

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2010

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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 JUNE 2010

| RM'000 | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------|---------------|--------------------|---------------|
| | QUARTER ENDED | QUARTER ENDED | PERIOD ENDED | PERIOD ENDED |
| | 30/06/2010 | 30/06/2009 | 30/06/2010 | 30/06/2009 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenue | 82,886 | 107,093 | 160,926 | 254,399 |
| Cost of sales | (64,801) | (87,116) | (126,224) | (216,311) |
| Gross profit | 18,085 | 19,977 | 34,702 | 38,088 |
| Other income | 385 | 115 | 623 | 390 |
| Selling and distribution costs | (1,108) | (960) | (1,832) | (2,517) |
| Administrative expenses | (11,416) | (6,764) | (19,800) | (14,302) |
| Other operating expenses | (1,001) | (2,577) | (2,627) | (3,697) |
| Profit from operation | 4,945 | 9,791 | 11,066 | 17,962 |
| Finance costs | (359) | (480) | (741) | (613) |
| Share of post tax profits of associates | 2,827 | 2,375 | 5,275 | 4,908 |
| Profit before tax | 7,413 | 11,686 | 15,600 | 22,257 |
| Income tax expense | (1,183) | (2,921) | (3,329) | (5,393) |
| Profit for the period | 6,230 | 8,765 | 12,271 | 16,864 |
| Other comprehensive income | | | | |
| Currency translation differences | (305) | (482) | (1,601) | 264 |
| Total comprehensive income for the period | 5,925 | 8,283 | 10,670 | 17,128 |
| Profit attributable to: | | | | |
| - Equity holders of the Company | 4,120 | 8,149 | 8,824 | 14,229 |
| - Minority Interest | 2,110 | 616 | 3,447 | 2,635 |
| | 6,230 | 8,765 | 12,271 | 16,864 |
| Total comprehensive income attributable to: | | | | |
| - Equity holders of the Company | 3,926 | 7,687 | 7,977 | 14,513 |
| - Minority Interest | 1,999 | 596 | 2,693 | 2,615 |
| | 5,925 | 8,283 | 10,670 | 17,128 |
| Earnings per share (EPS) attributable to equity holders of the Company (sen) | | | | |
| - Basic EPS | 4.12 | 8.15 | 8.82 | 14.23 |

The above consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

| RM'000 | As at 30/06/2010 Unaudited | As at 31/12/2009 Unaudited |
|--|---|---|
| ASSETS | | |
| Property, plant and equipment | 92,895 | 93,984 |
| Investment properties | 994 | 1,006 |
| Intangible Assets | 352 | 529 |
| Associates | 39,745 | 42,509 |
| Deferred tax assets | 127 | 75 |
| Non-current Assets | 134,113 | 138,103 |
| Inventories | 7,828 | 8,294 |
| Amounts due from associates | 12 | 149 |
| Trade receivables | 61,654 | 54,320 |
| Other receivables, deposits and prepayments | 4,900 | 5,825 |
| Tax recoverable | 4,131 | 3,180 |
| Deposits with licensed banks | 52,341 | 47,577 |
| Cash and bank balances | 15,420 | 13,946 |
| Current Assets | 146,286 | 133,291 |
| TOTAL ASSETS | 280,399 | 271,394 |
| EQUITY AND LIABILITIES | | |
| Share capital | 100,000 | 100,000 |
| Retained earnings | 114,565 | 112,824 |
| Merger deficit | (50,000) | (50,000) |
| Currency translation differences | (2,203) | (1,356) |
| Equity attributable to Equity Holders of the Company | 162,362 | 161,468 |
| Minority interests | 27,438 | 27,537 |
| Total Equity | 189,800 | 189,005 |
| Borrowings | 18,150 | 21,289 |
| Deferred tax liabilities | 3,728 | 3,330 |
| Non-current liabilities | 21,878 | 24,619 |
| Trade payables | 48,972 | 39,144 |
| Other payables and accruals | 11,628 | 11,140 |
| Derivative financial liabilities | 344 | - |
| Taxation | 1,620 | 1,940 |
| Borrowings | 5,640 | 3,968 |
| Dividend payable | 517 | 1,578 |
| Current liabilities | 68,721 | 57,770 |
| Total Liabilities | 90,599 | 82,389 |
| TOTAL EQUITY AND LIABILITIES | 280,399 | 271,394 |
| Net assets per share attributable to equity holders of the Company (RM) | 1.62 | 1.61 |

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2010

| | ← Attributable to equity holders of the Company → | | | | Minority interest | Total equity | |
|---|---|--|-------------------|----------------------|----------------------|-----------------|----------------|
| | -----Non-distributable----- | | Distributable | | | | |
| RM'000 | Share capital | Currency translation differences | Merger deficit | Retained earnings | Total | | |
| At 1 January 2009 | 100,000 | (1,227) | (50,000) | 97,375 | 146,148 | 24,328 | 170,476 |
| Total comprehensive income for the period | - | 284 | - | 14,229 | 14,513 | 2,615 | 17,128 |
| Dividend | - | - | - | (6,000) | (6,000) | (3,544) | (9,544) |
| At 30 June 2009 | <u>100,000</u> | <u>(943)</u> | <u>(50,000)</u> | <u>105,604</u> | <u>154,661</u> | <u>23,399</u> | <u>178,060</u> |
| At 1 January 2010 (as previously stated) | 100,000 | (1,356) | (50,000) | 112,824 | 161,468 | 27,537 | 189,005 |
| - Effects of adopting FRS 139 | - | - | - | (83) | (83) | - | (83) |
| At 1 January 2010 (as restated) | <u>100,000</u> | <u>(1,356)</u> | <u>(50,000)</u> | <u>112,741</u> | <u>161,385</u> | <u>27,537</u> | <u>188,922</u> |
| Total comprehensive income for the period | - | (847) | - | 8,824 | 7,977 | 2,693 | 10,670 |
| Dividend | - | - | - | (7,000) | (7,000) | (2,792) | (9,792) |
| At 30 June 2010 | <u>100,000</u> | <u>(2,203)</u> | <u>(50,000)</u> | <u>114,565</u> | <u>162,362</u> | <u>27,438</u> | <u>189,800</u> |

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 JUNE 2010

| RM'000 | CUMULATIVE QUARTER | |
|---|---------------------------|---------------------|
| | PERIOD ENDED | PERIOD ENDED |
| | 30/06/2010 | 30/06/2009 |
| | Unaudited | Unaudited |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the financial period | 12,271 | 16,864 |
| <u>Adjustments for:</u> | | |
| Depreciation of property, plant and equipment | 5,691 | 4,146 |
| Share of results of associates | (5,275) | (4,908) |
| Tax expense | 3,329 | 5,393 |
| Interest expense | 741 | 613 |
| Interest income | (487) | (186) |
| Gain on derivative | 287 | - |
| Amortisation of intangible assets | 177 | - |
| Others | 1,074 | 2,043 |
| Operating profit before working capital changes | 17,808 | 23,965 |
| Decrease / (increase) in inventories | 466 | (3,004) |
| Increase in receivables | (6,860) | 9,083 |
| Increase in payables | 9,255 | 12,305 |
| Cash generated from operation | 20,669 | 42,349 |
| Interest received | 487 | 186 |
| Tax paid | (3,780) | (2,910) |
| Interest paid | (741) | (613) |
| Net cash generated from operating activities | 16,635 | 39,012 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Amount due from associates | 137 | 1,035 |
| Property, plant and equipment | | |
| - Purchases | (4,743) | (32,865) |
| - Proceeds from disposals | - | 49 |
| Dividends received from associate | 6,684 | 7,082 |
| Net cash generated from / (used in) investing activities | 2,078 | (24,699) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bank borrowings: | | |
| - Proceeds | - | 20,000 |
| - Repayments | (1,467) | (446) |
| Dividends paid to: | | |
| - Shareholders | (7,000) | (6,000) |
| - Minority interest | (3,875) | (3,725) |
| Net cash (used in) / generated from financing activities | (12,342) | 9,829 |
| Net increase in cash and cash equivalents | 6,371 | 24,142 |
| Effects of exchange rate changes | (102) | (279) |
| Cash and cash equivalents at beginning of year | 60,978 | 36,046 |
| Cash and cash equivalents at end of period | 67,247 | 59,909 |
| COMPOSITION OF CASH AND CASH EQUIVALENTS | | |
| Short term deposits | 52,341 | 44,180 |
| Cash and bank balances | 15,420 | 15,729 |
| | 67,761 | 59,909 |
| Less: Cash held in trust for dividends | (13) | - |
| Cash held in trust in a designated account | (501) | - |
| Cash and cash equivalents at end of period | 67,247 | 59,909 |

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

DELEUM BERHAD (715640-T)
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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2010**

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 (“FRS”) 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 2009 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 2009.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the following standards as set out below:

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. In conjunction with the adoption of FRS 8, a review of the Group’s reportable segment was performed. The review concluded that the Group is primarily engaged in one operating segment namely, oilfield equipment and services to the oil and gas industry. This conclusion is consistent with the financial information regularly reviewed by the Group’s Group Managing Director to make decisions about resources to be allocated and to assess the Group’s performance.

(b) FRS 101: Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transaction with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, have been re-presented to be in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

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

A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) **Amendment to FRS 117: Leasehold Land**

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease. The effect of the change which is adjusted for retrospectively is disclosed as follows:

| RM'000 | Previously stated | Effects of FRS 117 | As restated |
|------------------------------------|--------------------------|-------------------------------|--------------------|
| Balance at 31 December 2009 | | | |
| Property, plant and equipment | 90,096 | 3,888 | 93,984 |
| Prepaid lease rentals | 3,888 | (3,888) | - |

(d) **FRS 139: Financial Instruments: Recognition and Measurement**

The Group classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale and other financial liabilities. The classification depends on the nature of the financial instruments and the purpose for which the instrument was required. Management determines the classification of its financial instruments at initial recognition. Set out below are the major changes in classifications of financial instruments of the Group:

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost using the effective interest method.

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

A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) FRS 139: Financial Instruments: Recognition and Measurement (Cont'd)

(ii) Loans and receivables

Loans and receivables are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(iii) Derivative financial instruments

Derivative financial instruments were not previously recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in the income statement at each reporting date.

The Group has applied the new policies in relation to the financial instruments in accordance with the transitional provisions in FRS139 by recognising and re-measuring all financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings. Comparatives are not restated. The effects of changes are disclosed as follows:

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

A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) **FRS 139: Financial Instruments: Recognition and Measurement (Cont'd)**

Balance as at 1 January 2010:

| RM'000 | Previously stated | Effects of FRS 139 | As restated |
|-----------------------------------|----------------------|-----------------------|----------------|
| Liabilities | | | |
| Derivatives Financial Liabilities | - | 57 | 57 |
| Borrowings | 25,257 | 26 | 25,283 |
| Equity | | | |
| Retained earnings | 112,824 | (83) | 112,741 |

A3. 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.

A4. 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 except for the effects arising from the adoption of FRS 139 as disclosed in Note A2.

A5. 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.

A6. EQUITY AND DEBT SECURITIES

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

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

A7. OUTSTANDING DERIVATIVES

- (a) The Group had not entered into any new type of derivatives in the current quarter that was not disclosed in the preceding year's annual financial statements. As at 30 June 2010, total contract value and fair value of the Group's outstanding forward foreign exchange contracts stood at RM5.0 million and a fair value of RM0.3 million respectively, all of which have maturity of less than 1 year. The cash requirement relating to these contracts is RM5.0 million.
- (b) The credit and price risk associated with the forward foreign exchange contracts and the policies in place for mitigating such risks were disclosed in the annual financial statements for the year ended 31 December 2009. The accounting policy adopted by the Group to account for the forward foreign exchange contracts is set out in Note A2d(iii).
- (c) The losses arising from the fair value changes of derivative financial instruments that are carried at fair value to profit or loss for the current and cumulative quarters ended on 30 June 2010 are as follows:

| | Contract or notional value RM '000 | Fair value as at 30 June 2010 RM '000 | (Gain)/Loss arising from fair value changes | |
|------------------------------------|---------------------------------------|--|---|---|
| | | | Individual Quarter Ended 30/6/2010 RM '000 | Cumulative Quarter Ended 30/6/2010 RM '000 |
| Derivatives | | | | |
| Forward foreign currency contracts | 5,023 | (344) | (92) | 287 |

A8. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 June 2010, the Group does not have any financial liabilities measured at fair value through profit and loss, except as disclosed in Note A7.

A9. DIVIDEND PAID

During the quarter under review, the Company paid the following final single tier tax exempt dividend of 7 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2009.

| | |
|---|---------------|
| | RM'000 |
| Interim tax exempt dividend of 7 sen per ordinary share paid on 27 May 2010 | <u>7,000</u> |

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

A10. SEGMENT INFORMATION

The financial information is not presented as the Group operates in one operating segment.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revalued property, plant and equipment as at 30 June 2010.

A12. MATERIAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- a). On 2 July 2010, the Company had incorporated a wholly-owned subsidiary under the name of Sledgehammer Malaysia Sdn. Bhd. ("SMSB") with a paid-up capital of RM100.00. SMSB is currently dormant and is intended for venturing into the oilfield business.
- b). On 6 July 2010, the Company completed the share sale transaction in connection with the proposed acquisition of 1,275,000 ordinary shares of RM1.00 each representing the entire issued and paid-up ordinary share capital of Rotary Technical Services Sdn. Bhd. ("Rotary") for a total revised consideration of RM8.663 million. Rotary is now wholly-owned subsidiary of the Company via its wholly-owned subsidiary, Delcom Services Sdn. Bhd.

The above events are to be read in conjunction with announcements made on 26 April 2010, 29 April 2010, 8 June 2010, 21 June 2010 and 25 June 2010.

A13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the period ended 30 June 2010.

A14. CONTINGENT LIABILITIES / ASSETS

As at 30 June 2010, the Group does not have any contingent liabilities or assets except for guarantees in respect of credit facilities from licensed financial institutions of RM3.2 million for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts.

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

A15. COMMITMENTS

Capital commitments for property, plant and equipment not provided for as at 30 June 2010 are as follows:

| | RM '000 |
|-------------------------------|----------------|
| Authorised and contracted for | <u>2,029</u> |

A16. RELATED PARTY TRANSACTIONS

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

| RM '000 | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
| | 30/06/2010 | 30/06/2009 | 30/06/2010 | 30/06/2009 |
| Purchases from Solar Turbines International Company | 27,402 | 31,027 | 52,581 | 58,841 |

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.

| RM '000 | Individual Quarter Ended | | Cumulative Quarter Ended | |
|--|---------------------------------|-------------------|---------------------------------|-------------------|
| | 30/06/2010 | 30/06/2009 | 30/06/2010 | 30/06/2009 |
| Sales to related parties of Dresser Italia S.R.L | 4 | - | 21 | - |
| Purchases from Dresser Italia S.R.L | 138 | 110 | 199 | 145 |
| Purchases from related parties of Dresser Italia S.R.L | 4,641 | 4,135 | 8,265 | 10,085 |

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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 (Cont'd)**

B1. PERFORMANCE REVIEW

For the current quarter under review, the Group's revenue and profit before taxation ("PBT") declined by 22.6% and 36.6% respectively compared to the corresponding quarter in the previous year. The Group's revenue declined from RM107.1 million to RM82.9 million and PBT from RM11.7 million to RM7.4 million.

The lower revenue was mainly attributable to lower project and service activities due to deferment.

The lower PBT was attributable to lower activities level as well as approved gratuity payments to the Directors following their retirement as Executive Directors.

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

The Group's PBT decreased by 9.5% compared to the immediate preceding quarter from RM8.2 million to RM7.4 million primarily due to approved gratuity payments to the Directors following their retirement as Executive Directors.

B3. 2010 PROSPECTS

Even though the economic environment has shown some improvement with stabilised crude oil prices from an average of USD53 per barrel in the previous year to an average of USD70 per barrel in the first six months of this year, however there does not appear to be any significant increase in activities. Thus, for the remainder of the current financial year, the Board is of the view that current level of activities will prevail.

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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)**

B4. PROFIT FORECAST

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

B5. INCOME TAX EXPENSE

| RM '000 | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---------------------------------|--------------------------|--------------|--------------------------|--------------|
| | 30/06/2010 | 30/06/2009 | 30/06/2010 | 30/06/2009 |
| Current tax | 435 | 2,486 | 2,983 | 4,825 |
| Deferred tax | 748 | 435 | 346 | 568 |
| Total income tax expense | 1,183 | 2,921 | 3,329 | 5,393 |

Excluding the associates' results which are presented net of tax, the effective tax rate of the Group for the financial period ended 30 June 2010 is higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and the losses of a subsidiary.

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 9 August 2010 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this report), except for the proposed acquisition of Rotary Technical Services Sdn. Bhd. as disclosed in Note A12.

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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)**

B9. GROUP BORROWINGS

The amount of Group borrowings as at 30 June 2010 is as follows:

| | <u>Short Term</u> RM '000 | <u>Long Term</u> RM '000 | <u>Total</u> RM '000 |
|--------------------------------------|----------------------------------|---------------------------------|-------------------------|
| Borrowings (secured) – at fair value | 5,640 | 18,150 | 23,790 |

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 June 2010.

B11. CHANGES IN MATERIAL LITIGATION

Saved as disclosed in the first quarter announcement of 2010 dated 24 May 2010, there was no other material litigation as at 9 August 2010.

B12. DIVIDEND

The Board of Directors have, in respect of financial year ending 31 December 2010, declared a first interim dividend of 3.5 sen single tier tax exempt dividend per ordinary share (2009: 5.0 sen single tier tax exempt dividend per ordinary share) on 100,000,000 ordinary shares.

The dividend will be payable on 21 September 2010 to shareholders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 August 2010.

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 30 August 2010 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 2010 is 3.5 sen per ordinary share.

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2010**

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

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 | |
|--|--------------------------|------------|--------------------------|------------|
| | 30/06/2010 | 30/06/2009 | 30/06/2010 | 30/06/2009 |
| Basic earnings per share | | | | |
| Profit attributable to equity holders of the Company | 4,120 | 8,149 | 8,824 | 14,229 |
| Weighted average number of ordinary shares | 100,000 | 100,000 | 100,000 | 100,000 |
| Basic earnings per share | 4.12 sen | 8.15 sen | 8.82 sen | 14.23 sen |

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

B14. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2009 was unqualified.

B15. 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 16 August 2010.

By order of the Board

Lee Sew Bee (MAICSA no. 0791319)
Lim Hooi Mooi (MAICSA no. 0799764)
Company Secretaries
Kuala Lumpur
16 August 2010