In line with the dividend policy of the Company as mentioned in the Company's Prospectus dated 15 May 2007 issued pursuant to the Company's initial public offering, the Board of Directors has declared a gross interim dividend of 5.0 sen per ordinary share less Malaysian income tax at 27% in respect of the financial year ending 31 December 2007 (Q2 FY2006: Nil). The dividend will be payable on 28 September 2007 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 14 September 2007.

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

- (i) shares transferred into the Depositor's securities account before 4.00 p.m. on 14 September 2007 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad Listing Requirement.

For the financial year-to-date, a total gross dividend of 5.0 sen per share less tax has been declared (2006: Nil).

B13. EARNINGS PER SHARE ("EPS")

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

| | Quarter Ended 30/06/07 RM'000 | Quarter Ended 30/06/06 RM'000 | Year Ended 30/06/07 RM'000 | Year Ended 30/06/06 RM'000 |
|------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Basic earnings per share | | | | |
| Profit attributable to equity holders of the Company | 6,854 | 5,952 | 12,537 | 11,528 |
| Weighted average number of ordinary shares | 70,747 | 60,000 | 65,403 | 60,000 |
| Basic earnings per share | 9.69 sen | 9.92 sen | 19.16 sen | 19.21 sen |

The diluted earnings per share for the Group are not presented as there is no dilutive potential ordinary share during the financial period.

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B14. AUTHORISATION OF ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 August 2007.

By order of the Board

Lim Hooi Mooi
MAICSA no. 0799764
Company Secretary

14 August 2007

Kuala Lumpur