

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 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 except for the following revision of depreciation policy.

Useful lives of assets are reviewed and adjusted where appropriate at balance sheet date. The Group revised the useful lives of certain equipment from between 5 to 7 years to 10 years effective from 1 January 2009. The revision was accounted for as change in accounting estimate and as a result, the depreciation charge for the six months ended 30 June 2009 will reduce by RM1.1 million.

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 30 June 2009 other than the change in accounting estimate as mentioned in A1.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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

During the second quarter of the current financial year, the Company paid the following 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.

	RM'000
Interim tax exempt dividend of 6 sen per ordinary share paid on 29 May 2009	<u>6,000</u>

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, umbilicals, control valves and safety valves.
- Oilfield equipment and services – Mainly consist 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.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

PART A – EXPLANATORY NOTES (Cont'd)

A8. SEGMENTAL REPORTING (Cont'd)

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.

Segmental information for the financial year is as follows:

	Individual Quarter Ended 30/06/09 RM'000	Individual Quarter Ended 30/06/08 RM'000	Cumulative Quarter Ended 30/06/09 RM'000	Cumulative Quarter Ended 30/06/08 RM'000
<u>Segment Revenue</u>				
Specialised equipment and services				
External revenue	39,255	33,487	115,943	73,038
Specialised equipment and services	39,255	33,487	115,943	73,038
Oilfield equipment and services				
External revenue	67,838	46,550	138,061	89,042
Intersegment revenue	6,250	1,979	8,774	3,212
Oilfield equipment and services	74,088	48,529	146,835	92,254
Oilfield chemicals and other services				
External revenue	-	1,554	395	3,108
Oilfield chemicals and other services	-	1,554	395	3,108
Total reportable segments	113,343	83,570	263,173	168,400
Eliminations	(6,250)	(1,979)	(8,774)	(3,212)
Total Group revenue	107,093	81,591	254,399	165,188

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

PART A – EXPLANATORY NOTES (Cont'd)

A8. SEGMENTAL REPORTING (Cont'd)

	Individual Quarter Ended 30/06/09 RM'000	Individual Quarter Ended 30/06/08 RM'000	Cumulative Quarter Ended 30/06/09 RM'000	Cumulative Quarter Ended 30/06/08 RM'000
<u>Segment Results</u>				
Specialised equipment and services	4,230	2,265	9,977	3,967
Oilfield equipment and services	9,374	3,900	15,312	5,986
Oilfield chemicals and other services	(1,307)	266	(1,444)	625
Others	72	341	303	797
Segment results	12,369	6,772	24,148	11,375
Unallocated corporate expenses	(2,578)	(2,416)	(6,186)	(5,420)
Finance costs	(480)	(131)	(613)	(235)
Share of results of associates	2,375	2,110	4,908	7,909
Tax expense	(2,921)	(1,350)	(5,393)	(1,880)
Profit for the financial period	8,765	4,985	16,864	11,749

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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 six months ended 30 June 2009.

A12. CONTINGENT LIABILITIES / ASSETS

As at 30 June 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 30 June 2009 are as follows:

	RM'000
Authorised and contracted for	<u>4,068</u>

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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.

	Individual Quarter Ended 30/06/09 RM'000	Individual Quarter Ended 30/06/08 RM'000	Cumulative Quarter Ended 30/06/09 RM'000	Cumulative Quarter Ended 30/06/08 RM'000
Purchases from Solar Turbines International Company	31,027	17,299	58,841	39,770

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

	Individual Quarter Ended 30/06/09 RM'000	Individual Quarter Ended 30/06/08 RM'000	Cumulative Quarter Ended 30/06/09 RM'000	Cumulative Quarter Ended 30/06/08 RM'000
Purchases from Dresser Italia S.R.L	110	-	145	-
Purchases from related parties of Dresser Italia S.R.L	4,135	-	10,085	-

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

**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 31% and 84% respectively compared to the corresponding quarter in the previous year. The Group's revenue increased from RM81.6 million to RM107.1 million and the PBT increased from RM6.3 million to RM11.7 million.

On the year to date basis, the Group's revenue and PBT increased by 54% and 63% respectively compared to the corresponding period in the previous year. The changes are primarily due to increased scope of works and higher utilisation of equipment and crew that contributed to higher revenue and earnings in the specialised equipment and services segment and oilfield equipment and services segment.

Included in the specialised equipment and services segment are contributions from Penaga Dresser Sdn. Bhd., a subsidiary acquired by the Group in the third quarter of 2008.

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

The Group's profit before taxation increased by 11% compared to the immediate preceding quarter from RM10.6 million to RM11.7 million mainly due to the change in accounting estimate in useful life of certain equipment as mentioned in A1.

B3. 2009 PROSPECTS

The current economic environment continues to be challenging due to the fluctuations in the crude oil prices. Recent trends indicate some stabilisation of crude oil prices but volatility in crude prices continues. In this uncertainty, customers are reassessing their project economics and viability. However, production of crude oil and gas is ongoing, thus opportunities for the provision of maintenance, repair and services prevail. In this regard, the Board of Directors is confident that the Group will be able to sustain its current earning levels.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
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

	Individual Quarter Ended 30/06/09 RM'000	Individual Quarter Ended 30/06/08 RM'000	Cumulative Quarter Ended 30/06/09 RM'000	Cumulative Quarter Ended 30/06/08 RM'000
Current tax	2,486	1,325	5,090	1,902
Deferred tax	435	25	303	(22)
	2,921	1,350	5,393	1,880

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

B7. QUOTED SECURITIES

Quoted securities were sold off in the preceding quarter at carrying value.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

**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

- (a) There were no corporate proposals announced as of 13 August 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 @ 30/06/2009 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.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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

B9. GROUP BORROWINGS

The amount of Group borrowings as at 30 June 2009 are as follows:

	<u>Short Term</u> RM'000	<u>Long Term</u> RM'000	<u>Total</u> RM'000
Borrowings (secured)	<u>675</u>	<u>24,959</u>	<u>25,634</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 13 August 2009 are as follows:

	Contract amount RM'000
Foreign exchange forward purchase contracts	<u>2,884</u>

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

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B
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 13 August 2009. The said case is now fixed for full trial between 18 to 21 January 2010.

B12. DIVIDEND

The Board of Directors have, in respect of financial year ending 31 December 2009, declared a first interim dividend of 5.0 sen single tier exempt dividend per ordinary share (2008: 5.0 sen single tier exempt dividend per ordinary share) on 100,000,000 ordinary shares.

The dividend will be payable on 18 September 2009 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 8 September 2009.

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

- (i) shares transferred into the Depositor's securities account before 4.00p.m. on 8 September 2009 in respect of ordinary transfers: and
- (ii) shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia Listing Requirements.

Total dividend for the current financial year ending 31 December 2009 is 5.0 sen per ordinary share.

DELEUM BERHAD
(COMPANY NO: 715640-T)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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

B13. EARNINGS PER SHARE (“EPS”)

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

	Individual Quarter Ended 30/06/09 RM'000	Individual Quarter Ended 30/06/08 RM'000	Cumulative Quarter Ended 30/06/09 RM'000	Cumulative Quarter Ended 30/06/08 RM'000
Basic earnings per share				
Profit attributable to equity holders of the Company	8,149	4,426	14,229	10,302
Weighted average number of ordinary shares	100,000	100,000	100,000	100,000
Basic earnings per share	8.15 sen	4.43 sen	14.23 sen	10.30 sen

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

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 20 August 2009.

By order of the Board

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