

**DELEUM BERHAD**  
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 MARCH 2009**

**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 2008 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 2008.

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 2008.

**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**

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the current period ended 31 March 2009.

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**PART A – EXPLANATORY NOTES (Cont'd)**

**A5. NATURE AND AMOUNT OF 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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

**A7. DIVIDEND PAID**

No dividend was declared and paid in the current quarter.

**A8. SEGMENTAL REPORTING**

The Group is organised into three main business segments:

- Specialised equipment and services – Mainly consisting of provision of subsea production development, gas turbine packages, umbilicals, control and safety valves repair and services.
- Oilfield equipment and services – Mainly consisting of provision of wireline and wellhead equipment and related services, offshore drilling rig operations, gas turbine overhaul, supply of gas turbine parts and other oilfield equipment and technical services.
- Oilfield chemicals and 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.

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**PART A – EXPLANATORY NOTES (Cont'd)**

**A8. SEGMENTAL REPORTING (Cont'd)**

Segmental information for the financial year is as follows:

	<b>Individual Quarter Ended 31/03/09 RM'000</b>	Individual Quarter Ended 31/03/08 RM'000	<b>Cumulative Quarter Ended 31/03/09 RM'000</b>	Cumulative Quarter Ended 31/03/08 RM'000
<u>Segment Revenue</u>				
Specialised equipment and services				
External revenue	76,688	39,551	76,688	39,551
Specialised equipment and services	76,688	39,551	76,688	39,551
Oilfield equipment and services				
External revenue	70,223	42,492	70,223	42,492
Intersegment revenue	2,524	1,233	2,524	1,233
Oilfield equipment and services	72,747	43,725	72,747	43,725
Oilfield chemicals and other services				
External revenue	395	1,554	395	1,554
Oilfield chemicals and other services	395	1,554	395	1,554
Total reportable segments	149,830	84,830	149,830	84,830
Eliminations	(2,524)	(1,233)	(2,524)	(1,233)
Total Group revenue	147,306	83,597	147,306	83,597

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**PART A – EXPLANATORY NOTES (Cont'd)**

**A8. SEGMENTAL REPORTING (Cont'd)**

	<b>Individual Quarter Ended 31/03/09 RM'000</b>	<b>Individual Quarter Ended 31/03/08 RM'000</b>	<b>Cumulative Quarter Ended 31/03/09 RM'000</b>	<b>Cumulative Quarter Ended 31/03/08 RM'000</b>
<u>Segment Results</u>				
Specialised equipment and services	5,747	1,704	5,747	1,704
Oilfield equipment and services	5,938	2,086	5,938	2,086
Oilfield chemicals and other services	(137)	359	(137)	359
Others	231	456	231	456
Segment results	11,779	4,605	11,779	4,605
Unallocated corporate expenses	(3,608)	(3,006)	(3,608)	(3,006)
Finance costs	(133)	(104)	(133)	(104)
Share of results of associates	2,533	5,799	2,533	5,799
Tax expense	(2,472)	(530)	(2,472)	(530)
Profit for the financial period	8,099	6,764	8,099	6,764

**A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no revalued property, plant and equipment as at 31 March 2009.

**A10. MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

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

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**PART A – EXPLANATORY NOTES (Cont'd)**

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current financial period for the three months ended 31 March 2009.

**A12. CONTINGENT LIABILITIES / ASSETS**

As at 31 March 2009, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions of RM40 million for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts, out of which RM28 million has been utilised.

**A13. COMMITMENTS**

Capital commitments for property, plant and equipment not provided for as at 31 March 2009 are as follows:

	<b>RM'000</b>
Authorised and contracted for	<u>6,400</u>

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**PART A – EXPLANATORY NOTES (Cont'd)**

**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.

	<b>Individual Quarter Ended 31/03/09 RM'000</b>	Individual Quarter Ended 31/03/08 RM'000	<b>Cumulative Quarter Ended 31/03/09 RM'000</b>	Cumulative Quarter Ended 31/03/08 RM'000
Purchases from Solar Turbines International Company	27,814	13,010	27,814	13,010

The following transactions are with the corporate shareholder and parties related to a corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

	<b>Individual Quarter Ended 31/03/09 RM'000</b>	Individual Quarter Ended 31/03/08 RM'000	<b>Cumulative Quarter Ended 31/03/09 RM'000</b>	Cumulative Quarter Ended 31/03/08 RM'000
Purchases from Dresser Italia S.R.L	35	-	35	-
Purchases from related parties of Dresser Italia S.R.L	5,950	-	5,950	-

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**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's revenue and profit before taxation ("PBT") increased by 76% and 45% respectively compared to the corresponding quarter in the previous year. The Group's revenue increased from RM83.6 million to RM147.3 million and the PBT increased from RM7.3 million to RM10.6 million. This is mainly attributable to the increased billings and improved margins under the specialised equipment and services segment as well as the oilfield equipment and services segment.

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

The Group's profit before taxation increased by 4% compared to the immediate preceding quarter from RM10.1 million to RM10.6 million due to higher billings and improved margins in the specialised equipment and services segment and the oilfield equipment and services segment offsetted by lower contribution from associates.

**B3. 2009 PROSPECTS**

The current economic environment continues to be challenging due to the fluctuations in the crude oil prices. However, recent trends indicate stabilisation of crude oil prices. The stability in these prices would prove to be promising to the industry as it will be able to move ahead with projects with more certainty as well as with increased and enhanced production and development projects. The Board of Directors is confident that with its diversified business base, the Group will be able to maintain its earnings.

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OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

**B4. PROFIT FORECAST**

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

**B5. TAXATION**

	<b>Individual Quarter Ended 31/03/09 RM'000</b>	Individual Quarter Ended 31/03/08 RM'000	<b>Cumulative Quarter Ended 31/03/09 RM'000</b>	Cumulative Quarter Ended 31/03/08 RM'000
Current tax	2,339	577	2,339	577
Deferred tax	133	(47)	133	(47)
	2,472	530	2,472	530

Excluding the associates' results which are presented net of tax, the effective tax rates of the Group for the current period are 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.

**B7. QUOTED SECURITIES**

Quoted securities were sold off during the current quarter at carrying value.



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OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

- (a) There were no corporate proposals announced as of 18 May 2009 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).
- (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 @ 31/03/2009 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	12,000	-	Within 24 months	-
- Existing Operations	5,700	5,700	-	Within 12 months	-
ii Capital Expenditure :					
- Oilfield Equipment	15,000	15,000	-	Within 24 months	-
- Investment in facilities	6,000	6,000	-	Within 12 months	-
iii Estimated Listing expenses					
- Share issue expense	2,500	1,700	800	Immediate	-
- Listing expenses	500	500	-		-
	<u>41,700</u>	<u>40,900</u>	<u>800</u>		<u>-</u>

\* In accordance with the provision of the Prospectus.

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OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

**B9. GROUP BORROWINGS**

The amount of Group borrowings as at 31 March 2009 are as follows:

	<u>Short Term</u> RM'000	<u>Long Term</u> RM'000	<u>Total</u> RM'000
Borrowings	<u>5,620</u>	<u>5,178</u>	<u>10,798</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 18 May 2009 are as follows:

	<b>Contract amount</b>  RM'000
Foreign exchange forward purchase contracts	<u>8,664</u>

The above contracts in US Dollars will mature within a period of two to four 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.

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OF BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

**B11. CHANGES IN MATERIAL LITIGATION**

Save as disclosed in the first quarter announcement of 2008 dated 22 May 2008, there were no other material litigation as at 18 May 2009. The said case is now fixed for full trial on 15, 16, 29 and 30 June 2009.

**B12. DIVIDEND**

There were no dividends declared during the quarter under review for the period ended 31 March 2009.

At the Company's Annual General Meeting on the 28 April 2009, the Board recommended to the shareholders and approval was obtained for a final single tier tax exempt dividend of 6 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2008.

The total dividend amounts to RM6,000,000 and is payable on 29 May 2009.

**B13. EARNINGS PER SHARE ("EPS")**

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

	<b>Individual Quarter Ended 31/03/09 RM'000</b>	Individual Quarter Ended 31/03/08 RM'000	<b>Cumulative Quarter Ended 31/03/09 RM'000</b>	Cumulative Quarter Ended 31/03/08 RM'000
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company	6,080	5,875	6,080	5,875
Weighted average number of ordinary shares	100,000	80,000	100,000	80,000
Basic earnings per share	6.08 sen	7.34 sen	6.08 sen	7.34 sen

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

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BURSA MALAYSIA LISTING REQUIREMENTS (Cont'd)**

**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 dated on 25 May 2009.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)  
Lim Hooi Mooi (MAICSA no. 0799764)  
Company Secretaries  
Kuala Lumpur  
25 May 2009