DELEUM BERHAD (715640-T)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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 No.134 – "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2010. The results of the associates are based on management accounts.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations:

Amendments to FRS 132	Financial Instruments: Presentation on Classification of Right Issues
FRS 3(revised)	Business combinations
FRS 127(revised)	Consolidated and separate financial statements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Financial Instruments: Disclosures and FRS 1 First time Adoption of Financial Reporting Standards
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 18	Transfers of Assets from Customers

The following amendments are part of the MASB'S improvements projects:

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 138	Intangible Assets
IC Interpretation 9	Reassessment of Embedded derivatives
FRS 3	Business combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Presentation
FRS 134	Financial Reporting: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 13	Customer Loyalty Programmes

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A1. BASIS OF PREPARATION (Continued)

IC Interpretation 12 Service Concession Arrangements ("IC 12") applies to contractual arrangements whereby a private sector operator participates in the development, financing operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognize a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. This interpretation impacts Cambodia Utilities Pte Ltd, an associate of the Group, in which the Group has an effective interest of 12%, as the associate has signed a purchasing power agreement for the installation, operation and maintenance of a power plant in Cambodia. The purchasing power agreement is for a period of 20 years to 2015. The power plant will be transferred to the grantor in the final year of the concession. At that juncture, the Group's interest in the associate will largely be represented by financial assets held by the associate company.

The adoption of IC 12 has no material impact on the results of the Group.

The adoption of the revised FRS 3 and FRS 127 will potentially have a financial impact on the Group as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements.

The revised FRS 3 introduces the option, on an acquisition-by-acquisition basis, to measure non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets acquired. Goodwill is measured as the difference between the aggregate of the fair value of consideration transferred, any non-controlling interest in the acquiree and the fair value at acquisition date of any previously held equity interest in the acquiree, and the net identifiable assets acquired. Any negative goodwill (i.e. bargain purchase) is recognised in the income statement. Any consideration transferred in a business combination is measured at fair value as at the acquisition date.

The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, wherein changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is re-measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A1. BASIS OF PREPARATION (Continued)

The adoption of the Amendments to FRS 7, which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy, will only affect disclosures and will not have any financial impact on the results of the Group. The adoption of the other FRSs, Amendments to FRSs and IC Interpretations generally did not have any material impact on the financial results of the Group, as they mainly deal with accounting policies affecting transactions which do not form part of the Group's normal business operations or transactions where the Group only has minimal exposure.

A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's operation is not affected by any significant seasonal or cyclical factors in the financial year-to-date review. It should be noted that the Group operates predominantly in the oil and gas sector in Malaysia. Accordingly, the level of the Group's business activities is closely co-related with that of the oil and gas operators and contractors in Malaysia. Any change in their level of activities will likewise have an impact on the Group.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE, OR INCIDENCE

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the financial year-to-date.

A4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes to estimates that have had any material effect on the financial year-to-date result.

A5. EQUITY AND DEBT SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year-to-date.

A6. OUTSTANDING DERIVATIVES

The Group had not entered into any new type of derivative in the current interim quarter that was not disclosed in the preceding year's annual financial statements. In addition, the Group does not have any outstanding derivative as at 30 September 2011.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A7. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities measured at fair value through profit and loss as at 30 September 2011.

A8. DIVIDEND PAID

During the second quarter of the current financial year, the Company paid the following second interim single tier dividend of 8 sen per share of RM1.00 each on 100,000,000 ordinary shares, in respect of the financial year ended 31 December 2010.

	RM'000
Second interim single tier dividend of 8 sen per share on 100,000,000 ordinary shares, paid on 8 April 2011	8,000

During the quarter under review, the Company paid a first interim single tier dividend of 5 sen per share of RM1.00 each on 100,000,000 ordinary shares, in respect of the financial year ending 31 December 2011.

	RM'000
First interim single tier dividend of 5 sen per share on 100,000,000 ordinary shares, paid on 21 September 2011	5,000

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A9. SEGMENT INFORMATION

During the second quarter of the current financial year, the Group revised its segments following a management change. This change resulted in a refinement of the internal reporting information provided to the new chief decision maker. With this change, it was concluded that the Group is now primarily engaged in the following segments:

- Power and Machinery – Mainly consist of provision of gas turbine packages, supply of gas turbine parts, gas turbine overhaul, maintenance and technical services, combined heat and power plant, supply, repair, maintenance and installation of valves and flow regulators and other production related equipment and services.
- Oilfield Services – Mainly consist of provision of wireline equipment and services, integrated wellhead maintenance services, oilfield chemicals and other oilfield products and technical services.
- Maintenance, Repair and Overhaul – Mainly consist of repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps.

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

The comparative segmental information of the immediate preceding quarter and the corresponding individual quarter and cumulative quarter of the previous year have been represented accordingly.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A9. SEGMENT INFORMATION (Cont.)

Segmental information for the financial year-to-date ended 30 September 2011 is as follows:

	Individual Quarter Ended 30/09/11 RM'000	**Individual Quarter Ended 30/09/10 RM'000**	**Cumulative Quarter Ended 30/09/11 RM'000**	**Cumulative Quarter Ended 30/09/10 RM'000**
Segment Revenue				
Power and Machinery				
External revenue	55,054	67,650	233,349	196,295
Intersegment revenue	3,137	2,107	7,879	7,155
Power and Machinery	58,191	69,757	241,228	203,450
Oilfield Services				
External revenue	22,225	19,483	45,926	51,764
Oilfield Services	22,225	19,483	45,926	51,764
Maintenance, Repair and Overhaul				
External revenue	3,443	2,765	10,484	2,765
Maintenance, Repair and Overhaul	3,443	2,765	10,484	2,765
Total reportable segments	83,859	92,005	297,638	257,979
Eliminations	(3,137)	(2,107)	(7,879)	(7,155)
Total Group revenue	80,722	89,898	289,759	250,824

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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A9. SEGMENT INFORMATION (Cont.)

	Individual Quarter Ended 30/09/11 RM'000	Individual Quarter Ended 30/09/10 RM'000	Cumulative Quarter Ended 30/09/11 RM'000	Cumulative Quarter Ended 30/09/10 RM'000
Segment Results				
Power and Machinery	9,746	10,390	29,500	28,657
Oilfield Services	5,953	4,155	7,566	6,952
Maintenance, Repair and Overhaul	(375)	226	362	226
Segment results	15,324	14,771	37,428	35,835
Unallocated income ^	163	60	467	115
Unallocated corporate expenses #	(5,218)	(4,470)	(13,359)	(14,523)
Finance costs	(255)	(513)	(945)	(1,254)
Share of results of associates	3,519	1,950	9,631	7,225
Tax expense	(3,166)	(2,528)	(7,125)	(5,857)
Profit for the financial period	10,367	9,270	26,097	21,541

^ Unallocated income comprises interest income received from commercial banks.

Unallocated corporate expenses represent expenses incurred by the corporate divisions and includes Group Human Capital, Group Finance, Administration and Information Technology, Company Secretarial and Corporate Services and Group Procurement.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

No property, plant and equipment were revalued as at 30 September 2011.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

There were no material events that took place subsequent to the end of the reporting date.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial year-to-date.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (Cont'd)

A13. CONTINGENT LIABILITIES / ASSETS

As at 30 September 2011, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions of RM23.7 million for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts.

A14. COMMITMENTS

Capital commitments for property, plant and equipment not provided for as at 30 September 2011 are as follows:

	RM '000
Authorised and contracted for	7,361

A15. 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		Cumulative Quarter Ended	
RM '000	**30/09/2011**	**30/09/2010**	**30/09/2011**	**30/09/2010**
Purchases from Solar Turbines International Company	29,671	23,305	88,071	75,886

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		Cumulative Quarter Ended	
RM '000	**30/09/2011**	**30/09/2010**	**30/09/2011**	**30/09/2010**
Sales to related parties of Dresser Italia S.R.L	118	-	138	21
Purchases from Dresser Italia S.R.L	101	83	2,061	282
Purchases from related parties of Dresser Italia S.R.L	2,961	3,403	9,499	11,667

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

Revenue for the quarter

The Group recorded revenue of RM80.7 million for the current quarter compared to RM89.9 million for the corresponding quarter.

The Group's revenue was primarily contributed by the Power and Machinery segment, however contributions from this segment decreased by RM12.6 million compared to the corresponding quarter mainly due to the completion of a combined heat and power plant project and lower sales of valves and flow regulators on account of fewer installations. The lower revenue contribution is offset by higher contributions from Oilfield Services segment, an increase of RM2.7 million during the quarter which was largely due to the improved sales of oilfield products and wireline services and higher contributions from the Maintenance, Repair and Overhaul segment, an increase by RM0.7 million which was contributed entirely by Rotary Technical Services Sdn Bhd ('Rotary'), a subsidiary of the Group, acquired in July 2010.

Profit before tax for the quarter

The Group recorded a profit before tax of RM13.5 million for the current quarter compared to RM11.8 million in the corresponding quarter. The increase for the quarter was largely due to higher associates' results of RM1.6 million.

The segments recorded an increased performance of RM15.3 million for the current quarter compared to RM14.8 million in the corresponding quarter. The higher segments' result was from the Oilfield Services segment by RM1.8 million and was offset by lower results from Maintenance, Repair and Overhaul segment by RM0.6 million and the Power and Machinery segment by RM0.7 million.

Power and Machinery segment recorded a lower result of RM9.7 million for the current quarter compared to RM10.4 million in the corresponding quarter. The reduction was mainly due to the increase in operating expenses to support business activities.

Oilfield Services segment recorded a higher result of RM6.0 million for the current quarter compared to RM4.2 million in the corresponding quarter. The increase was on the back of the higher revenue earned in the current quarter.

Maintenance, Repair and Overhaul segment recorded a loss of RM0.4 million for the current quarter compared to a profit of RM0.2 million in the corresponding quarter. The reduction was mainly due to impairment for doubtful debts of RM0.5 million.

B1. PERFORMANCE REVIEW (CONT.)

Profit before tax for the quarter (cont.)

Share of associates' results increased from RM1.9 million in the corresponding quarter to RM3.5 million in the current quarter. The increase was mainly due to higher contributions from Malaysian Mud and Chemicals Sdn Bhd ("2MC") on an account of the provision of storage facilities to a new customer.

Revenue for the 9 months

The Group's revenue for the 9 months ended 30 September 2011 increased from RM250.8 million in the corresponding cumulative quarters to RM289.8 million in the current cumulative quarters.

This increase was contributed by an increase in contribution from the Power and Machinery and the Maintenance, Repair and Overhaul segments. The increase in the Power and Machinery segment revenue by RM37.1 million was largely attributed to higher revenue earned from a gas turbine supply project. The increase in revenue contribution from the Maintenance, Repair and Overhaul segment of RM7.7 million was contributed entirely by Rotary, a subsidiary acquired in July 2010.

The increase in revenue contribution of RM44.8 million from both these segments was offset by a reduction in revenue contribution from the Oilfield Services segment of RM5.8 million. This reduced contribution was largely due to the conclusion of contracts for the provision of wellhead supply compared to the previous year.

Profit for the 9 months

Group profit before tax for the 9 months ended 30 September 2011 increased from RM27.4 million in the corresponding period to RM33.2 million in the current period.

The increase in profit before tax for the period was largely due to higher segment results of RM1.6 million and results from associates of RM2.4 million.

The segments recorded a higher result of RM37.4 million for the 9 months ended 30 September 2011 compared to RM35.8 million for the corresponding cumulative quarters. Higher results were recorded by all the segments.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B1. PERFORMANCE REVIEW (CONT.)

Power and Machinery segment recorded higher result of RM29.5 million for the 9 months ended 30 September 2011 compared to RM28.7 million for the corresponding cumulative quarters. The increase was mainly due to better margins earned mainly from retrofit and gas turbine supply projects.

Oilfield Services segment recorded higher result of RM7.6 million for the 9 months ended 30 September 2011 compared to RM6.9 million for the corresponding cumulative quarters. The increase was mainly due to higher activities in the wireline business and oilfield chemical business.

Maintenance, Repair and Overhaul segment recorded a higher result of RM0.3 million for the 9 months ended 30 September 2011 compared to a profit of RM0.2 million for the corresponding cumulative quarters. This result was contributed entirely by Rotary, a subsidiary acquired in July 2010.

Share of associates' results increased from RM7.2 million for the corresponding cumulative quarters to RM9.6 million for the 9 months ended 30 September 2011, due to the increase in contribution from 2MC.

Lower corporate expenses and finance cost by RM1.5 million is mainly attributable to gratuity expenses incurred in the corresponding cumulative quarters.

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

The Group's profit before tax improved from RM11.7 million in the immediate preceding quarter to RM13.5 million in the current quarter. The increase was mainly due to higher segment results of RM1.0 million and higher share of associates' results of RM1.1 million.

The segments recorded a higher result of RM15.3 million for the current quarter compared to RM14.3 million in the preceding quarter as follows:

Power and Machinery segment recorded a lower result of RM9.7 million for the current quarter compared to RM14.0 million in the preceding quarter. The reduction was mainly due to the lower supply of gas turbine parts, maintenance and technical services. The reduction was then offset against lower operating expenses by RM0.1 million and higher other income of RM0.3 million, which is largely due to write back of liquidated damages.

Oilfield Services segment recorded a higher result of RM5.9 million for the current quarter compared to RM0.1 million in the preceding quarter, mainly due to higher revenue generated from the provision of wireline equipment and services.

Maintenance, Repair and Overhaul segment recorded a loss of RM0.4 million for the current quarter compared to a profit of RM0.2 million in the preceding quarter, mainly due to an impairment for doubtful debts of RM0.5 million..

Share of associates' results increased from RM2.4 million in the preceding quarter to RM3.5 million in the current quarter mainly due to the increase in contribution from 2MC.

B3. 2011 PROSPECTS

The ongoing financial uncertainties are expected to have a negative impact on the global economy. Malaysia, in which the Group primarily operates, is an open economy and therefore can be adversely affected. However, in respect to the Group, on the basis of the results achieved to date and the current level of business activities, the Board is satisfied that the results for the financial year will show an improvement compared to the previous financial year.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B4. PROFIT FORECAST

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

B5. INCOME TAX EXPENSE

	Individual Quarter Ended		Cumulative Quarter Ended	
RM '000	**30/09/2011**	**30/09/2010**	**30/09/2011**	**30/09/2010**
Current tax	2,130	2,096	5,637	5,079
Overprovision in prior year	-	(269)	-	(269)
Deferred tax	1,036	701	1,488	1,047
Total income tax expense	**3,166**	**2,528**	**7,125**	**5,857**

Excluding the associates' results which are presented net of tax, the effective tax rate of the Group for the financial period ended 30 September 2011 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 financial year-to-date.

B7. QUOTED SECURITIES

There were no sales or purchases of quoted securities for the financial year-to-date.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced as of 10 November 2011 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B9. GROUP BORROWINGS

The amount of Group borrowings as at 30 September 2011 is as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
Borrowings (secured) – at fair value	16,987	11,337	28,324

The borrowings are all denominated in Ringgit Malaysia.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 September 2011.

B11. CHANGES IN MATERIAL LITIGATION

Save as disclosed in the first quarter announcement of 2010 dated 24 May 2010, there was no other material litigation as at 10 November 2011.

B12. DIVIDEND

Save as disclosed in A8, there were no other dividends declared/paid during the quarter under review for the financial year ending 31 December 2011.

B13. EARNINGS PER SHARE ("EPS")

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

	Individual Quarter Ended		Cumulative Quarter Ended	
RM '000	**30/09/2011**	**30/09/2010**	**30/09/2011**	**30/09/2010**
Basic earnings per share				
Profit attributable to equity holders of the Company	8,708	7,042	21,794	15,866
Weighted average number of ordinary shares	100,000	100,000	100,000	100,000
Basic earnings per share	8.71 sen	7.04 sen	21.79 sen	15.87 sen

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

B14. REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

RM'000	**Cumulative Quarter Ended 30/09/2011**	**Cumulative Quarter Ended 31/12/2010**
Total retained profits of the Company and its subsidiaries:		
Realised	130,401	119,408
Unrealised	(6,711)	(5,490)
	123,690	113,918
Total share of retained profits from associated companies:		
Realised	38,000	38,597
Unrealised	(1,898)	(1,895)
	36,102	36,702
Less: Consolidation adjustments	(25,521)	(25,143)
Total Group's retained profits	134,271	125,477

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B14. REALISED AND UNREALISED PROFITS (Cont'd)

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

B15. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2010 was unqualified.

B16. 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 17 November 2011.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
17 November 2011