

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2012**

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2012**

<b>RM'000</b>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>QUARTER ENDED 30/09/2012 Unaudited</b>	<b>QUARTER ENDED 30/09/2011 Unaudited</b>	<b>YEAR-TO-DATE ENDED 30/09/2012 Unaudited</b>	<b>YEAR-TO-DATE ENDED 30/09/2011 Unaudited</b>
Revenue	125,016	80,722	317,991	289,759
Cost of sales	(99,603)	(57,683)	(243,996)	(230,861)
Gross profit	25,413	23,039	73,995	58,898
Other income	644	787	1,779	1,979
Selling and distribution expenses	(4,303)	(3,152)	(12,770)	(11,659)
Administrative expenses	(7,991)	(9,520)	(25,385)	(23,506)
Other operating expenses	288	(885)	(391)	(1,176)
Profit from operation	14,051	10,269	37,228	24,536
Finance costs	(364)	(255)	(1,058)	(945)
Share of post tax profits of associates	3,728	3,519	11,991	9,631
Profit before tax	17,415	13,533	48,161	33,222
Income tax expense	(3,554)	(3,166)	(10,669)	(7,125)
<b>Profit for the period</b>	<b>13,861</b>	<b>10,367</b>	<b>37,492</b>	<b>26,097</b>
<b>Other comprehensive income</b>				
<b>Currency translation differences</b>	<b>(695)</b>	<b>61</b>	<b>(1,298)</b>	<b>(443)</b>
<b>Total comprehensive income for the period</b>	<b>13,166</b>	<b>10,428</b>	<b>36,194</b>	<b>25,654</b>
<b>Profit attributable to:</b>				
- Equity holders of the Company	12,180	8,708	30,946	21,794
- Non-controlling interests	1,681	1,659	6,546	4,303
	13,861	10,367	37,492	26,097
<b>Total comprehensive income attributable to:</b>				
- Equity holders of the Company	11,860	8,619	30,050	21,420
- Non-controlling interests	1,306	1,809	6,144	4,234
	13,166	10,428	36,194	25,654
<b>Earnings per share (EPS) attributable to equity holders of the Company (sen)</b>				
- Basic EPS	8.12	8.71	20.63	21.79
Number of shares issued	150,000	100,000	150,000	100,000

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2012**

<b>RM'000</b>	<b>As at 30/9/2012</b>	<b>As at 31/12/2011</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
Property, plant and equipment	97,111	99,106
Investment properties	941	959
Intangible assets	173	365
Associates	46,004	44,054
Deferred tax assets	985	476
<b>Non-current Assets</b>	<b>145,214</b>	<b>144,960</b>
Inventories	31,382	13,429
Amounts due from associates	-	15
Trade receivables	129,786	96,130
Other receivables, deposits and prepayments	12,240	8,404
Tax recoverable	3,375	3,972
Deposits with licensed banks	78,378	63,640
Cash and bank balances	6,567	6,959
<b>Current Assets</b>	<b>261,728</b>	<b>192,549</b>
<b>TOTAL ASSETS</b>	<b>406,942</b>	<b>337,509</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	150,000	100,000
Retained earnings	105,956	141,510
Merger deficit	(50,000)	(50,000)
Currency translation differences	(3,493)	(2,597)
Equity attributable to equity holders of the Company	202,463	188,913
Non-controlling interests	26,127	25,288
<b>Total Equity</b>	<b>228,590</b>	<b>214,201</b>
Borrowings	5,748	9,919
Deferred tax liabilities	7,162	5,797
<b>Non-current Liabilities</b>	<b>12,910</b>	<b>15,716</b>
Trade payables	125,792	70,120
Deferred revenue	6,017	6,055
Other payables and accruals	15,674	13,087
Dividend payable	678	68
Taxation	1,707	1,263
Borrowings	15,574	16,999
<b>Current Liabilities</b>	<b>165,442</b>	<b>107,592</b>
<b>Total Liabilities</b>	<b>178,352</b>	<b>123,308</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>406,942</b>	<b>337,509</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>1.35</b>	<b>1.89</b>
Number of shares issued	150,000	100,000

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2012**

RM'000	← Attributable to equity holders of the Company →				Non-controlling interests	Total equity	
	Share capital	Currency translation differences	Merger deficit	Retained earnings			
		-----Non-distributable-----	Distributable				
				Total			
At 1 January 2011	100,000	(2,914)	(50,000)	125,477	172,563	27,979	200,542
Total comprehensive income for the period	0	(374)	0	21,794	21,420	4,234	25,654
Dividend	0	0	0	(13,000)	(13,000)	(8,704)	(21,704)
At 30 September 2011	<u>100,000</u>	<u>(3,288)</u>	<u>(50,000)</u>	<u>134,271</u>	<u>180,983</u>	<u>23,509</u>	<u>204,492</u>
At 1 January 2012	100,000	(2,597)	(50,000)	141,510	188,913	25,288	214,201
Total comprehensive income for the period	0	(896)	0	30,946	30,050	6,144	36,194
Dividend	0	0	0	(16,500)	(16,500)	(5,305)	(21,805)
Bonus issue	50,000	0	0	(50,000)	0	0	0
At 30 September 2012	<u>150,000</u>	<u>(3,493)</u>	<u>(50,000)</u>	<u>105,956</u>	<u>202,463</u>	<u>26,127</u>	<u>228,590</u>

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2012**

<b>RM'000</b>	<b>Year-to-date ended</b>	
	<b>30/9/2012</b>	<b>30/9/2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	287,707	340,073
Cash payments to suppliers	(185,356)	(248,541)
Cash payments to employees and for operating expenses	(49,358)	(49,911)
Cash generated from operations	52,993	41,621
Interest paid	(945)	(903)
Tax paid	(8,771)	(6,403)
<b>Net cash generated from operating activities</b>	<b>43,277</b>	<b>34,315</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Amount due from associates	0	9
Interest received	1,306	926
Property, plant and equipment		
- Purchases	(11,637)	(11,385)
- Proceeds from disposals	178	409
Dividends received from associate	9,287	10,231
<b>Net cash (used in) / generated from investing activities</b>	<b>(866)</b>	<b>190</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings:		
- Proceeds	65	11,300
- Repayments	(5,774)	(4,639)
Dividends paid to:		
- Shareholders	(16,500)	(13,000)
- Non-controlling interest	(5,305)	(8,705)
Increase in restricted cash	(67)	(117)
<b>Net cash used in financing activities</b>	<b>(27,581)</b>	<b>(15,161)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,830</b>	<b>19,344</b>
Effects of exchange rate changes	(551)	22
Cash and cash equivalents at beginning of period	70,088	57,098
<b>Cash and cash equivalents at end of period</b>	<b>84,367</b>	<b>76,464</b>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Short term deposits	78,378	69,978
Cash and bank balances	6,567	7,113
	84,945	77,091
Restricted cash	(578)	(627)
<b>Cash and cash equivalents at end of period</b>	<b>84,367</b>	<b>76,464</b>

The consolidated statement of cash flow for the year-to-date ended 30 September 2011 has been represented using the direct method of presentation.

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**DELEUM BERHAD (715640-T)**  
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**PART A, APPENDIX 9B OF LISTING REQUIREMENT**  
**NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**

<b>RM'000</b>	<b>INDIVIDUAL QUARTERS</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>QUARTER ENDED</b>	<b>QUARTER ENDED</b>	<b>YEAR-TO-DATE ENDED</b>	<b>YEAR-TO-DATE ENDED</b>
	<b>30/9/2012</b>	<b>30/9/2011</b>	<b>30/9/2012</b>	<b>30/9/2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
(a) Interest income	(472)	(355)	(1,306)	(926)
(b) Other income including investment income	(171)	(432)	(472)	(1,053)
(c) Interest expense	364	255	1,058	945
(d) Depreciation and amortisation	3,464	3,454	10,552	9,689
(e) Provision for and write-offs of inventories	-	-	-	65
(f) Foreign exchange ( gain)	(711)	(588)	(812)	(332)

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. BASIS OF PREPARATION**

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Malaysian 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 2011 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 2011. 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 2011, except for the adoption of Malaysian Financial Reporting Standards 1 (“MFRS 1”) which complies with International Financial Reporting Standards Board.

The standards, amendments to published standards and interpretations to existing standards effective for financial year beginning on 1 January 2012 that are applicable and adopted by the Group are as follows:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
Amendment to MFRS 1	First-time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers to Financial Assets

The Group has applied the following mandatory exceptions and none of the optional exemptions under MFRS 1:

(a) Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

(b) Non-controlling interests

MFRS requires attribution of total comprehensive income between equity holders and non-controlling interests (“NCI”) even if this results in the NCI having a deficit balance at transition date, and the transition date is the same as date of adoption of FRS.

The adoption of the above MFRS standards has no material impact to the Group.

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

**A2. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's operation is not affected by any significant seasonal or cyclical factors in the financial period under 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, other than the bonus issue completed in the second quarter of the financial year.

**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 results.

**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, other than the bonus issue completed in the second quarter of the financial year.

**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 2012.

**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 2012.

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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A8. DIVIDEND PAID**

During the first quarter under review, the Company paid the following second interim single tier dividend of 9 sen per share of RM1.00 each on 100,000,000 ordinary shares, in respect of the financial year ended 31 December 2011.

	<b>RM'000</b>
Second interim single tier dividend of 9 sen per share on 100,000,000 ordinary shares, paid on 23 March 2012	<u>9,000</u>

During the quarter under review, the Company paid a first interim single tier dividend of 5 sen per share of RM1.00 each on 150,000,000 ordinary shares, in respect of the financial year ending 31 December 2012.

	<b>RM'000</b>
First interim single tier dividend of 5 sen per share on 150,000,000 ordinary shares, paid on 20 September 2012	<u>7,500</u>

**A9. SEGMENT INFORMATION**

The segments of the Group are as follows:

- Power and Machinery – Mainly consists 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 consists of provision of wireline equipment and services, integrated wellhead maintenance services, oilfield chemicals, drilling equipment and services and other oilfield products and technical services.
- Maintenance, Repair and Overhaul – Mainly consists of repair, servicing, maintenance and overhaul of motors, generators, transformers and pumps.

Tax expense is not allocated to the business segments as they are measured at the entity level.

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

**A9. SEGMENT INFORMATION (Cont'd)**

Segmental information for the financial year-to-date ended 30 September 2012 is as follows:

	Individual Quarter ended		Cumulative quarter ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
<u>Segment Revenue</u>				
Power and Machinery				
External revenue	105,298	55,054	240,406	233,349
Power and Machinery	105,298	55,054	240,406	233,349
Oilfield Services				
External revenue	17,092	22,225	69,243	45,926
Oilfield Services	17,092	22,225	69,243	45,926
Maintenance, Repair and Overhaul				
External revenue	2,626	3,443	8,342	10,484
Maintenance, Repair and Overhaul	2,626	3,443	8,342	10,484
Total Group revenue	125,016	80,722	317,991	289,759

**DELEUM BERHAD (715640-T)**  
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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A9. SEGMENT INFORMATION (Cont'd)**

	Individual Quarter ended		Cumulative quarter ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
<u>Segment Results</u>				
Power and Machinery	14,875	8,208	36,785	25,267
Oilfield Services	1,164	4,614	6,522	4,500
Maintenance, Repair and Overhaul	205	(664)	(359)	(524)
Segment results	16,244	12,158	42,948	29,243
Unallocated income ^	262	163	463	467
Unallocated corporate expenses #	(2,819)	(2,307)	(7,241)	(6,119)
Share of results of associates	3,728	3,519	11,991	9,631
Tax expense	(3,554)	(3,166)	(10,669)	(7,125)
Profit for the financial period	13,861	10,367	37,492	26,097

^ Unallocated income comprises interest earned by the Company.

# Unallocated corporate expenses represent expenses incurred by the Group for depreciation of corporate's property, plant and equipment, and the Company's corporate expenses that are not driven by business segments.

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

No property, plant and equipment was revalued as at 30 September 2012.

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

On 14 August 2012, the Company announced that Deleum Services Sdn. Bhd. (formerly known as Delcom Services Sdn. Bhd.) ("DSSB"), a wholly-owned subsidiary of the Company entered into a conditional Share Sale Agreement ("SSA") with the shareholders of Northern Primera Sdn. Bhd. ("NPSB") as hereinafter defined (collectively referred to as the "Vendors"), to acquire 594,000 ordinary shares of RM1.00 each in NPSB, representing 60% equity interest of NPSB from the Vendors at the total cash consideration of RM3.18 million. Save as disclosed in the second quarter announcement dated 14 August 2012, the proposed acquisition was subsequently completed on 5 October 2012 and NPSB is now a 60% owned subsidiary of the Company via DSSB.

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

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

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial period ended 30 September 2012.

**A13. CONTINGENT LIABILITIES / ASSETS**

As at 30 September 2012, the Group does not have any contingent liabilities or assets except for contingent liabilities for guarantees in respect of credit facilities from licensed financial institutions of RM25.2 million (31 December 2011: RM23.2 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 2012 are as follows:

	<b>As at 30/09/2012 RM'000</b>	<b>As at 31/12/2011 RM'000</b>
Authorised and contracted for	7,298	2,338

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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**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	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Purchases and technical services from Solar Turbines International Company	98,031	30,019	175,759	89,115

The following transactions are with a corporate shareholder and affiliate companies of a corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

	Individual Quarter ended		Cumulative quarter ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Sales to related parties of Dresser Italia S.R.L.	2	118	2	138
Purchases from Dresser Italia S.R.L.	51	101	369	2,061
Purchases from related parties of Dresser Italia S.R.L.	3,076	2,961	10,279	9,499

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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**

**A16. RECLASSIFICATION OF PRIOR YEAR COMPARATIVE**

The Group has re-aligned the functions within the organisation and has accordingly reclassified the costs presented in the Statement of Comprehensive Income and Statement of Cash Flow. The effect of the reclassification in the Statement of Comprehensive Income is illustrated below.

	<b>Individual Quarter ended 30/09/2011</b>		
	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As reclassified RM'000</b>
Cost of sales	56,500	1,183	57,683
Selling and distribution expenses	785	2,367	3,152
Administrative expenses	12,443	(2,923)	9,520
Other operating expenses	1,512	(627)	885

	<b>Cumulative Quarter ended 30/09/2011</b>		
	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As reclassified RM'000</b>
Cost of sales	227,475	3,386	230,861
Selling and distribution expenses	2,348	9,311	11,659
Administrative expenses	33,640	(10,134)	23,506
Other operating expenses	3,739	(2,563)	1,176

The effect of the reclassification in the Statement of Cash Flow is illustrated below.

	<b>Cumulative Quarter ended 30/09/2011</b>		
	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As reclassified RM'000</b>
Cash payments to suppliers	260,860	(12,318)	248,542
Cash payments to employees and for operating expenses	37,593	12,318	49,911

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**UNAUDITED INTERIM FINANCIAL REPORT  
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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. PERFORMANCE REVIEW**

(A) Performance of the current quarter against the corresponding quarter

<u>Revenue</u>	Q3 '12 RM'000	Q3 '11 RM'000	Variance RM'000	Variance %
Power and Machinery	105,298	55,054	50,244	91.3
Oilfield Services	17,092	22,225	(5,133)	(23.1)
Maintenance, Repair and Overhaul	2,626	3,443	(817)	(23.7)
	<u>125,016</u>	<u>80,722</u>	<u>44,294</u>	<u>54.9</u>

The Group recorded revenue of RM125.0 million for the current quarter compared to RM80.7 million for the corresponding quarter.

The Group's revenue was primarily contributed by the Power and Machinery segment. Contributions from this segment increased by RM50.2 million compared to the corresponding quarter mainly attributable to the increased demand from the customers on the back of robust exploration and production activities.

The Oilfield Services segment experienced a reduction in revenue by RM5.1 million during the current quarter, of which RM2.7 million was due to lower wireline and survey job utilisation by a customer, as the contract was nearing completion. This contract was subsequently extended. Additionally demand for centralizers was lower by RM1.6 million as the customers have adequate inventory to cater for their operations.

The revenue contribution from the Maintenance, Repair and Overhaul segment has reduced by RM0.8 million due to the lower level of business activities. This segment is being reorganized and repositioned to service additional market segments.

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**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'd)**

(B) Profit before tax for the current quarter against the corresponding quarter

	Q3'12 RM'000	Q3 '11 RM'000	Variance RM'000	Variance %
Power and Machinery	14,875	8,208	6,667	81.2
Oilfield Services	1,164	4,614	(3,450)	(74.8)
Maintenance, Repair and Overhaul	205	(664)	869	(130.9)
Segment results	<u>16,244</u>	<u>12,158</u>	<u>4,086</u>	<u>33.6</u>
Share of associates' results	<u>3,728</u>	<u>3,519</u>	<u>209</u>	<u>5.9</u>
Profit before tax	<u>17,415</u>	<u>13,533</u>	<u>3,882</u>	<u>28.7</u>

The segments recorded an improvement in results by RM4.1 million from RM12.1 million in the corresponding quarter to RM16.2 million in the current quarter. This was mainly contributed by the increased results recorded by the Power and Machinery segment by RM6.7 million and the improved performance of Maintenance, Repair and Overhaul segment by RM0.9 million. The increase was offset by a decrease in result by the Oilfield Services segment by RM3.5 million.

**Power and Machinery** segment recorded a result of RM14.9 million for the current quarter compared to RM8.2 million in the corresponding quarter. The higher result was mainly attributable to the increase in gross profits earned amounting to RM7.2 million, on the back of higher revenue. The increase was offset by an increase in operating expenses of RM0.5 million in line with the higher operating activities.

**Oilfield Services** segment recorded a lower result of RM1.2 million for the current quarter compared to the corresponding quarter result of RM4.6 million. The reduction was mainly attributable to the lower margin earned in line with lower wireline revenue and centralizers sales. The margin was affected by the fixed overhead expenses. However, the decrease was offset by lower operating expenses of RM0.6 million.

**Maintenance, Repair and Overhaul** segment recorded a profit of RM0.2 million for the current quarter as compared to a loss of RM0.7 million in the corresponding quarter mainly attributable to higher operating expenses of RM0.9 million in corresponding quarter due to provision of doubtful debts.

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**B1. PERFORMANCE REVIEW (Cont'd)**

(B) Profit before tax for the current quarter against the corresponding quarter

**Share of associates' results** has increased from RM3.5 million in the corresponding quarter to RM3.7 million in the current quarter with higher throughput from Malaysian Mud and Chemicals Sdn. Bhd. on the back of higher drilling activities in the East Malaysia region.

(C) Revenue of the current year-to-date against the corresponding year-to-date

	Cumulative Quarter ended		Variance RM'000	Variance %
	Q3 '12 RM'000	Q3 '11 RM'000		
<b>Revenue</b>				
Power and Machinery	240,406	233,349	7,057	3.0
Oilfield Services	69,243	45,926	23,317	50.8
Maintenance, Repair and Overhaul	8,342	10,484	(2,142)	(20.4)
	<b>317,991</b>	<b>289,759</b>	<b>28,232</b>	<b>9.7</b>

The Group recorded revenue of RM318.0 million for the current 9-months period compared to RM289.8 million for the corresponding period.

Revenue from the Power and Machinery segment increased by RM7.1 million compared to the corresponding period. The main contribution to the increase in revenue was the increased demand from the customers on the back of robust exploration and production activities totaling RM77.8 million. The increase was offset by the completion of a one-off gas turbine package of RM55.1 million and the completion of a one-off combined heat and power plant project of RM13.4 million in the corresponding 9-months period.

The Oilfield Services segment experienced an increase of RM23.3 million during the current 9-months period largely due to the higher deployment of wireline equipment and services and its related products mainly due to the higher sales achieved in the first 6 months of the year.

The revenue contribution from the Maintenance, Repair and Overhaul segment has decreased by RM2.1 million compared to the corresponding period mainly attributable to the lower level business activities.

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**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'd)**

(D) Profit before tax of the current year-to-date against the corresponding year-to-date

	Cumulative Quarter ended		Variance RM'000	Variance %
	Q3 '12 RM'000	Q3 '11 RM'000		
Power and Machinery	36,785	25,267	11,518	45.6
Oilfield Services	6,522	4,500	2,022	44.9
Maintenance, Repair and Overhaul	(359)	(524)	165	(31.5)
Segment results	42,948	29,243	13,705	46.9
Share of associates' results	11,991	9,631	2,360	24.5
Profit before tax	48,161	33,222	14,939	45.0

The segments recorded an improvement in results by RM13.7 million for the 9-months period, from RM29.2 million in the corresponding period to RM42.9 million in the current period. This was mainly contributed by the Power and Machinery segment which increased by RM11.5 million and the Oilfield Services segment by RM2.0 million. The Maintenance, Repair and Overhaul segment recorded a lower loss of RM0.2 million.

**Power and Machinery** segment recorded a higher result of RM36.8 million for the current 9-months period compared to RM25.3 million in the corresponding period. The increase was due to increased demand from the customers on the back of robust exploration and production activities. The increase was offset by an increase in operating expenses of RM2.1 million for the current 9-months period which consists of mainly staffs cost, selling and distribution expenses. The profits earned from the one-off projects completed in the corresponding period were minimal.

**Oilfield Services** segment recorded a higher result of RM6.5 million for the current 9-months period compared to the corresponding period of RM4.5 million. The increase was mainly due to higher margin from oilfield chemical services on well performance enhancements that commenced late 2011 and a higher delivery of drilling related products and services, due to higher drilling and production activities.

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**B1. PERFORMANCE REVIEW (Cont'd)**

(D) Profit before tax of the current year-to-date against the corresponding year-to-date (Cont'd)

**Maintenance, Repair and Overhaul** segment recorded a loss of RM0.3 million for the current 9-months period compared to the corresponding period loss of RM0.5 million mainly attributable to higher other income of RM0.1 million and lower operating expenses of RM0.1 million.

**Share of associates' results** has increased from RM9.6 million in the corresponding 9-months period to RM12.0 million in the current 9-months period with higher throughput from Malaysian Mud and Chemicals Sdn. Bhd. on the back of higher drilling activities in the East Malaysia region.

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

	Q3 '12 RM'000	Q2 '12 RM'000	Variance RM'000	Variance %
Power and Machinery	14,875	11,947	2,928	24.5
Oilfield Services	1,164	2,053	(889)	(43.3)
Maintenance, Repair and Overhaul	205	(453)	658	(145.3)
Segment results	<u>16,244</u>	<u>13,547</u>	<u>2,697</u>	<u>19.9</u>
Share of associates' results	<u>3,728</u>	<u>4,458</u>	<u>(730)</u>	<u>(16.4)</u>
Profit before tax	<u>17,415</u>	<u>15,471</u>	<u>1,944</u>	<u>12.6</u>

The Group's profit before tax for the current quarter was RM17.4 million compared to RM15.5 million in the immediate preceding quarter.

The segments recorded a higher result of RM16.2 million for the current quarter compared to RM13.5 million in the preceding quarter.

**Power and Machinery** segment recorded a higher result of RM14.9 million for the current quarter compared to RM11.9 million in the preceding quarter. The increase of RM2.9 million was mainly attributable to higher sales volume on the back of increased exploration and production activities.

**Oilfield Services** segment recorded a result of RM1.2 million for the current quarter compared to a result of RM2.1 million in the preceding quarter. The decrease of RM0.9 million was mainly attributable to lower wireline and survey job utilisation by a customer, as the contract was nearing completion. This contract was subsequently extended.

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**B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAX AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER PROFIT BEFORE TAX (Cont'd)**

**Maintenance, Repair and Overhaul** segment recorded a profit of RM0.2 million for the current quarter as compared to a loss of RM0.5 million in the preceding quarter mainly attributable to lower operating cost.

**Share of associates' results** decreased from RM4.5 million in the preceding quarter to RM3.7 million in the current quarter mainly due to lower result recorded by Cambodia Utilities Pte. Ltd. as a result of lower throughput and fuel price.

**B3. PROSPECTS**

Prospects of the domestic Oil and Gas industry remain sound, underpinned by robust exploration and production activities motivated by the Economic Transformation Programme. In this regard, Management continues to refine its business strategies and product offerings. The product and services offered will be further expanded following the completion of the acquisition of NPSB.

**B4. PROFIT FORECAST**

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

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**B5. INCOME TAX EXPENSE**

	Individual Quarter ended		Cumulative Quarter ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Current tax – current year	3,157	2,130	9,110	5,637
Under provision in prior year	354	0	152	0
Deferred tax – origination and reversal of temporary differences	43	1,036	1,407	1,488
<b>Total income tax expense</b>	<b>3,554</b>	<b>3,166</b>	<b>10,669</b>	<b>7,125</b>

Excluding the associates' results which are presented net of tax, the effective tax rate of the Group for the financial period ended 30 September 2012 is higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and deferred tax assets arising from tax losses recorded in a subsidiary not recognised.

The explanation of the relationship between tax expense and profit before tax is as follows:

	Cumulative Quarter ended	
	30/09/2012 %	30/09/2011 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate		
Malaysian tax rate	25	25
Tax effects of:		
- Expenses not deductible for tax purposes	3	3
- Share of results of associates	(6)	(7)
<b>Effective tax rate</b>	<b>22</b>	<b>21</b>

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**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**

On 14 August 2012, the Company announced that Deleum Services Sdn. Bhd. (formerly known as Delcom Services Sdn. Bhd.) (“DSSB”), a wholly-owned subsidiary of the Company entered into a conditional Share Sale Agreement (“SSA”) with the shareholders of Northern Primera Sdn. Bhd. (“NPSB”) as hereinafter defined (collectively referred to as the “Vendors”), to acquire 594,000 ordinary shares of RM1.00 each in NPSB, representing 60% equity interest of NPSB from the Vendors at the total cash consideration of RM3.18 million. Save as disclosed in the second quarter announcement dated 14 August 2012, the proposed acquisition was completed on 5 October 2012 and NPSB is now a 60% owned subsidiary of the Company via DSSB.

**B9. GROUP BORROWINGS**

The amount of Group borrowings as at 30 September 2012 is as follows:

	<b>Short Term RM '000</b>	<b>Long Term RM '000</b>	<b>Total RM '000</b>
<b><u>30/09/2012</u></b>			
Borrowings - secured	5,774	5,748	11,522
- unsecured	9,800	0	9,800
	<u>15,574</u>	<u>5,748</u>	<u>21,322</u>
<b><u>31/12/2011</u></b>			
Borrowings - secured	5,699	9,919	15,618
- unsecured	11,300	0	11,300
	<u>16,999</u>	<u>9,919</u>	<u>26,918</u>

The borrowings are all denominated in Ringgit Malaysia.

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**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 30 September 2012.

**B11. CHANGES IN MATERIAL LITIGATION**

There was no material litigation as at 19 November 2012 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report).

**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 2012.

**B13. EARNINGS PER SHARE (“EPS”)**

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

RM '000	Individual Quarter ended		Cumulative Quarter ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company	12,180	8,708	30,946	21,794
Weighted average number of ordinary shares	150,000	100,000	150,000	100,000
Basic earnings per share	8.12 sen	8.71 sen	20.63 sen	21.79 sen

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

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**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:

<b>RM'000</b>	<b>Cumulative Quarter Ended 30/09/2012</b>	<b>Cumulative Quarter Ended 31/12/2011</b>
Total retained profits of the Company and its subsidiaries:		
Realised	94,614	130,268
Unrealised	(7,314)	(5,330)
	87,300	124,938
Total share of retained profits from associated companies:		
Realised	43,447	40,837
Unrealised	(2,108)	(2,203)
	41,339	38,634
Less: Consolidation adjustments	(22,683)	(22,062)
Total Group's retained profits	<u>105,956</u>	<u>141,510</u>

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 2011 was unqualified.

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**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 26 November 2012.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)  
Lim Hooi Mooi (MAICSA no. 0799764)  
Company Secretaries  
Kuala Lumpur  
26 November 2012