DELEUM BERHAD
(Co. No. 715640-T)
No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia.
Tel : (603) 2295 7788 Fax : (603) 2295 7777
www.deleum.com

DELEUM BERHAD ANNUAL REPORT 2008 UNISON IN DIVERSITY

DELEUM BERHAD

ANNUAL REPORT 2008

UNISON IN DIVERSITY

Mission Statement

"TO BE THE PREFERRED SERVICE COMPANY FOCUSING ON THE OIL AND GAS AND POWER GENERATION INDUSTRIES AND EXPANDING BEYOND OUR CURRENT MARKETS."

Contents






DELEUM




The Deleum Family










Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of DELEUM BERHAD ("the Company") will be held at Ballroom 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Tuesday, 28 April 2009 at 3.00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.
   (Please refer to Note (i)).

2. To approve the payment of a final single tier tax exempt dividend of 6 sen per share for the financial year ended 31 December 2008. **Ordinary Resolution 1**

3. To re-elect the following directors retiring pursuant to Article 78 of the Company's Articles of Association:

   i) Dato' Izham Bin Mahmud **Ordinary Resolution 2**

   ii) Mr. Chandran Aloysius Rajadurai **Ordinary Resolution 3**

4. To approve the payment of Directors' fees of RM162,000.00 in respect of the financial year ended 31 December 2008. (March - December 2007 : RM126,291.00) **Ordinary Resolution 4**

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Resolution:

6. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.** **Ordinary Resolution 6**

   "THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/ regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company, from time to time and upon such terms and conditions and for such purposes the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate of number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company from time to time and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other ordinary business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

LEE SEW BEE (MAICSA 0791319)
LIM HOOI MOOI (MAICSA 0799764)
Joint Company Secretaries
Kuala Lumpur
6 April 2009

Notes:

(i) The Agenda item No. 1 is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(ii) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

(iii) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he may appoint not more than two (2) proxies in respect of each securities account he holds in respect of the number of ordinary shares of the Company standing to the credit of the said securities account.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation under its Common Seal or the hand of its duly authorised officer.

(v) An instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

Explanatory Note on Special Business

i) Ordinary Resolution 6 - Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.

The proposed Ordinary Resolution 6, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company but not exceeding 10% of the issued and paid-up share capital of the Company from time to time for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Fourth Annual General Meeting of the Company

(Pursuant to Paragraph 8.28(2) of Bursa Malaysia Listing Requirements)

1. Directors who are standing for re-election pursuant to Article 78 of the Company's Articles of Association are:

    i) Dato' Izham Bin Mahmud

    ii) Mr. Chandran Aloysius Rajadurai

2. Further details of Directors who are standing for re-election are set out in their respective profiles on pages 12 and 13 of the Annual Report and their securities holdings in the Company and its subsidiaries are set out on pages 44, 45 and 103.

Chairman's Statement

"THE GROUP HAS COME A LONG WAY SINCE FIRST VENTURING INTO THE OIL AND GAS SERVICE INDUSTRY. OVER THE LAST 26 YEARS WE HAVE BUILT A STRONG FOUNDATION IN THE BUSINESS, GAINED VALUABLE EXPERIENCE AND FORGED STRONG PARTNERSHIPS WHICH WILL ENABLE US TO GROW FURTHER."

Dato' Izham bin Mahmud
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors and the Management of Deleum Group, I am pleased to present the Company's Annual Report for the Financial Year ended 31st December 2008.

Deleum managed to sustain its performance despite having to operate under increasingly difficult conditions as the year progressed. This was achieved primarily due to the diversity of our core business base coupled with added focus on the Services sector.

Going forward, we see ourselves facing more challenges under the current economic environment. To help us take on these challenges we will be investing in human capital through training and development, enhancing technological expertise and infrastructure, and investing in new technology in collaboration with our business partners.

We see these initiatives helping us in mitigating some of these challenges but more importantly, achieving our goal of becoming "The Preferred Service Company focusing on the oil and gas and power generation industries and expanding beyond our current markets", within the scope of our core products and services.

FINANCIAL REVIEW

The Group revenue decreased by 36% from RM 665 million in the previous financial year to RM 425 million for the financial year under review. This was mainly due to the significantly higher number of projects completed and commissioned in the previous financial year as well as the deferment of some projects in 2008. Although revenue decreased, Profit before Tax year on year was higher by 3% at RM36.9 million compared to RM 35.8 million.

As highlighted earlier, this increase was attributable to the higher contribution from the Services sector, primarily from the oilfield equipment and services segment, our associates and newly acquired subsidiary, Penaga Dresser Sdn. Bhd.

OPERATIONS REVIEW

During the year, the Group continued to enhance and strengthen its position as a provider of specialised equipment and services to the upstream oil and gas industry.

The Group continued to grow with the completion of its first M&A exercise with the acquisition of 51% of Penaga Dresser via subsidiary, Delcom Holdings Sdn. Bhd. Also our wholly owned subsidiary, Delcom Services Sdn. Bhd. acquired the remaining 40% of the equity interest of Delcom Chemicals Sdn. Bhd.

Valve Inspections at Penaga Dresser Facility, Kemaman

Looking ahead, we will continue to explore strategic and viable opportunities which provide synergistic benefits and value to the Group, as a way to enhance our services in support of our customer base.

CORPORATE RESPONSIBILITY (CR)

Our Group CR activities are based on the premise of "Charity Begins at Home". Therefore the activities start within the Group itself and extend to the communities in which we work. With that in mind, we have in place the Deleum Employees Aid policy to offer financial assistance to employees in the lower income group in areas of specific need.

As a responsible company, we continue to support and contribute our time and effort to underprivileged children. In this regard, the company hosted a Breaking Fast function and participated and contributed towards a year end party for orphans and underprivileged children.

Breaking Fast function with orphans and underprivileged children

Quality, Health, Safety and Environment (QHSE)

To date we have achieved in excess of 4.0 million accident-free man-hours. This is a testimony to our excellent safety record over the past eleven years.

We also believe in the continuous improvement process and our operating units are certified and accredited ISO compliant. All of our service personnel undergo various comprehensive safety training. These include the Basic Offshore Safety Induction and Emergency Training and the Helicopter Underwater Evacuation Training.

In addressing environmental concerns, we make every effort to implement various initiatives to ensure responsible practices are carried out in all areas of our businesses and to ensure compliance with environmental regulations and laws.

Safety briefing

CORPORATE GOVERNANCE

We will continue to uphold good corporate governance practices to ensure that the highest standard of governance culture is practised throughout the Group in the interest of all its stakeholders. Deleum has adopted a Code of Business Conduct that governs its performance of work and business practices. The management is committed to developing good corporate governance in our work culture.

OUTLOOK

The Government announced on 10th March 2009 that the current economic environment necessitated a review of the GDP growth forecast for 2009 and this is now expected to be in the range of -1% to 1%. Furthermore, financial institutions are beginning to tighten credit and this has a flow-on effect resulting in a further slowdown in economic growth.

Faced with these conditions, oil companies may most likely reassess and review their developmental and operational plans and this could potentially result in a deferment of projects in the oil and gas industry. However, we expect existing development and operational activities to continue, and this means that the recurring business of maintenance and services will carry on. Aging assets also mean more opportunities in the form of repairs, refurbishment, upgrading and replacement, for more cost effective solutions to our customer base. In the face of such conditions we are, nevertheless, confident that our diversified business base will provide us with the capability to sustain performance in 2009.

Our strategy going forward, is to focus on enhancing operational efficiency through managing costs, improving service levels and strengthening existing technological expertise. Consequently, investment in training will continue to be made to empower and equip our personnel with the necessary skill sets and expertise. In doing so, we will also ensure that industry safety practices are met and improved. We will continue to seek new technology to further enhance and elevate the standard of our services. These measures will help to ensure our sustainability and enable us to seize opportunities as they arise.

Deleum will continue to look diligently for opportunities to form strategic alliances or joint ventures, or mergers and acquisitions which are viable and synergistic to our core business.

DIVIDEND

For the financial year ended 31st December 2007, the company paid a total gross dividend of 15.0 sen per share less income tax, on 80 million ordinary shares. The net dividend paid was 11.05 sen per share, resulting in a total payout of RM8.8 million.

For the financial year ended 2008, an interim single tier tax exempt dividend of 5.0 sen per share on 100 million ordinary shares (increase by way of bonus issue) was declared and paid in September 2008. The Board is further recommending a final single tier tax exempt dividend of 6.0 sen per share to the shareholders for approval at the forthcoming Annual General Meeting to be held on 28th April 2009. If this is approved at the AGM, the net dividend will be 11.0 sen per share with a total payout of RM 11 million.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank our valued customers, business partners and all shareholders for their confidence and support during these challenging times. I would also like to extend my appreciation and thanks to the employees and Management for their unwavering dedication, without which our business would not be what it is today.

To my fellow Board members, I would like to record my appreciation for their continued valuable contribution, guidance and counsel during the course of the year.

I am also pleased and honoured that our collective efforts have contributed towards Deleum being awarded the 2nd best small cap company by Finance.Asia in its Asia's Best Companies survey 2008.

Dato' Izham bin Mahmud
Executive Chairman

26 March 2009

Corporate Information

Board of Directors

Dato' Izham bin Mahmud
Executive Chairman

Datuk Vivekananthan a/l M. V. Nathan
Deputy Executive Chairman

Chandran Aloysius Rajadurai
Group Managing Director

Hj. Abd Razak bin Abu Hurairah
Executive Director

Datuk Ishak bin Imam Abas
Independent Non-Executive Director

Dato' Kamaruddin bin Ahmad
Independent Non-Executive Director

Chin Kwai Yoong
Independent Non-Executive Director

Audit Committee

Datuk Ishak bin Imam Abas
Chairman

Dato' Kamaruddin bin Ahmad

Chin Kwai Yoong

Joint Remuneration and Nomination Committee

Dato' Kamaruddin bin Ahmad
Chairman

Dato' Izham bin Mahmud

Datuk Vivekananthan a/l M. V. Nathan

Datuk Ishak bin Imam Abas

Chin Kwai Yoong

Joint Company Secretaries

Lee Sew Bee
MAICSA No. 0791319

Lim Hooi Mooi
MAICSA No. 0799764

Share Registrars

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur.
Tel : 603-2721 2222
Fax : 603-2721 2530/31

Auditors

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P. O. Box 10192, 50706 Kuala Lumpur.
Tel : 603-2173 1188
Fax : 603-2173 1288

Solicitors

Zain & Co.
6th Floor, Menara Etiqa
23, Jalan Melaka, 50100 Kuala Lumpur.
Tel : 603-2698 6255
Fax : 603-2693 6488

Principal Bankers

Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad

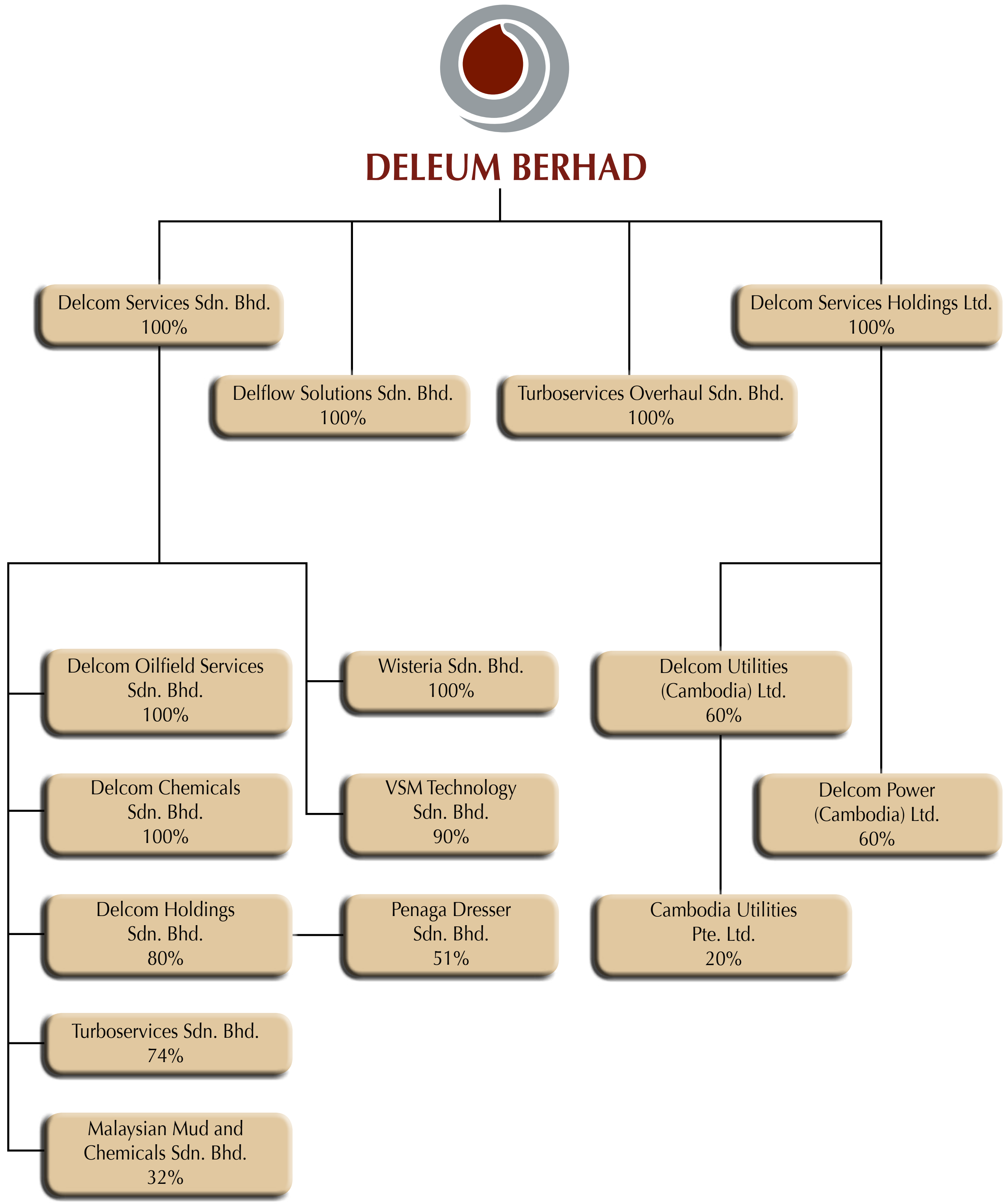
Stock Exchange Listing

Main Board of
Bursa Malaysia Securities Berhad
Stock Code: 5132

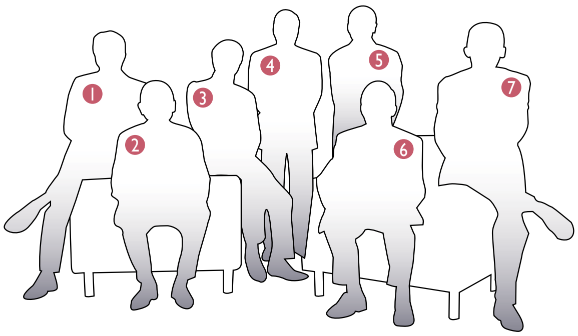
Registered Office/Head Office

No. 2, Jalan Bangsar Utama 9
Bangsar Utama, 59000 Kuala Lumpur
Malaysia.
Tel : 603-2295 7788
Fax : 603-2295 7777
Email : info@deleum.com
Website: http://www.deleum.com

Group Organisation Structure



Board of Directors



1. Chin Kwai Yoong
2. Datuk Vivekananthan a/l M. V. Nathan
3. Hj. Abd Razak bin Abu Hurairah
4. Dato' Kamaruddin bin Ahmad
5. Datuk Ishak bin Imam Abas
6. Dato' Izham bin Mahmud
7. Chandran Aloysius Rajadurai

Profiles of Directors

Dato' Izham bin Mahmud, a Malaysian, aged 68, is the Executive Chairman of Deleum Berhad and was appointed as its director on 21 December 2005. He holds a Bachelor of Science Degree (Honours) in Economics from Queen's University Belfast, UK and a Master of Arts (Economics Development) from Vanderbilt University, USA. He is one of the co-founders of Delcom Services Sdn. Bhd. ("DSSB") via his family holding company, IM Holdings Sdn. Bhd.

Dato' Izham joined the Federal Treasury in 1965 and attained the level of Principal Assistant Secretary in 1970 before being seconded to the Malacca State Development Corporation as General Manager in 1972.

He embarked on his banking career in 1974 when he joined Aseambankers Malaysia Berhad where he served as General Manager and later Managing Director in 1979 until retirement.

Upon his retirement in 1996, he joined DSSB as its Chairman and was subsequently appointed Executive Chairman in 2000.

Dato' Izham sits on the boards of AMMB Holdings Berhad, Opus Group Berhad and AmInvestment Bank Berhad.

Datuk Vivekananthan a/l M. V. Nathan, a Malaysian, aged 67, is the Deputy Executive Chairman of Deleum Berhad and was appointed as its director on 21 December 2005. He is one of the co-founders of DSSB.

He joined ESSO Malaysia in 1962 in the Instrumentation and Electrical Engineering Services Department and undertook assignments at ESSO refineries in Malaysia and Thailand. He then worked for Mobil Refinery, Singapore and subsequently as Project Engineer with Avery Laurence (S) Pte. Ltd. on various projects in Brunei, Thailand and Indonesia and also attended training in Japan with Yokogawa Electric Works.

He later joined Teledyne Inc. and was based in USA for training in management before being posted as its Marketing Director of the Far East Operations.

In 1982, together with his founding partners he spearheaded DSSB's venture into the oil and gas industry and was appointed as its Managing Director and later re-designated as President.

He sits on the boards of Malaysia Deepwater Production Contractors Sdn. Bhd. and Malaysia Deepwater Floating Terminal (Kikeh) Ltd.

Datuk Ishak bin Imam Abas, a Malaysian, aged 63, was appointed Independent Director of Deleum Berhad on 21 March 2007. He is a Fellow Member of Chartered Institute of Management Accountants ("CIMA") and a member of Malaysian Institute of Accountants ("MIA").

Prior to joining PETRONAS in 1981, he worked, amongst others, as Finance Director of Pfizer (M) Sdn. Bhd., Bursar of Universiti Kebangsaan Malaysia, Finance Director of Western Digital (M) Sdn. Bhd. and as Accountant in Pernas International Holdings Berhad.

During his tenure at PETRONAS, he held various senior positions including Deputy GM Commercial of PETRONAS Dagangan Berhad, Senior GM Finance of PETRONAS, Senior VP Finance of PETRONAS, CEO of KLCC (Holdings) Sdn. Bhd. and KLCC Property Holdings Berhad. He was also a member of the PETRONAS Board of Directors and Board member of several of its subsidiaries. He retired from PETRONAS as Senior VP Finance in April 2006 but continued to be the CEO of KLCC (Holdings) and KLCC Property Holdings until his retirement in April 2007.

He is currently non-executive chairman of Putrajaya Holdings Sdn. Bhd., Suria KLCC Sdn. Bhd., Convex Malaysia Sdn. Bhd. as well as non-executive director of Kuala Lumpur City Park Berhad and KLCC Property Holdings Berhad, all of which are subsidiaries of PETRONAS.

He was appointed as an independent non-executive director of Standard Chartered Bank Malaysia Berhad on 6th February 2009.

Dato' Kamaruddin bin Ahmad, a Malaysian, aged 69, was appointed Independent Director of Deleum Berhad on 21 March 2007. He is a chartered accountant and a member of the MIA. He holds accountancy qualification from Royal Melbourne Institute of Technology, Australia. He is also a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and fellow of CPA Australia. He also attended the Advance Management Programme at the Harvard Business School, USA.

He started his career in the civil service in 1966. He joined Malaysian Airlines System Berhad in 1974 and held various senior management positions there including Director of Finance, Senior Director (Operations) and CEO before assuming the position of Managing Director in 1991 until retirement in August 1994.

He currently sits on the boards of Intelligent Edge Technologist Berhad, Penerbangan Malaysia Berhad and Himpunan Seri Sdn. Bhd.

Chin Kwai Yoong, a Malaysian, aged 60, is an Independent Director of Deleum Berhad, and was appointed as its director on 21 March 2007. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the MICPA and MIA.

He started his career with Price Waterhouse (currently known as PricewaterhouseCoopers) as an Audit Senior in 1974 and was subsequently promoted to Audit Manager in 1978. He was Audit Partner in the firm from 1982 until retirement in 2003. During his tenure as Partner, he was the Executive Director in charge of the Consumer and Industrial Products and Services Group and was the Director-in-charge of the Audit and Business Advisory Services and Management Consulting Services division.

He has extensive experience in the audits of major companies in banking, oil and gas, automobile, heavy equipment, manufacturing, construction and property development industries. He was also involved in the corporate advisory services covering investigations, mergers and acquisitions and share valuations.

He sits on the boards of Astro All Asia Networks Plc., Genting Berhad and Rangkaian Pengangkutan Integrasi Deras Sdn. Bhd. ("RAPID").

He was a director of Tractors Malaysia Holdings Berhad until February 2006.

Chandran Aloysius Rajadurai, a Malaysian, aged 54, is the Group Managing Director of Deleum Berhad and was appointed as its director on 21 December 2005. He is an Associate Member of CIMA, UK and a Member of the MIA.

He started his career in 1977 as trainee accountant in LRC International PLC ("LRC"), London, and served in various capacities in finance and corporate services. He was promoted to Group Financial Analyst before taking up an assignment as Financial Controller with an LRC subsidiary in Pakistan.

He subsequently returned to Malaysia and joined the then ESSO Production Malaysia Inc ("ESSO") in November 1983, now ExxonMobil Exploration and Production Malaysia Inc ("EMEPMI"). During his tenure with ESSO, he served in various capacities in the Controllers Department including Attest Manager and PETRONAS Reporting and Co-ordination Manager.

He joined DSSB in 1992 as the Director of Finance and Administration and served as Senior Executive Director and later re-designated as Executive VP - Support and Operations before being promoted to his current position in 2006.

Ir. Hj. Abd Razak bin Abu Hurairah, a Malaysian, aged 51, is the Executive Director of Deleum Berhad and was appointed as its director on 21 December 2005. He holds a Bachelor of Science (Honours) Degree in Mechanical Engineering from the University of Birmingham, UK, and an Executive MBA from the University of Ohio, USA. He is a Member of the Society of Petroleum Engineers and currently serves as Adviser to the Oil, Gas & Mining Technical Division of the Institute of Engineers Malaysia.

He joined ESSO, now EMEPMI in 1980 and served in various capacities in the Engineering Division, Development Projects Division, the Quality Control Group and the Machinery Engineering Group there.

He then joined Turboservices Sdn. Bhd. as Manager in 1992 and was later appointed as General Manager.

He served in DSSB as Vice President and was subsequently promoted to Executive VP - Sales and Marketing before being appointed as CEO in 2006.

Notes:

1. Directors attendance at the Board and Board Commitees' meetings during the financial year ended 31 December 2008 are set out in the Statement of Corporate Governance and Audit Committee Report.
2. None of the directors has any family relationship with any other director or substantial shareholder of the Company save and except for Dato' Izham bin Mahmud whose wife Datin Che Bashah@ Zaiton Binti Mustaffa is a substantial shareholder of the Company.
3. None of the directors has had convictions for any offence within the past 10 years.
4. None of the directors has any business arrangement with the Company in which he has a personal interest.

DIVERSITY
in products

















Management Team

Power and Machinery

Zamani bin Abd Ghani, aged 37, is the Chief Operating Officer, Power and Machinery Division. He holds a Bachelor in Engineering (Mechanical) Honours Class II Division I from the University of Wollongong, Australia.

He joined DSSB in 1997 as a Senior Project Engineer and was later promoted to Senior Manager, responsible for the marketing of gas turbines and compressors for oil and gas and petrochemical industries.

In 2002, he was promoted to Vice President - Power Sales, Oil and Gas and subsequently in 2006, he was promoted to Vice President Sales, Power and Machinery Division with expanded responsibility to cover industrial power generation.

He was promoted to his current position in 2008 and is responsible for oil and gas and industrial power generation sales and after market business for Power and Machinery.

Mohd Faisal bin Mat Salleh, aged 40, is the General Manager Oil & Gas - Sales, Power and Machinery Division. He holds a Bachelor of Science Mechanical (Honours) degree from the Worcester Polytechnic Institute, USA.

He started his career in 1991 as a Mechanical Engineer with Petronas Gas Berhad before joining OGP Technical Services Sdn. Bhd. as Project/ Mechanical Engineer in 1993 where he was involved in various industrial power generation projects.

He then joined Pratt & Whitney Power Systems in 2002 and served as technical manager and subsequently worked for Siemens Malaysia Sdn. Bhd. ("Siemens") as Area Sales Manager before joining DSSB in early 2009.

He is responsible for sales and marketing of power machinery for oil and gas.

Heng Phok Wee, aged 37, is the General Manager of Turboservices Sdn Bhd ("TSSB"), Power and Machinery Division. He holds a Bachelor (Honours) degree in Chemical Engineering (majoring in Gas Engineering) from University Technology Malaysia and an MBA from University Malaya.

He started his career in 1994 as an Executive Trainee with Tractors Malaysia and was subsequently promoted to Senior Engineer – Project Sales where he led the project sales effort of Caterpillar engine packages for the oil and gas, petrochemicals and other industries. He then joined OTEC Kemajuan Sdn. Bhd. in 1999 and served as Manager responsible for sale of gas turbines/compressors for the oil and gas and power sectors.

He joined TSSB in his current capacity and is responsible for after market sales and support for power machinery.

Shankarvelu a/l Sarawanan, aged 39, is the General Manager - Projects & Sales, Power and Machinery Division. He holds a Bachelor of Engineering in Electrical & Electronics from University of Greenwich, UK.

He started his career in 1989 in Minolta Precision Engineering (M) Sdn. Bhd. as a Production Charge Hand before joining T.T. Unimatic Sdn. Bhd. as Technical Support Engineer in 1993 where he was involved in the upgrading of the Ministry of Defence network system.

He then worked for Philips Medical System as Senior Project Engineer and subsequently joined Putera Capital Berhad and QSCP Consultant as Senior Engineer (Electrical/Biomedical).

He then joined Tractors Malaysia Sdn. Bhd. in 2001 and served as lead engineer in its Power Systems Division before joining DSSB in 2006 as Senior Manager – Projects for industrial power generation.

He was promoted to his current position in 2009, responsible for industrial power generation projects including sales and marketing.

Oilfield Services

Nan Yusri bin Nan Rahimy, aged 37, is the Chief Operating Officer, Oilfield Services Division. He holds a Bachelor of Engineering Degree (Honours) in Mechanical Engineering from the Royal Melbourne Institute of Technology, Australia and is a member of the Society of Petroleum Engineers.

He joined DSSB in 1996 as a Marketing Executive in the Industrial Power Generation section of the Power and Machinery Division and held various positions including Senior Marketing Manager and Assistant Vice President – Business Development. In 2003, he was promoted to Vice President - Exploration and Production and was promoted to his current position in 2008.

He is responsible for managing and supervising all sales, marketing activities, and operations of oilfield services of the Group.

Yam Kee Joon, aged 52, is the Vice President – Business Development and Operations. He holds a Bachelor of Science Honours Degree in Mechanical Engineering from Teeside University, UK and is a member of the Society of Petroleum Engineers.

He started his career in 1980 with Public Utilities Board in Singapore before joining Sedco Forex Schlumberger in 1983 as a Field Trainee Engineer in Saudi Arabia.

In 1985, he was promoted as Drilling Engineer in Singapore and subsequently as Senior Drilling Engineer based in Miri. He was promoted the Operations Manager, based in Bangkok and in 1992, was transferred to Oman.

He later joined Muhibbah Engineering Berhad in 1994 as General Manager and subsequently Pestar Manufacturing Sdn. Bhd. as General Manager prior to joining DSSB in 2002 as its General Manager - East Malaysia and later appointed as Vice President - Business Development and Operations.

He is responsible for overall business development and operations for oilfield products and services.

Mohd Fadzli bin Hamidun, aged 39 is the General Manager – Sales and Technical, Oilfield Services Division. He holds a Bachelor of Science in Electrical Engineering from the University of Tennessee, USA. He is a member of the Board of Engineers.

He started his career in 1992 with Halliburton Energy Services (M) Sdn. Bhd. as a wellsite engineer/supervisor before joining the Power Generation Division of Siemens in 1995 where he served as Technical/Applications Manager and Country Sales Manager. He was seconded for two years at Siemens' headquarters in Germany.

He joined Delcom Oilfield Services Sdn. Bhd. ("DOSSB") in 2007 in his current position based in Miri, Sarawak. He is responsible for all sales and marketing activities of DOSSB for East Malaysian operations.

Resli Anak Tawi, aged 51, is the General Manager – East Malaysia, Oilfield Services Division. He holds a National Certificate in Plant Technology from the British Technical Education College, UK, in collaboration with Shell.

He started his career in 1977 with Sarawak Shell Berhad and held various positions there over a period of 18 years. In 1994, he was seconded to Petronas Carigali Sdn. Bhd. - Baram Delta Operations as Well Services Supervisor.

In 1996, he joined Amsito Oilwell Services Sdn. Bhd. as a Senior Wireline Operator and Wireline Supervisor before joining DOSSB as Senior Wireline Supervisor.

He was promoted to General Manager - Operations in 2001 and was subsequently promoted to GM-East Malaysia in 2006 where he is responsible for East Malaysian oilfield operations.

Management

Lee Sew Bee, aged 47, is the Vice President - Corporate Services and also the Joint Company Secretary of Deleum Berhad. She is an Associate Member of the Institute of Chartered Secretaries and Administrators ("ICSA"), UK and Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

She started her career in 1985 as a Secretarial Assistant in a management consultancy company and thereafter in 1988 she joined a property development group as Company Secretary.

She joined DSSB as Company Secretary in 1989 and was later promoted to Vice President – Corporate Services in 2001. She is responsible for overall company secretarial, legal and corporate services for the Group.

Jayanthi Gunaratnam, aged 36, is the General Manager - Finance. She holds a Bachelors of Accounting (Hons) Degree from Universiti Utara Malaysia. She is a member of the MIA and MICPA.

She started her career in 1996 as an Auditor with Arthur Andersen where she gained experience in various industries in manufacturing, trading and also oil and gas. She was also involved in special audit assignments, due diligence and corporate exercises.

She joined DSSB in 2001 as an Accountant and subsequently in 2006 was promoted to Group Accountant before being promoted to her current position in 2009.

She is responsible for the overall financial management and accounting of the Group.

Anandan a/l Lingam, aged 47, is the General Manager - Human Resources and Administration. He holds a Diploma in Human Resource Management from University of Malaya and a Masters in Human Resource Management and Industrial Relations from the University of Newcastle, Australia.

He started his career in 1985 in O.Y.L Condair Sdn. Bhd. and subsequently appointed Senior HR Executive in 1989.

He then joined The Store Berhad in 1994 and served as Assistant Manager before joining Plastic Centre Group of Companies in 1999 as its Group HR & Industrial Relations Manager.

He joined Deleum in 2008 and is responsible for the human resources and administration function of the Group.

DIVERSITY

in equipment and services

Business Performance Review

The Deleum Group managed to sustain its performance in 2008, despite having to operate in an economic environment which grew increasingly challenging towards the year end. Our structural and financial foundations which we built over the years, together with the support of an experienced and dedicated personnel have stood us in good stead and will help us to take on more challenges in the immediate future.

The Group recorded a revenue of RM425 million for the financial year 2008, a 36% decrease compared to the previous year of RM665 million. This was attributable mainly to the significantly higher number of projects secured and delivered to customers in 2007 and the deferment of some projects.

Despite the lower revenue we managed to achieve a marginally higher Group profit before tax of RM36.9 million compared to RM35.8 million in 2007, primarily as a result of higher contribution from the Services sector, being our Oilfield Equipment and Services segment, our associates and newly acquired subsidiary, Penaga Dresser Sdn. Bhd.

During the financial year, we continued to maintain the three main segments of Specialised Equipment and Services, Oilfield Equipment and Services and Oilfield Chemicals and Services.

SPECIALISED EQUIPMENT AND SERVICES

This business segment involves the provision of subsea production systems, umbilicals and gas turbine packages.

The segmented revenue decreased significantly by 44% from RM363.5 million in 2007 to RM202.6 million in 2008 and resulting in a 30% decrease in segmental results from RM19.0 million to RM13.3 million. This, as highlighted earlier, was due to the significant decrease in the number of projects secured in 2008 compared to 2007, coupled with some deferment in projects.

During the year, the Group undertook several projects to supply subsea equipment and production systems. The year also saw the introduction of a range of new product applications for production tie-back and development.

The Group also participated in a successful drilling programme and supplied surface wellheads and Christmas trees in the Malaysia-Thailand Joint Development Area and also managed to extend supply contracts for subsea equipment and umbilicals.

On the Power Generation business, we did not secure any projects in 2008. We are currently pursuing several projects domestically and regionally and we are optimistic on being able to secure some projects in the foreseeable future.

Despite the global economic downturn, Deleum is confident it will continue to remain as one of the leading suppliers of gas turbine packages. We also reached an agreement with our customer base to standardise technical specifications as well as commercial aspects in respect of turbine packages.

OILFIELD EQUIPMENT AND SERVICES

This business segment is involved in wireline equipment rental and services, wellhead maintenance services, gas turbine after sales services and drilling accessories.

The revenue in this segment declined by 27% from RM297.9 million in 2007 to RM218.2 million in 2008, but the segmental results declined by only 7% year on year from RM20.7 million to RM19.2 million. This is primarily due to the focus towards services projects with higher contributions.

Turbine assembly works

Deleum continues to grow in the provision of wireline services. Our work scope has increased with the successful renewal of a contract and expansion of scope on an existing contract. In order to enhance capabilities and raise the standard of services provided, we acquired brand new equipment and tools, enhanced our competency levels of our service personnel and also improved processes in order to meet specific requirements and achieve definitive results.

We undertook integrated wellhead maintenance services for various PSCs during the year. Our pool of experienced and skilled personnel are able to provide comprehensive maintenance programmes and specialised repairs of various types of OEM surface wellheads and Christmas trees. In collaboration with our respective OEM partners, we continue to provide a wide range of drilling related accessories and well construction equipment.

Assembling of BOP prior to pressure testing

Since its launching in January 2008, the Turboservices : Solar Turbines Integrated Service Centre has been fully operational and subsequently three units of gas turbines have gone through complete overhaul and testing at this facility. This centre provides overhaul and technical services along with parts and components for Solar gas turbines. With the growing fleet, Deleum anticipates an increase in the engine overhaul activity.

Moving forward, we will be looking at expanding into a wider range of services which complement our core business activities, and to explore new ventures and markets.

OILFIELD CHEMICALS AND SERVICES

The revenue contribution of this segment remained the same year on year at RM4.0 million. But the segmental results improved to almost break even due to securing more wells for treatment in 2008 compared to 2007.

Delcom Chemicals Sdn. Bhd. ("DCSB") became a wholly owned subsidiary of Delcom Services Sdn. Bhd. in 2008. This was in line with the objective to stay more focused in this area of business which presents the potential for growth and other opportunities. During the year, organic solids removal technology was applied successfully to several wells to treat organic solid deposition problems. DCSB continues to undertake R & D in finding solutions for organic solid deposition.

Transferring of DRA product to tote tank

During the year the Group also continued to supply Drag Reducing Agents (DRA) and the provision of associated services to the Tapis platform albeit at lower levels compared to 2007.

NEW BUSINESS

We have further expanded our business and service base with the acquisition of Penaga Dresser which supplies a wide range of valve products and valve management services to the oil and gas sector. This complements the integrated wellhead maintenance business and is expected to further expand the services scope of the Group.

Valve analysis and diagnostic services

ASSOCIATES

Our associate companies also enhanced overall Group performance during the year under review. Malaysian Mud and Chemicals Sdn. Bhd. which provides dry and liquid bulking services for offshore operations at the Asian Supply Base (ASB) in Labuan saw a higher level of activities, leading to an increase in Group earnings. Cambodia Utilities Pte. Ltd. which delivers electricity at full capacity to the city of Phnom Penh also contributed to the Group's overall earnings.

Liquid Mud Plant

FACILITIES

In our continued thrust to ensure optimal support for offshore operations, we have built a new warehouse and workshop in Kemaman Supply Base (KSB) and carried out some upgrading works at ASB to enhance our operational support. The new facility at KSB encompasses a warehouse and workshop with space of 1500m^2 and also incorporates offices and training facilities. This larger premises will enhance our support for offshore West Malaysian operations.

Kemaman Supply Base, Terengganu

Looking Ahead in 2009

Our ability to ride the challenging business conditions in 2008 were mainly due to the diversity in our core business, which in the near future will continue to underpin our performance. The reduction of revenue from projects is expected to be mitigated by contribution from the Services sector. The Group with its comprehensive portfolio of products and services is well positioned to meet the increasingly challenging times ahead.

Asian Supply Base, Labuan

Looking forward we will work towards our goal of becoming the preferred service company with the challenges that we anticipate in this competitive environment. We will continue to focus on our current core business base with emphasis on the Services sector which we are confident will lead to sustainable and stable income for the Group.

CREATING
unique solutions

Quality, Health, Safety & Environment

In the oil and gas industry, QHSE is of paramount importance as human capital is our greatest asset. In this regard, we recognise the value and importance of implementing safety processes and inculcating a strong QHSE culture. The Group has in place an Occupational Health, Safety and Environment Policy that clearly sets out Management's commitment for a healthy and safe working environment.

The policy and commitment serves as a guideline for our operational endeavour. We believe that a strong QHSE performance will make us to be a responsible corporate citizen and to contribute to sustainable development of our industry. This in turn strengthens the confidence of all our stakeholders.

HSE PROGRAMMES

We constantly aim for best practices in all aspects of our operations, with a HSE Committee formed at each operational location. The Corporate HSE Manager is a registered SHO (Safety & Health Officer) with DOSH (Department of Occupational Safety & Health).

The year's HSE activities kicked off in March with a stand down exercise. This is a yearly exercise to ensure that safety comes first where everyone puts aside their daily routine and focuses solely on safety. The aim is to identify and address items that are generally accepted as norms but could be hazardous to people, assets and the environment.

Fire drill training

Two briefings were held in July 2008 to provide information and educate the staff on safety aspects of our premises, locations of emergency exits, fire extinguishers and fire alarms.

To conclude our HSE activities for the year, a HSE Week was held from 15 to 20 December 2008. Our theme for the year was "Be Safe… Be Healthy". The aim was to raise awareness, provide valuable information and also recognising good practices in health and safety. At the end of the HSE Week, Delcom Sports & Recreational Club (DSRC) organised a jogathon at Taman Jaya to encourage good comradeship.

Program during HSE Week

QUALITY COMMITMENT

Turboservices Sdn. Bhd. and Delcom Oilfield Services Sdn. Bhd. (DOSSB) are ISO 9001:2000 certified and accredited by SIRIM QAS International Sdn. Bhd.

This is a testament to the emphasis that we place on quality in our operations. In maintaining the certification the companies act in conformity with various requirements such as Internal Quality Audit, Management Review Meetings and conducting Customer Surveys periodically. These certifications were renewed in 2007 for another 3 years.

AWARDS

In March 2008, our employee Errol Vaz did the Group proud when he was awarded the "Shell Best STOP Card of The Month" for his outstanding HSE awareness and a proactive attitude towards the "duty and empowerment to stop".

COMMITMENT
to quality

Activities of 2008

28 – 30 January 2008 (Corporate)
Organic and Inorganic scales technology development R&D workshop

The workshop was organised by Petronas Research Sdn. Bhd. for R&D projects on developing solutions to tackle organic and inorganic scale deposits. Delcom Chemicals presented the status on the R&D undertaken in the treatment of organic solid deposits.

25 February 2008 (Corporate)
Second Interim Dividend

Announcement of the second interim dividend of 10 sen per share less 26% income tax in respect of the financial year ended 31 December 2007 which was paid on 2 April 2008.

1 March 2008 (Sport) 1
KLSSPE Football & Netball Tournament

This annual event held at a local recreational club in Kuala Lumpur, saw participation by most major oil and gas operating and service companies. The main objective of the tournament was to provide a platform for networking and interaction among personnel working in the industry. Our netball team successfully emerged as the 1st Runner Up.

6 March 2008 (Sport) 2
Bowling Tournament

This Inter-Department Bowling Competition was held at a bowling alley near our office in Bangsar. Employees from various departments were paired up randomly. We saw good interactions and socialising amongst our employees.

24 April 2008 (Corporate)
Bonus Issue

Announcement of proposed bonus issue of 20,000,000 new ordinary shares of RM1.00 each in the Company to be credited as fully paid-up, on the basis of one (1) new ordinary share for every four (4) existing ordinary shares which was approved by the shareholders at Annual General Meeting ("AGM") held on 3 June 2008.

4


5


5


6

26 April 2008 (Sport) 3

Go Kart Competition

This annual event was again held at a go-kart circuit in the Klang Valley. We saw participation of about 30 employees. The employees from various departments were grouped together in different teams. This event saw a good competition amongst employees. At the end of the tournament everyone got together over light refreshments.

3 June 2008 (Corporate) 4

AGM 2008

Deleum Berhad's inaugural AGM was held at Sime Darby Convention Centre. This was attended by a diverse group of shareholders.

23 June 2008 (Social) 5

Management Briefing

The Management had a briefing for the employees to update on the company's performance, to depart its goals and objectives and thereafter had a Q & A session. The management also took this opportunity to interact with employees informally over lunch at a restaurant nearby.

12 July 2008 (Sport) 6

"Futsal Fun Fiesta"

This was a battle of The Deleum's 'Old' and 'New' blocks. A classic match between 2 friendly rivals. The team from the 'Old' block emerged victorious. It was a fun day for the staff and family.

14-15 July 2008 (Corporate)

Nodal Analysis and Formation Damages Training

The purpose of this training was to explain the importance of nodal analysis on crude oil production and to provide practical training.

1 August 2008 (Corporate)

Acquisition of Penaga Dresser Sdn. Bhd.

Announcement of the completion of the acquisition of 51% equity interest in Penaga Dresser Sdn. Bhd. with effect from 1 August 2008, via 80% subsidiary Delcom Holdings Sdn. Bhd.

5-6 August 2008 (Corporate) 7

PETRONAS Group Technical Forum on Rotating Equipment

This forum organised by PETRONAS was held in Kuantan for the purpose of sharing lessons learnt and updating on the latest technology in relation to rotating equipment. This event was attended by operational and project teams from the customer base. Delcom exhibited its products and services in support of gas turbines.

7

22 August 2008 (Social) 8

Karaoke Competition

One of the most awaited events of the year was the Karaoke Competition, held at a local golf club. Many hidden talents were uncovered during this competition and amongst them were our new family members from Penaga Dresser who gave us quite a “run for our mics”.

8

27 August 2008 (Corporate) 9

Finance Asia Awards

Deleum Berhad was awarded 2nd Best Small Cap Company by FinanceAsia.com. The award ceremony was held at a reputable hotel in Kuala Lumpur. The poll, conducted by FinanceAsia.com, was the eighth annual poll for Asia’s top companies and participated by investors and analysts across the region.

9

29 August 2008 (Corporate)

First Interim Dividend

Announcement of the first interim dividend of 5 sen single tier tax exempt per ordinary share for the financial year ended 31 December 2008. This was paid on 29 September 2008.

11 September 2008 (Corporate)

Acquisition of the remaining equity interest in Delcom Chemicals Sdn. Bhd.

Announcement of the acquisition of the remaining 40% equity interest in Delcom Chemicals Sdn. Bhd. via wholly-owned subsidiary Delcom Services Sdn. Bhd.

10

19 September 2008 (Social) 10

Majlis Berbuka Puasa Bersama Anak-Anak Yatim

In the spirit of sharing, we always try to take time to remember the underprivileged. We took 50 children from a charity home in Kuala Lumpur out for a "buka puasa" at a restaurant in Titiwangsa.

17-18 October 2008 (Corporate) 11

Investor Expo

Deleum Berhad participated and conducted a corporate briefing to analysts and fund managers at the Investor Expo organised by Malaysian Investor Relations Association (MIRA) in collaboration with ShareInvestor, Bursa Malaysia, CIMB and OSK.

3-5 December 2008 (Corporate) 12

International Petroleum Technology Conference, KLCC Convention Centre

Delcom together with Solar Turbines participated in this exhibition to highlight the latest technology and services for gas turbines. More than 1000 visitors from the customer base visited our booth at the event.

20 December 2008 (Sport) 13

Jogathon

This inaugural event was held in conjunction with HSE week. This event was organised by the DSRC which was held in Taman Jaya park, Petaling Jaya. Everyone had a great time and we received good participation from our employees together with their spouses and children.

20 December 2008 (Social) 14

Annual Christmas Party for Underprivileged Children

We contributed to and our staff participated in this party for underprivileged children. It was held at a local theme park. Over 1500 children from various charities had lots of fun, goody bags and a great time.

Statement of Corporate Governance

The Board of Directors ("the Board") of Deleum Berhad ("Deleum") is committed to ensuring high standards of corporate governance being practised throughout the Group in protecting and enhancing shareholders' value and the financial performance of the Group.

The Board will continue to integrate good and effective corporate governance practices into the overall business direction and management of the Group, in line with the principles and best practices outlined in the Malaysian Code of Corporate Governance ("the Code") and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

1. THE BOARD OF DIRECTORS

1.1 Composition

Deleum is led and managed by a committed, experienced and proactive Board comprising Directors with a wide range of experience and expertise relevant to the Group's business in the oil and gas industry. The mix of skills and experience ensures that Deleum Group is under the guidance of an accountable and competent Board vital for the successful direction of the Group. A brief profile of each director is set out on pages 12 to 13 of this Annual Report.

The Board comprises of seven (7) directors, with four (4) Executive Directors and three (3) Independent Non-Executive Directors. This is in compliance with the Listing Requirements of the Bursa Malaysia for one-third of the Board to be independent.

The Board is of the opinion that its current composition and size constitute an effective Board to Deleum Group.

1.2 Roles and Responsibilities

The Board provides the leadership necessary to enable the Group's business objectives to be met whilst also ensuring that Deleum's obligations to its shareholders and other stakeholders are met.

The roles and responsibilities of the Board include the charting of strategic direction and corporate values of the Group and supervising its business operations and affairs. The Board also reviews the performance of the Group and ensures that a proper internal control system is in place.

The positions of the Executive Chairman and the Group Managing Director are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and working of the Board, and presides over meetings of the Board. The Deputy Executive Chairman supports the Executive Chairman in this role and also oversees business development and customer relations. The Group Managing Director oversees the day-to-day running of the business and operations, making of operational decisions and development and implementation of the Group's operating plans and budgets, as well as the implementation of policies and decisions made and approved by the Board. The Group Managing Director and the Executive Directors are also responsible for developing, coordinating and implementing business and corporate policies and strategies for the Group. They are accountable to the Board for the profitability, operations and development of Deleum Group, consistent with the primary objective of enhancing long-term shareholder value.

The presence of Independent Non-Executive Directors who possess the experience and business acumen contributes effectively to the Board's deliberation and decision-making process and also brings a balance to the Board. These directors are independent of management and are free from any business or other relationships that could materially interfere with the exercise of independent judgment. They play a pivotal role in corporate accountability and transparency which is reflected in their membership in the Board Committees and their attendance of meetings as detailed below. The Independent Non-Executive Directors provide independent and balanced assessment and unbiased views and advice to the Board's deliberation and decision-making process, so as to safeguard the interests of the Group and its stakeholders whilst ensuring that high standards of conduct and integrity are maintained.

1. THE BOARD OF DIRECTORS (Continued)

1.3 Board Meetings

The Board meets on a scheduled basis at least four (4) times a year at quarterly intervals and at other times when the need arises.

During the financial year ended 31 December 2008 the Board met nine (9) times, where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plans, budgets, strategic direction, corporate proposals and other business development activities of the Group. All the Directors attended the meetings held during the year ended 31 December 2008.

The Executive Chairman encourages full deliberation of issues brought up at the Board meetings by all members of the Board. Senior management and external advisors are invited to attend the Board and Board Committee meetings to brief and advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision. At these meetings, the Company Secretaries are responsible for ensuring that all relevant procedures are complied with and all proceedings recorded in writing. The details of the attendance of each Director at Board meetings during the financial year are as follows:-

No.	Name	Designation	No of Board Meetings attended
1	Dato' Izham bin Mahmud	Executive Chairman	9/9
2	Datuk Vivekananthan a/l M. V. Nathan	Deputy Executive Chairman	9/9
3	Chandran Aloysius Rajadurai	Group Managing Director	9/9
4	Hj. Abd Razak bin Abu Hurairah	Executive Director	9/9
5	Datuk Ishak bin Imam Abas	Independent Non-Executive Director	9/9
6	Dato' Kamaruddin bin Ahmad	Independent Non-Executive Director	9/9
7	Chin Kwai Yoong	Independent Non-Executive Director	9/9

1.4 Supply of Information

The members of the Board have full and unrestricted access to all information pertaining to the businesses and affairs of the Company and the Group.

Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive board papers containing information relevant to the business of the meetings. This allows the Directors to obtain further information, explanations or clarification, where necessary, in order that deliberations at the meetings are focused and constructive to enable the Board to effectively discharge its function.

Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation, and Directors may raise comments or seek clarification on the minutes prior to the confirmation of minutes.

In discharging their duties, all the Directors have full access to the advice and services of the Company Secretaries and other senior management. The Directors may, if necessary, also seek external independent professional advice in the furtherance of their duties at the Group's expense.

2. BOARD COMMITTEES

The Board delegates certain responsibilities to the Board Committees, namely an Audit Committee and a Joint Remuneration and Nomination Committee, which operate within their own clearly defined terms of reference in order to enhance business efficacy and operational efficiency and to assist in the effective functioning of the Board.

The Board Committees deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code. The Chairman of the Board Committees then inform the Directors at Board meetings of matters discussed and recommendations arrived at by the Board Committees.

The Board also carries out annual evaluation on the effectiveness of the Board and the Board Committees as a whole. The findings of the evaluation are subsequently tabled at the Joint Remuneration and Nomination Committee meeting for discussion with the Directors.

2.1 Audit Committee

The composition of the Audit Committee, its terms of reference and a summary of its activities are set out in Audit Committee Report on pages 37 to 40 of this Annual Report.

2.2 Joint Remuneration and Nomination Committee

The Joint Remuneration and Nomination Committee is primarily responsible for the following:

i) reviewing and recommending the appropriate remuneration packages for Executive Directors of Deleum to the Board;
ii) identifying and recommending of new individuals to be appointed to the Board as well as of Directors to the Board Committees;
iii) evaluating the effectiveness of the Board and Board Committees including reviewing the Board's required mix of skills, experience and other qualities and core competencies; and
iv) assisting the Board in examining the size of the Board with a view to determining the impact of the number of directors upon its effectiveness.

The Joint Remuneration and Nomination Committee has five (5) members comprising the three (3) Independent Directors and two (2) Executive Directors, as follows:-

No.	Name	Designation	No of Joint Remuneration and Nomination Committee Meetings attended
1	Dato' Kamaruddin bin Ahmad	Chairman	2/2
2	Dato' Izham bin Mahmud	Member	2/2
3	Datuk Vivekananthan a/l M. V. Nathan	Member	2/2
4	Datuk Ishak bin Imam Abas	Member	2/2
5	Chin Kwai Yoong	Member	2/2

The above composition ensures a healthy and balanced mix of views on the responsibilities which the Joint Remuneration and Nomination Committee are charged with. The majority of the Independent Directors are able, together with the Executive Directors, to assess the calibre, professionalism and core competencies of nominees recommended to the Board so as to ensure that that individual if appointed will be able to contribute effectively to the Group. Despite their being on the Joint Remuneration and Nomination Committee, the Executive Directors abstain from any decision making on their own remuneration, which are matters solely reserved for the Board.

During the year ended 31 December 2008, two meetings of the Joint Remuneration and Nomination Committee were held, at which all members of the Committee attended.

3. DIRECTORS' TRAINING

As part of its efforts to keep the Directors abreast of new relevant laws and regulations, the Board attended an in-house training program on the Financial Reporting Standards Updates conducted by the Company's external auditors.

Also at the scheduled quarterly meetings, the Directors are updated with the relevant amendments to the Listing Requirements received from Bursa Malaysia and if necessary, training/briefing on relevant topics would be provided.

The Board fully supports the need for its members to further enhance their knowledge and expertise to keep abreast with latest developments in regulatory requirements and business practices, and will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

4. RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association (the "Articles"), at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election.

Directors who are appointed by the Board during a financial year are subject to re-election by the shareholders at the next AGM to be held following their appointments.

The Articles also provide that all Directors, including the Group Managing Director, shall retire from office once at least in every three (3) years but shall be eligible for re-election.

5. DIRECTORS' REMUNERATION

The remuneration of the Directors is decided in line with the objective of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. Remuneration for the Executive Directors is aligned to individual and corporate performance. Non-Executive directors are paid fees for the responsibilities they shoulder and meeting allowances for Board and Committee Meetings they attend.

The Joint Remuneration and Nomination Committee recommends to the Board for approval the remuneration of the Executive Directors in accordance with the remuneration policy established. The Board as a whole determines the remuneration of the Non-Executive Directors. Each individual Director abstains from the Board decision on his own remuneration. The fees of the Directors are subject to the approval of the shareholders at the AGM.

Details of Directors' remuneration for the year ended 31 December 2008 are as follows:-

Aggregate Remuneration

Remuneration	Executive (RM)	Non-Executive (RM)
Fees	-	162,000.00
Director's salary, bonus and other emoluments	2,398,240.00	51,500.00
Estimated monetary value of benefits-in-kind	155,904.00	-

Analysis of Remuneration

Designation	Range of Remuneration	Number of Directors
Independent Directors	RM50,000 - RM100,000	3
Executive Directors	RM300,000 - RM350,000	1
	RM600,000 - RM650,000	2
	RM950,000 - RM1,000,000	1

6. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Group values dialogue with shareholders and investors as a means of positive interaction and effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters that affect shareholders' interest and build stronger relationships with the investment community.

The Board is committed to providing timely and accurate disclosure of all material information about the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Malaysia and media releases and the Annual Report. The timely release of financial results on a quarterly basis provides shareholders with an overview of Deleum Group's performance and operations.

Shareholders and investors can obtain pertinent information on Deleum Group's various activities by accessing its website at www.deleum.com. Press releases and the latest announcements of quarterly results are also available on this website.

The AGM is the principal forum for dialogue and interaction among shareholders, Board and the management and for receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders are encouraged to participate in the question and answer sessions at AGM. The Company will convene its fourth AGM on 28 April 2009 during which shareholders will have the opportunity to direct their questions on the Group's performance and prospects to the Board.

The Company holds briefings and discussions with analysts and fund managers and interviews with the media representatives as appropriate. This medium of communication is an integral part of the Company's relations with the investing public. Presentations based on permissible disclosures are made to explain the Deleum Group's performance and major development plans. However, price sensitive information about the Group is not discussed in these exchanges until after the prescribed announcements to the Bursa Malaysia have been made.

7. ACCOUNTABILITY AND AUDIT

7.1 Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial position, performance and prospects through the quarterly and annual financial statements released to the shareholders. It also ensures that the financial statements of the Group gives a true and fair view of the state of affairs of the Group.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting and also to ensure that the financial statements are drawn up following appropriate accounting policies and in accordance with the provisions of the Companies Act, 1965 and the MASB approved accounting standards in Malaysia for entities other than private entities. The accounting policies once adopted, are consistently applied and supported by reasonable judgments and estimates.

7.2 Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group, covering matters relating to operations, compliance and risk management to safeguard shareholders' investment and the Group's assets.

The Statement of Internal Control set out on pages 35 and 36 of this Annual Report provides an overview of the state of internal controls of the Group.

7. ACCOUNTABILITY AND AUDIT (Continued)

7.3 Relationship with the Auditors

The Company's external auditors continue to report to the Company on their findings which are reported in the Company's financial reports with respect to each year of audit on the statutory financial statements. The Audit Committee and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company's external auditors from whom professional advice on financial reporting is sought.

During the financial year ended 31 December 2008, the Audit Committee met twice with the external auditors without the presence of the executive Board members and employees of the Company.

7.4 Statement of Directors' Responsibility

The Board is satisfied that in preparing the financial Statements of the Group for the year ended 31 December 2008, the directors have:-

- Adopted the appropriate accounting policies and applied them consistently;
- Ensured compliance with the MASB approved accounting standards approved in Malaysia for entities other than private entities, and any material departures have been disclosed and explained in the financial statements;
- Made estimates and judgments which are reasonable and prudent; and
- Ensured the financial statements have been prepared on a going concern basis.

7.5 Compliance Statement

The Board is of the opinion that it has, in all material aspects, complied with the principles and best practices outlined in the Malaysian Code on Corporate Governance for the financial year ended 31 December 2008.

Statement of Internal Control

The Statement of Internal Control is made in accordance with Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia, which requires Malaysian public listed companies to make a statement about their internal control, as a Group, in their annual report and this is in line with the Malaysian Code on Corporate Governance that requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

BOARD RESPONSIBILITY

The Board of Directors ("the Board") of Deleum Berhad ("Deleum") is committed to maintain a sound system of internal control for Deleum Group ("the Group") and is responsible for reviewing its adequacy and integrity so as to safeguard shareholders' investment and the assets of the Group.

The Board and management have implemented a control system designed to identify and manage risks faced by the Group in pursuit of its business objectives including updating the system in line with changes to business environment, operating conditions and regulatory requirements. As any system of internal control has inherent limitations, such systems are designed to manage rather than eliminate the risk that may restrict or prevent the achievement of the Group's business objectives. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

The Group's system of internal controls does not apply to associate companies where the Group does not have full management control over them.

RISK MANAGEMENT

The Board reviews the risk areas affecting the business together with the plans proposed by management to mitigate these risks periodically.

The Group has established an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Group during the year. The management is responsible for the identification and evaluation of significant risks applicable to their respective areas of business and to formulate suitable internal controls. This process is regularly reviewed by the Board and accords with the guidelines for Directors on internal control, the Statement of Internal Control: Guidance for Directors of Public Listed Companies.

INTERNAL CONTROL SYSTEM

The key processes of the Group's internal control system include the following:

i. Organisational structure with clearly defined roles and responsibilities, lines of accountability and delegated authority to facilitate the Group's daily operations consistently in line with corporate objectives, strategies, budget, policies and business directions as approved by the Board;

ii. Regular and comprehensive information provided to management, covering operating and financial performance, key business indicators, resource utilisation, cash flow performance, project achievement, human resource and information technology;

iii. A budgeting process where budgets for the coming year are approved by the Board;

iv. Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;

v. Regular visits to operating units by the members of the Board and senior management;

vi. Policy guidelines and authority limits imposed on executive directors and management within the Group in respect of the day to day banking and financing operations, investments, acquisition and disposal of assets;

vii. Code of Business Conduct governing the performance of work and business practices of the Group;

viii. Guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures;

ix. An independent internal audit function that provides assurance to the Audit Committee on the adequacy and integrity of the Group's internal controls through the execution of internal audit review based on an approved risk-based internal audit plan findings of which together with management's responses are presented to the Audit Committee;

x. Appointment of external consultants to perform internal audits for the Group. The internal auditors independently reviewed the control processes implemented by the management and reported its findings and recommendations to the Audit Committee; and

xi. Audits on quality accreditations of the Group by internal auditors and accreditation body to ensure compliance with certification and regulatory requirements.

The duties and responsibilities of the Audit Committee are detailed in the Terms of Reference of the Audit Committee.

CONCLUSION

The Board is pleased to report that there were no significant internal control deficiencies or weaknesses that resulted in material losses or contingencies to the Group for the financial year under review.

The Board has an ongoing commitment to ensure continuous improvement in the effectiveness and integrity of the Group's system of internal control.

Audit Committee Report

I. CONSTITUTION

The Audit Committee of Deleum Berhad was established by the Board of Directors on 21 March 2007. The terms of reference of the Audit Committee are set out in pages 38 to 40 of the Annual Report.

II. COMPOSITION

The Audit Committee comprises three (3) members of the Board who are all Independent Non- Executive Directors.

III. MEMBERSHIP

Members of the Board who serve on the Audit Committee are as follows:-

No.	Audit Committee Members	Designation
1	Datuk Ishak bin Imam Abas, Chairman	Independent Non-Executive
2	Dato' Kamaruddin bin Ahmad	Independent Non-Executive
3	Chin Kwai Yoong	Independent Non-Executive

IV. MEETINGS

During the financial year ended 2008, the Audit Committee held five meetings which were attended by all members.

No.	Audit Committee Members	Designation	No. of Audit Committee Meetings attended
1	Datuk Ishak bin Imam Abas, Chairman	Independent Non-Executive	5/5
2	Dato' Kamaruddin bin Ahmad	Independent Non-Executive	5/5
3	Chin Kwai Yoong	Independent Non-Executive	5/5

V. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the Financial Year, the Audit Committee conducted its activities in line with its terms of reference which included the following:-

1. Financial Results

(a) Reviewed the unaudited quarterly financial results and announcements before recommending to the Board for consideration and approval and the release of the Group's results to Bursa Malaysia.

(b) Reviewed the annual audited financial statements before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were in compliance with:-

- Listing Requirements of Bursa Malaysia;
- Provisions of Companies Act 1965 and other legal and regulatory requirements; and
- Applicable approved accounting standards of Malaysian Accounting Standard Board

V. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Continued)

2. External Audit

(a) Reviewed the external auditor's scope of work and audit plan for the year.

(b) Reviewed the results of their audit of the year end financial statements and the resolution of issues highlighted in their report to the Audit Committee.

(c) Reviewed the independence of the external auditors during the year.

(d) Reviewed and recommended external auditors remuneration to the Board.

(e) Reviewed with the external auditors the impact of new or proposed changes in accounting standards and regulatory requirements and the extent of compliance.

(f) Held a minimum two meetings with the external auditors without the presence of the executive directors and employees of Deleum Berhad.

3. Internal Audit

(a) Reviewed and approved the internal audit plan for the year prepared by the Internal Auditors to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.

(b) Reviewed the performance, adequacy, resources and competency of the Internal Auditors.

(c) Reviewed the internal audit reports, audit recommendations made and management response to these recommendations and actions taken to improve system of internal control and procedures.

4. Related Party Transactions

Discussed and reviewed Related Party Transactions for compliance with Listing Requirements.

VI. INTERNAL AUDIT FUNCTION

The Internal Audit Function of the Group is outsourced to BDO Governance Advisory Sdn. Bhd.

The activities carried out were as follows:-

(a) Reviewed the adequacy and effectiveness of the system of controls to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.

(b) Reviewed and appraised the soundness, adequacy and application of controls in the area of adherence, efficiency and effectiveness.

(c) Identified opportunities to improve the operations and processes of the Group and recommended improvements to existing system of internal controls.

VII. TERMS OF REFERENCE

1.0 Objectives of the Committee

1.1 The Committee shall assist the Board:

1.1.1 In complying with specified accounting standards and the necessary disclosure as required by Bursa Malaysia, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;

1.1.2 In presenting a balanced and understandable assessment of the Company's positions and prospects;

1.1.3 In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and

1.1.4 In maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

VII. TERMS OF REFERENCE (Continued)

2.0 Composition of the Committee

2.1 The Committee is to be appointed by the Board from among their numbers, which shall comprise the following:

2.1.1 A minimum of three (3) Members;

2.1.2 All the Members must be non executive directors with a majority of the Members being Independent Directors;

2.1.3 At least one (1) Member of the Committee must be a member of the Malaysian Institute of Accountants ("MIA") or a person who fulfils the requirements as stated in para 15.10(c) (ii) of the Bursa Malaysia Listing Requirements;

2.1.4 The Members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director;

2.1.5 All Members of the Committee shall hold office only for so long as they serve as Directors of the Company;

2.1.6 In the event of any vacancy resulting in non-compliance of the minimum of three (3) Members, the Board shall upon the recommendation of the Directors' Nomination Committee, appoint such number of Directors within three (3) months of the event to fill up such vacancies;

2.1.7 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company; and

2.1.8 The Secretary of the Committee shall be the Company Secretary.

3.0 Duties and Responsibilities of the Committee

3.1 The following are the main duties and responsibilities of the Committee collectively, which are not exhaustive and can be augmented if necessary with the Board's approval:

3.1.1 Nominates and recommends the external auditor for appointment, to consider the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditor;

3.1.2 Reviews with the external auditor the nature and scope of the audit before the audit commences and reports the same to the Board;

3.1.3 Ensures co-ordination when more than one audit firm is involved in the audit;

3.1.4 Reviews with the external auditor his audit report and reports the same to the Board;

3.1.5 Reviews with external auditor his evaluation of the system of internal controls and reports the same to the Board;

3.1.6 Reviews the assistance given by the employees of the Deleum Berhad Group to the external auditor and reports the same to the Board;

VII. TERMS OF REFERENCE (Continued)

3.0 Duties and Responsibilities of the Committee (Continued)

3.1.7 To do the following with regard to internal audit function:

(a) Reviews and reports the same to the Board on the adequacy of the scope, authority, functions, resources and competency of the internal audit function;
(b) Reviews and reports the same to the Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken;
(c) Where necessary, ensures that appropriate action is taken on the recommendations of the internal audit function;
(d) Reviews any appraisal or assessment of the performance of members of the internal audit function;
(e) Approves any appointment or termination of senior staff members of the internal audit function;
(f) Considers the resignations of internal audit staff members and provides the resigning staff member an opportunity to submit his reasons for resigning; and
(g) Ensures the independence of the internal audit function and that the internal audit function reports directly to the Committee.

3.1.8 Prior to the approval of the Board, reviews the quarterly and year -end financial statements and reports the same to the Board, focusing particularly on:

(a) Any changes in accounting policies and practices;
(b) Significant adjustments arising from the audit;
(c) The going concern assumptions; and
(d) Compliance with accounting standards and other statutory requirements.

3.1.9 Reviews any related party transactions and conflict of interest situation that may arise within the Deleum Berhad Group including any transaction, procedure or course of conduct that raises questions of management integrity and reports the same to the Board;

3.1.10 Reviews any letter of resignation from the external auditor and reports the same to the Board;

3.1.11 Reviews whether there is reason, supported by grounds, to believe that the external auditor is not suitable for reappointment and reports the same to the Board;

3.1.12 Discusses problems and reservations, if any, arising from the interim and final audits and any matter which the external auditor wishes to discuss in the absence of management, where necessary;

3.1.13 Discusses and reviews the external auditor's management letter and management's response;

3.1.14 Discusses and reviews the major findings of internal audit investigations and management's response;

3.1.15 Reviews with the external auditor the statement made by the Board with regard to the state of internal control of the Deleum Berhad Group, and reports the results thereof to the Board;

3.1.16 Performs any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant Government authorities;

3.1.17 Reports to the Board of Directors if there is any breach of the Listing Requirements and recommends corrective measures;

3.1.18 Promptly reports to Bursa Malaysia where a matter reported by the Committee to the Board has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Listing Requirements; and

3.1.19 Considers other issues as defined by the Board.

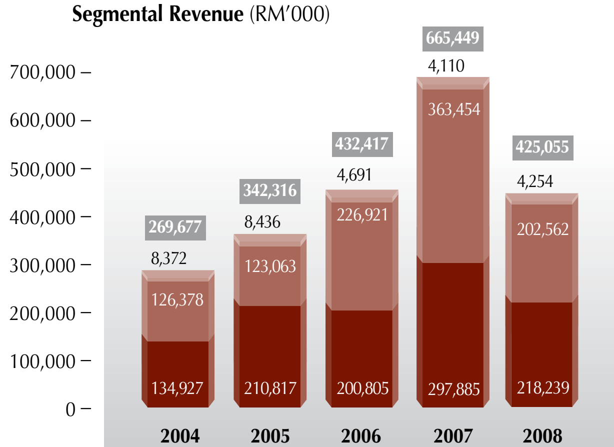
Financial Highlights

For The Financial Years Ended 31 December 2004 - 2008

The summary of the financial results for the years ended 31 December 2004 to 31 December 2006 as set out below have been prepared, solely for illustrative purposes, to show the proforma results of the Deleum Group had the Deleum Group been in existence from the beginning of the earliest period presented:

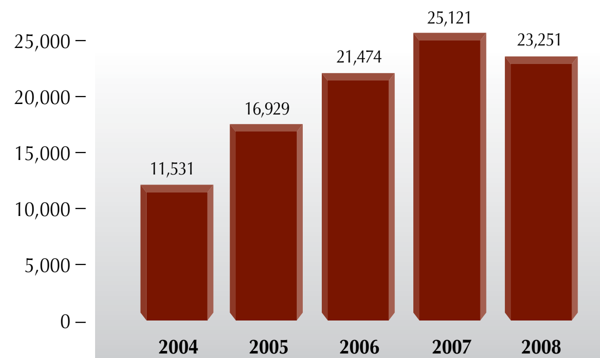
	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	269,677	342,316	432,417	665,449	425,055
Gross Profit	27,072	34,763	41,455	50,390	49,359
Profit from operations	11,921	18,830	21,981	27,516	21,342
Share of associates results	8,015	7,821	10,011	8,283	15,570
Profit before tax	19,936	26,651	31,992	35,799	36,912
Profit after tax	14,322	20,274	24,831	27,532	30,440
Minority interest	(2,791)	(3,345)	(3,357)	(2,411)	(7,189)
PATAMI	11,531	16,929	21,474	25,121	23,251

Segmental Revenue (RM'000)

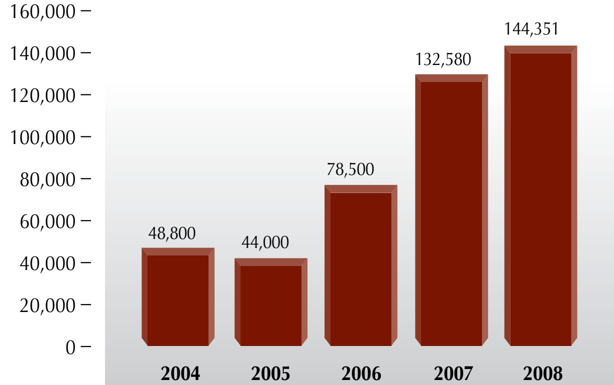


- Total
- Oilfield chemicals and services
- Specialised equipment and services
- Oilfield equipment and services

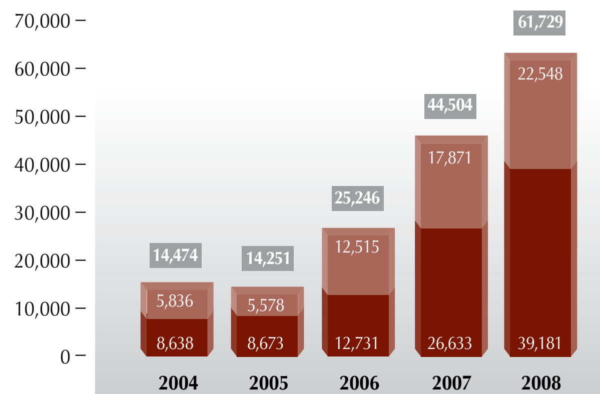
PATAMI (RM'000)



Net Tangible Assets (RM'000)

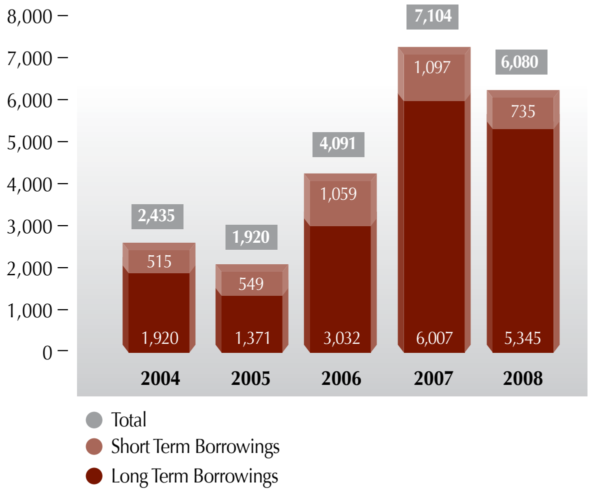


Fixed Assets (RM'000)

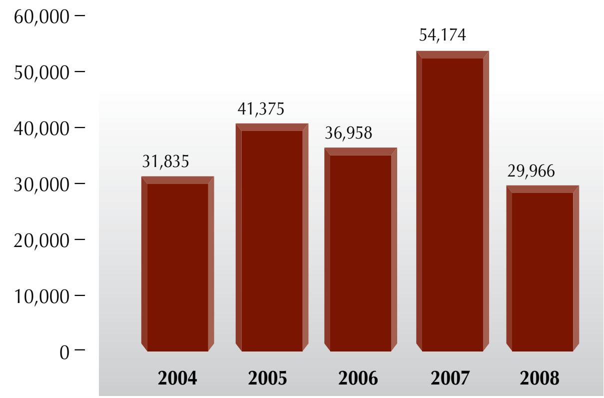


- Total
- Properties/Facilities
- Equipment

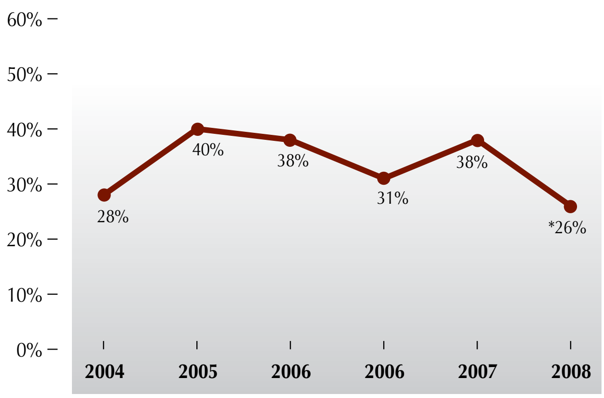
Borrowings (RM'000)



Net Cash Position (RM'000)

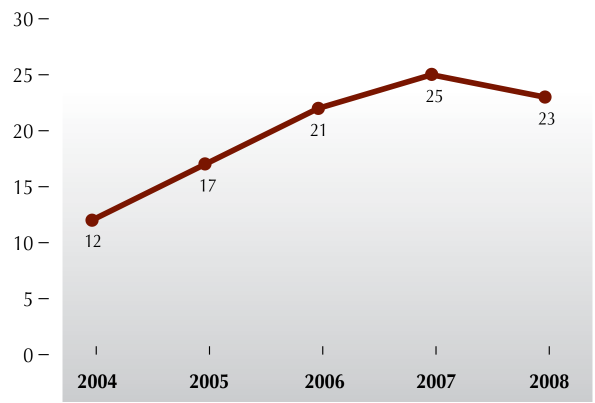


Return on Fixed Assets



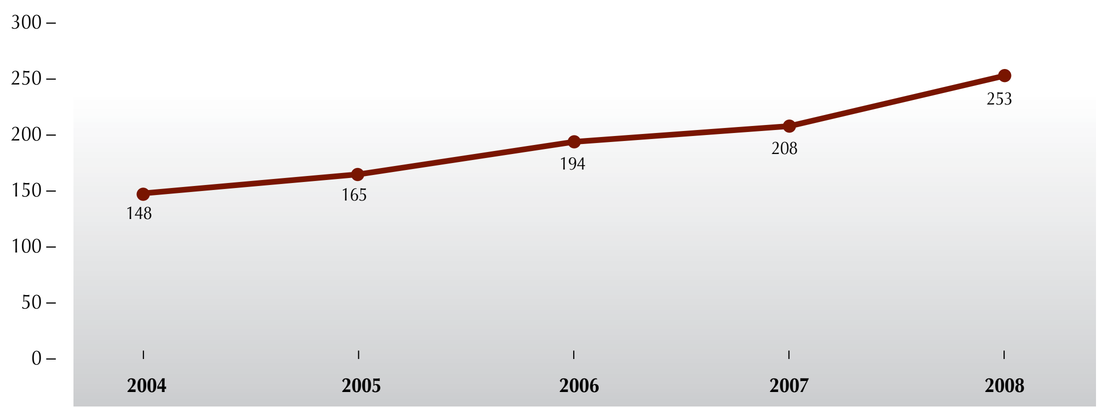
* Decrease in 2008 due to purchases for oilfield equipment during the year for a contract which commences in 2009.

EPS Adjusted (sen)*



* Based on share capital of RM100 million.

No. of Employees



Directors' Report

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group consist of provision of specialised equipment and services, provision of oilfield equipment and services and provision of oilfield chemicals and services to the oil and gas, and general industries.

There was no significant change in the nature of the activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	30,439,870	33,673,189

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2007 were as follows:

	RM
In respect of the financial year ended 31 December 2007, as shown in the Directors' report of that year, a second interim gross dividend of 10 sen per share on 80,000,000 ordinary shares, less income tax of 26%, paid on 2 April 2008	5,920,000
In respect of the financial year ended 31 December 2008, first interim single tier tax exempt dividend of 5 sen per share on 100,000,000 ordinary shares, paid on 29 September 2008	5,000,000
	10,920,000

The Directors now recommend the payment of a final single tier tax exempt dividend of 6 sen per share of RM1.00 each in respect of the financial year ended 31 December 2008, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

On 3 June 2008, the authorised share capital of the Company was increased from RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM500,000,000 by the creation of 400,000,000 new ordinary shares of RM1.00 each.

On 25 June 2008, the issued and paid-up share capital of the Company was increased by RM20,000,000 by way of bonus issue of 20,000,000 new Ordinary Shares of RM1.00 each in the Company, credited as fully paid-up, on the basis of one (1) new Ordinary Share of RM1.00 each for every four (4) existing Ordinary Shares of RM1.00 each held in the Company.

ISSUE OF SHARES (Continued)

The new ordinary shares allotted and issued, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions whose entitlement date precedes the allotment date of the bonus issue.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Izham bin Mahmud
Datuk Vivekananthan a/l M.V. Nathan
Chandran Aloysius Rajadurai
Hj. Abd Razak bin Abu Hurairah
Datuk Ishak bin Imam Abas
Dato' Kamaruddin bin Ahmad
Chin Kwai Yoong

In accordance with Article 78 of the Company's Articles of Association, Dato' Izham bin Mahmud and Chandran Aloysius Rajadurai retire by rotation in the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations were as follows:

	Number of ordinary shares of RM1 each in the Company			
	At 1.1.2008	**Bonus issue/ Acquired**	**Sold**	**At 31.12.2008**
Direct interest				
Dato' Izham bin Mahmud	2,233,120	563,880	0	2,797,000
Datuk Vivekananthan a/l M.V. Nathan	8,457,830	2,168,007	0	10,625,837
Chandran Aloysius Rajadurai	4,493,500	1,132,125	0	5,625,625
Hj. Abd Razak bin Abu Hurairah	1,428,750	357,187	0	1,785,937
Datuk Ishak bin Imam Abas	180,000	45,000	0	225,000
Dato' Kamaruddin bin Ahmad	34,000	7,000	(13,800)	27,200
Chin Kwai Yoong	150,000	37,500	0	187,500
Indirect interest				
Dato' Izham bin Mahmud	27,604,792	6,919,947	0	34,524,739
Datuk Vivekananthan a/l M.V. Nathan	16,336,542	4,084,135	0	20,420,677
Hj. Abd Razak bin Abu Hurairah	16,336,542	4,084,135	0	20,420,677

DIRECTORS' INTERESTS (Continued)

	Number of ordinary shares of RM1 each in a subsidiary, VSM Technology Sdn. Bhd.			
	At 1.1.2008	Acquired	Sold	At 31.12.2008
Direct interest				
Datuk Vivekananthan a/l M.V. Nathan	40,400	0	0	40,400

By virtue of their interest in shares in the Company pursuant to Section 6A of the Companies Act, 1965, Dato' Izham bin Mahmud, Datuk Vivekananthan a/l M.V. Nathan and Hj. Abd Razak bin Abu Hurairah are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares, options over shares and debentures of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Directors' Report (Continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Continued)

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in note 36 to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 1 August 2008, an 80% subsidiary of the Company, Delcom Holdings Sdn. Bhd. acquired 1,275,000 ordinary shares of RM1.00 each, representing 51% equity interest in Penaga Dresser Sdn. Bhd., a company involved in the supply, repair, maintenance and installation of valves and flow regulators, for a total consideration of RM7,250,000.

(b) On 11 September 2008, Delcom Services Sdn. Bhd. ("DSSB"), a wholly-owned subsidiary, acquired the remaining 40,000 ordinary shares of RM1.00 each, representing 40% of the issued and paid-up share capital of a subsidiary company, Delcom Chemicals Sdn. Bhd. ("DCSB") for a cash consideration of RM40,000 from its joint venture partner, Navdeep Chemicals Pvt Ltd. Following the acquisition, DCSB is now a wholly-owned subsidiary of DSSB.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 March 2009.

DATO' IZHAM BIN MAHMUD
DIRECTOR

CHANDRAN ALOYSIUS RAJADURAI
DIRECTOR

Income Statements

For The Financial Year Ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	5	425,054,752	665,449,218	49,027,399	20,000,000
Cost of sales		(375,695,553)	(615,059,338)	0	0
Gross profit		49,359,199	50,389,880	49,027,399	20,000,000
Other operating income		2,978,088	2,740,101	651,545	655,917
Selling and distribution costs		(3,609,559)	(3,509,467)	(796,610)	(611,501)
Administrative expenses		(23,755,857)	(19,053,629)	(4,648,601)	(5,011,823)
Other operating expenses		(3,067,056)	(2,617,336)	(1,355,944)	(701,738)
Finance cost	8	(563,090)	(434,298)	0	0
Share of results of associates	17	15,570,476	8,283,397	0	0
Profit before tax	6	36,912,201	35,798,648	42,877,789	14,330,855
Tax expense	9	(6,472,331)	(8,266,930)	(9,204,600)	(4,255,838)
Profit for the financial year		30,439,870	27,531,718	33,673,189	10,075,017
Attributable to:					
Equity holders of the Company		23,250,975	25,120,823	33,673,189	10,075,017
Minority interest		7,188,895	2,410,895	0	0
		30,439,870	27,531,718	33,673,189	10,075,017
Earnings per share (sen)					
- Basic	10	23.25	27.08		

The above Income Statements are to be read in conjunction with the significant accounting policies and notes to the financial statements on pages 54 to 94.

Auditors' report – Pages 96 and 97.

Balance Sheets

As At 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	56,758,289	39,439,211	6,159,817	5,264,548
Investment properties	13	1,029,425	1,053,000	0	0
Prepaid lease payments	14	3,941,936	4,011,933	2,397,164	2,428,296
Intangible assets	15	1,795,903	0	0	0
Subsidiaries	16	0	0	73,932,617	73,932,617
Associates	17	41,566,802	31,561,519	0	0
Other investments	18	2,475	2,475	0	0
Deferred tax assets	26	706,494	0	0	0
		105,801,324	76,068,138	82,489,598	81,625,461
CURRENT ASSETS					
Inventories	19	7,137,333	4,122,518	0	0
Amounts due from subsidiaries	20	0	0	28,824,016	7,353,949
Amounts due from associates	21	1,340,692	111,859	23,749	303
Trade receivables	22	107,849,856	91,118,987	0	0
Other receivables, deposits and prepayments	22	14,610,539	4,149,954	126,068	146,751
Tax recoverable		2,808,328	1,525,462	2,396,856	1,146,957
Deposits with licensed banks	23	21,328,771	50,250,283	11,998,591	27,500,000
Cash and bank balances	23	14,716,504	11,028,077	168,762	24,475
		169,792,023	162,307,140	43,538,042	36,172,435
LESS: CURRENT LIABILITIES					
Amounts due to subsidiaries	20	0	0	453,394	14,082,740
Amounts due to associates	21	1,974	2,096	0	0
Trade payables	24	81,488,159	72,657,278	0	0
Other payables and accruals	24	14,540,101	8,865,928	1,226,443	2,128,702
Taxation		1,695,909	1,817,573	0	0
Borrowings	25	735,242	1,096,885	0	0
Dividends payable		180,616	46,340	0	46,340
		98,642,001	84,486,100	1,679,837	16,257,782
NET CURRENT ASSETS		71,150,022	77,821,040	41,858,205	19,914,653

Balance Sheets (Continued)

As At 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	1,131,153	987,863	54,500	0
Borrowings	25	5,344,645	6,007,298	0	0
		6,475,798	6,995,161	54,500	0
		170,475,548	146,894,017	124,293,303	101,540,114
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	27	100,000,000	80,000,000	100,000,000	80,000,000
Share premium	28	0	20,000,000	0	20,000,000
Retained earnings	29	97,374,576	85,002,253	24,293,303	1,540,114
Merger deficit	30	(50,000,000)	(50,000,000)	0	0
Currency translation differences		(1,227,472)	(2,422,390)	0	0
Shareholders' equity		146,147,104	132,579,863	124,293,303	101,540,114
MINORITY INTEREST		24,328,444	14,314,154	0	0
TOTAL EQUITY		170,475,548	146,894,017	124,293,303	101,540,114

The above Balance Sheets are to be read in conjunction with the significant accounting policies and notes to the financial statements on pages 54 to 94.

Auditors' report – Pages 96 and 97.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2008

		Attributable to equity holders of the Company								
		Issued and fully paid ordinary shares of RM1 each								
	Note	Number of shares	Nominal value RM	Share premium RM	Currency translation differences RM	Merger deficit RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Group										
At 1 January 2008		80,000,000	80,000,000	20,000,000	(2,422,390)	(50,000,000)	85,002,253	132,579,863	14,314,154	146,894,017
Issuance of shares - bonus issue	27	20,000,000	20,000,000	(20,000,000)	0	0	0	0	0	0
Profit for the financial year		0	0	0	0	0	23,250,975	23,250,975	7,188,895	30,439,870
Dividends paid	11	0	0	0	0	0	(10,920,000)	(10,920,000)	(3,859,106)	(14,779,106)
Disposal of equity interest in Delcom Holdings Sdn. Bhd.		0	0	0	0	0	9,960	9,960	10,040	20,000
Acquisition of equity interest in Penaga Dresser Sdn. Bhd.	36	0	0	0	0	0	0	0	5,536,217	5,536,217
Acquisition of remaining equity interest in Delcom Chemicals Sdn. Bhd.	36	0	0	0	0	0	31,388	31,388	236,700	268,088
Currency translation Differences		0	0	0	1,194,918	0	0	1,194,918	901,544	2,096,462
At 31 December 2008		100,000,000	100,000,000	0	(1,227,472)	(50,000,000)	97,374,576	146,147,104	24,328,444	170,475,548
Group										
At 1 January 2007		60,000,000	60,000,000	0	(1,447,649)	(50,000,000)	69,950,250	78,502,601	15,687,049	94,189,650
Issuance of shares										
- rights issue	27	6,000,000	6,000,000	0	0	0	0	6,000,000	0	6,000,000
- public issue	27	14,000,000	14,000,000	21,700,000	0	0	0	35,700,000	0	35,700,000
Share issue expenses		0	0	(1,700,000)	0	0	0	(1,700,000)	0	(1,700,000)
Profit for the financial year		0	0	0	0	0	25,120,823	25,120,823	2,410,895	27,531,718
Dividends paid	11	0	0	0	0	0	(10,068,820)	(10,068,820)	(2,950,971)	(13,019,791)
Currency translation Differences		0	0	0	(974,741)	0	0	(974,741)	(832,819)	(1,807,560)
At 31 December 2007		80,000,000	80,000,000	20,000,000	(2,422,390)	(50,000,000)	85,002,253	132,579,863	14,314,154	146,894,017

The above Consolidated Statements of Changes in Equity are to be read in conjunction with the significant accounting policies and notes to the financial statements on pages 54 to 94.

Auditors' report – Pages 96 and 97.

Company Statement Of Changes In Equity

For The Financial Year Ended 31 December 2008

	Note	Issued and fully paid ordinary shares of RM1 each			Distributable	
		Number of shares	Nominal value RM	Share premium RM	Retained earnings RM	Total RM
Company						
At 1 January 2008		80,000,000	80,000,000	20,000,000	1,540,114	101,540,114
Issuance of shares						
- Bonus Issue	27	20,000,000	20,000,000	(20,000,000)	0	0
Profit for the financial year		0	0	0	33,673,189	33,673,189
Dividends paid	11	0	0	0	(10,920,000)	(10,920,000)
At 31 December 2008		100,000,000	100,000,000	0	24,293,303	124,293,303
At 1 January 2007		60,000,000	60,000,000	0	1,533,917	61,533,917
Issuance of shares						
- Rights Issue	27	6,000,000	6,000,000	0	0	6,000,000
- Public Issue	27	14,000,000	14,000,000	21,700,000	0	35,700,000
Share issue expenses		0	0	(1,700,000)	0	(1,700,000)
Profit for the financial year		0	0	0	10,075,017	10,075,017
Dividends paid	11	0	0	0	(10,068,820)	(10,068,820)
At 31 December 2007		80,000,000	80,000,000	20,000,000	1,540,114	101,540,114

The above Statements of Changes in Equity are to be read in conjunction with the significant accounting policies and notes to the financial statements on pages 54 to 94.

Auditors' report – Pages 96 and 97.

Cash Flow Statements

For The Financial Year Ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		30,439,870	27,531,718	33,673,189	10,075,017
Adjustments for:					
Allowance for doubtful debts:					
- allowance made		157,553	0	0	0
- write back of allowance		(1,498,941)	(806,130)	0	0
Amortisation:					
- prepaid lease payments		69,997	38,866	31,132	15,704
Depreciation:					
- property, plant and equipment		5,853,436	4,242,957	1,052,963	223,352
- investment properties		23,575	23,575	0	0
Bad debts written off:					
- other receivables		273,250	1,069,324	0	0
Gain on disposal of property, plant and equipment		0	(8,962)	0	0
Impairment losses:					
- investment properties		0	31,463	0	0
- other investment		0	630	0	0
Write-off:					
- property, plant and equipment		3,160	0	0	0
- deposit		0	2,400	0	0
- Inventories		133,526	0	0	0
Interest income		(1,284,195)	(1,874,724)	(651,545)	(655,917)
Dividend income		0	0	(49,027,399)	(20,000,000)
Finance cost		563,090	434,298	0	0
Share of results of associates	17	(15,570,476)	(8,283,397)	0	0
Tax expense		6,472,331	8,266,930	9,204,600	4,255,838
Unrealised foreign exchange gain		(8,705)	(190,663)	0	0
		25,627,471	30,478,285	(5,717,060)	(6,086,006)
Changes in working capital:					
Inventories		1,267,209	(2,028,493)	0	0
Receivables, deposits and prepayments		(16,130,378)	(16,239,086)	(21,449,384)	(6,876,480)
Payables		3,777,737	1,058,397	(178,730)	(4,004,079)
		14,542,039	13,269,103	(27,345,174)	(16,966,565)
Interest received		1,284,195	1,864,100	651,545	655,917
Tax paid		(8,113,752)	(7,493,223)	0	(2,795)
Interest paid		(563,090)	(434,298)	0	0
Net cash generated from /(used in) operating activities		7,149,392	7,205,682	(26,693,629)	(16,313,443)

Cash Flow Statements (Continued)

For The Financial Year Ended 31 December 2008

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Amount due from associates		(1,228,834)	(91,756)	(23,446)	(303)
Acquisition of subsidiary, net cash	36	(2,115,012)	0	0	0
Purchase of property, plant and equipment	12	(20,940,594)	(23,981,361)	(1,948,232)	(3,150,305)
Proceeds from disposal of property, plant and equipment		0	396,000	0	0
Dividends received from subsidiary		0	0	24,228,185	14,500,000
Dividends received from associates		6,755,283	6,861,195	0	0
Net cash (used in)/generated from investing activities		(17,529,157)	(16,815,922)	22,256,507	11,349,392
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		0	41,700,000	0	41,700,000
Share issue expenses		0	(1,700,000)	0	(1,700,000)
Bank borrowings:					
- proceeds		0	10,271,979	0	0
- repayments		(1,110,288)	(7,259,512)	0	0
Dividends paid to:					
- shareholders		(10,785,724)	(10,022,480)	(10,920,000)	(10,022,480)
- minority interest		(3,859,106)	(2,860,136)	0	0
Net cash (used in) / generated from financing activities		(15,755,118)	30,129,851	(10,920,000)	29,977,520
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(26,134,883)	20,519,611	(15,357,122)	25,013,469
FOREIGN EXCHANGE RESERVES		904,457	(291,816)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		61,275,701	41,047,906	27,524,475	2,511,006
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	36,045,275	61,275,701	12,167,353	27,524,475

The above Cash Flow Statements are to be read in conjunction with the significant accounting policies and notes to the financial statements on pages 54 to 94.

Auditors' report – Pages 96 and 97.

Summary Of Significant Accounting Policies

For The Financial Year Ended 31 December 2008

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the provisions of Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities. The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(1) Standards, amendments to published standards and interpretations that are effective and relevant

The new accounting standards effective and relevant for the Group's and the Company's financial year ended 31 December 2008 are as follows:

- Amendment to FRS 121 – The Effects of Changes in Foreign Exchange Rates – *Net Investment in Foreign Operations*
- FRS 112 – Income Taxes

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group and the Company require retrospective application.

The above standards do not have a material impact on the financial statements and policies of the Group.

(2) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

FRS 7 - Financial Instruments: Disclosure (effective for annual period beginning on or after 1 January 2010). This new standard requires the Group to provide disclosures in the financial statements that enable users to evaluate:
- the significance of financial instruments for the Group's financial position and performance; and
- the nature and extent of risks arising from financial instruments to which the Group is exposed during the period and at the reporting date, and how the entity manages those risks.

FRS 139 - Financial Instruments: Recognition and Measurement (effective for annual period beginning on or after 1 January 2010). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.

The Group has applied the transitional provision in FRS 7 and FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group. The Group will apply these standards from financial periods beginning on 1 January 2010.

Summary Of Significant Accounting Policies (Continued)
For The Financial Year Ended 31 December 2008

A BASIS OF PREPARATION (Continued)

(3) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and are not relevant to the Group's operation

- FRS 8 Operating Segments (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

- IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

- IC Interpretation 10 Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

- FRS 4 Insurance Contracts (effective for annual period beginning on or after 1 January 2010). FRS 4 specifies the financial reporting for insurance contracts by any Company that issues such contracts.

B ECONOMIC ENTITIES IN THE GROUP

(1) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Delcom Services Sdn. Bhd., a subsidiary company, is consolidated using the merger method of accounting as the internal group reorganisation as defined by FRS 122_{2004} "Business Combinations" took place on/after 1 January 2002 and with agreement dates before 1 January 2006, and where the ultimate shareholders remain the same, and the rights of each such shareholder relative to the others, are unchanged and the minorities' share of net assets of the Group is not altered by the transfer. The other subsidiaries are consolidated using the purchase method of accounting.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as a non-distributable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Summary Of Significant Accounting Policies (Continued)
For The Financial Year Ended 31 December 2008

B ECONOMIC ENTITIES IN THE GROUP (Continued)

(1) Subsidiaries (Continued)

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired at the date of acquisition is reflected as goodwill on consolidation. See the accounting policy Note C on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences, that relate to the subsidiary is recognised in the consolidated income statement.

(2) Associates

Associates are enterprises in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement.

(3) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. For purchases from minority interests, the excess of the cost of acquisition over the relevant share of the carrying value of net assets of the subsidiary acquired is reflected as goodwill. Negative goodwill is recognised immediately in the income statement. For disposal to minority interests, differences between any proceeds received and the relevant share of minority interests and goodwill are included in the income statement.

Summary Of Significant Accounting Policies (Continued)

For The Financial Year Ended 31 December 2008

C GOODWILL

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units of groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note R on impairment of non-financial assets.

Goodwill on acquisitions of associates is included in investments in associates. Such goodwill is tested for impairment as part of the overall balance.

D INVESTMENTS

Investments in subsidiaries and associates are shown at cost. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See the accounting policy Note R on impairment of non-financial assets.

Investments in other long term investments are stated at cost and an allowance for diminution in value is made where, in the opinion of Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

E PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Freehold building	2%
Long term leasehold buildings	2% - 5%
Office equipment, furniture and fittings	10 - 33 $^{1}/_{3}$%
Renovations	20%
Plant, machinery and other equipment	20 - 33 $^{1}/_{3}$%
Motor vehicles	20%

Assets under construction represent plant and building in progress and are not depreciated until they are ready for their intended use.

Summary Of Significant Accounting Policies (Continued)

For The Financial Year Ended 31 December 2008

E PROPERTY, PLANT AND EQUIPMENT (Continued)

Residual values and useful lives of the assets are reviewed, and are adjusted if appropriate at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note R on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

F INVESTMENT PROPERTIES

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight line basis to write off the costs to their residual values over their estimated useful lives at the rate of 2% per annum.

Useful lives of investment properties are reviewed, and are adjusted if appropriate at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the investment property is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note R on impairment of non-financial assets.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in income statement in the financial year of the retirement or disposal.

G INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. Goods purchased for resale are stated at cost. For other inventories, the cost comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowings costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

H REVENUE RECOGNITION

Sale of specialised equipment and parts are recognised upon delivery of equipment and customer acceptance, net of sales taxes and discounts, and after eliminating sales within the Group. Revenue arising from provision of technical and engineering support services is recognised upon performance of services and customer acceptance.

Revenues are measured at the fair value of the consideration received or receivable by the Group. In arrangements whereby the criteria set out in Note 3(ii)(b) to the financial statements are not met, the marketing fee earned on the sale is recognised as revenue.

Summary Of Significant Accounting Policies (Continued)
For The Financial Year Ended 31 December 2008

H REVENUE RECOGNITION (Continued)

Other operating income earned by the Group are recognised on the following bases:

(i) Interest income - as it accrues unless collectability is in doubt.
(ii) Dividend income - when the Group's right to receive payment is established.

Dividend income earned by the Company is classified as revenue.

I TRADE RECEIVABLES

Trade receivables are carried at invoice amount less an estimate made for doubtful debts. Bad debts are written off when identified. Included in trade receivables are unbilled revenue for services rendered. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

J OPERATING LEASES

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the income statement on the straight line basis over the lease period.

When an operating lease is terminated before the expiry of lease period, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Upfront payments on leasehold land are classified as prepaid lease payments and amortised on a straight line basis over the remaining lease period.

K CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

L FOREIGN CURRENCIES

The financial statements are presented in Ringgit Malaysia.

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(2) Group companies

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

Summary Of Significant Accounting Policies (Continued)
For The Financial Year Ended 31 December 2008

L FOREIGN CURRENCIES (Continued)

(2) Group companies (Continued)

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially sold or disposed of, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(3) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

M INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

N EMPLOYEE BENEFITS

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Summary Of Significant Accounting Policies (Continued)

For The Financial Year Ended 31 December 2008

O FINANCIAL INSTRUMENTS

(a) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(b) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(c) Fair value estimation for disclosure purposes

The face values, less any estimated credit adjustments, for financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of financial assets with a maturity of more than one year such as publicly traded securities is based on quoted market prices at the balance sheet date. The fair values of financial liabilities with a maturity of more than one year is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

P SHARE CAPITAL

(1) Classification

Ordinary shares are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(2) Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Other share issue costs are charged to the income statement.

(3) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becomes payable, it will be accounted as a liability.

Summary Of Significant Accounting Policies (Continued)

For The Financial Year Ended 31 December 2008

Q BORROWINGS

Borrowings are initially recognised on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

R IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an assets' net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement. Impairment losses on goodwill are not reversed.

S SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

T PAYABLES

Payables, including accruals represent liabilities for equipment purchased and services rendered to the Group prior to the end of the financial period and which remain unpaid.

Notes To The Financial Statements

31 December 2008

1 GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group consist of provision of specialised equipment and services, provision of oilfield equipment and services and provision of oilfield chemicals and services to the oil and gas, and general industries.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

During the financial year, the address of the registered office and principal place of business of the Company is:

2, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur

2 FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risks. The Group's overall financial risk management objectives are to ensure that the Group creates value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's businesses. The Group operates within clearly defined guidelines that are approved by the Board and seeks to minimise potential adverse effects on its financial performance. The Group's policy in respect of the major areas of treasury activity is set out as follows:

Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into currencies other than their measurement currency. The Group's policy is to minimise the exposure of transaction risk by matching foreign currency receivable against foreign currency payable.

The Group enters into forward exchange contracts to hedge significant exposure where deemed appropriate.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts and maintaining deposits at current market rates.

Market risk

For key contracts, the Group establishes price levels that the Group considers acceptable and also enters into supply agreements where necessary, to achieve these levels.

Credit risk

Credit risk arises when sales are made on deferred credit terms. Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. The Group's customers are mainly major players in the oil and gas industry and have high credit worthiness. The Group considers the risk of material loss in the event of non-performance by a customer to be unlikely.

The majority of its deposits are placed with major financial institutions in Malaysia. The Group seeks to invest cash assets safely and profitably.

The Directors are of the view that such credit risk is minimal in view of the Group's historical experience in collection and the stability of the economic position of Malaysia.

Notes To The Financial Statements (Continued)
31 December 2008

2 FINANCIAL RISK MANAGEMENT POLICIES (Continued)

Liquidity and cash flow risks

The Group has sufficient cash and bank balances and maintains standby credit lines to ensure availability of funding to meet operational requirements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Taxation

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

(ii) Critical judgment in applying the Group's accounting policies

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. The following accounting policies require subjective judgment.

(a) Functional currency

The consolidated financial statements are prepared in the functional currency of the Group of Ringgit Malaysia, which is the currency of the primary economic environment in which the Group operates. Factors considered by management when determining the functional currency for subsidiaries include the competitive forces and regulations affecting the sales price, the currency used to acquire raw materials, labour, services and supplies, and sources of financing. Based on the factors considered, the Group has determined that Ringgit Malaysia is the functional currency for all its subsidiaries in Malaysia.

(b) Revenue recognition

The Group measures its revenues based on the gross inflow of economic benefits received or receivable. In determining whether revenues are recognised on a gross basis, management considers whether:

- the Group has latitude, within economic constraints, to set transaction terms with customers including selling price and payment terms;
- part of the services provided to customers are rendered by the Group; and
- the Group assumes risks associated with ownership, such as price risks, credit risks and contractual risks.

If any of the above criteria is not met, only the marketing fee earned on the sale is recognised as revenue.

Notes To The Financial Statements (Continued)

31 December 2008

4 SEGMENTAL REPORTING

The Group is organised into three main business segments:

- Specialised Equipment and Services – Mainly consist of provision of subsea production development, gas turbine packages and umbilicals.
- Oilfield Equipment and Services – Mainly consist of provision of wireline and wellhead equipment and related services, offshore drilling rig operations, gas turbine overhaul, supply of gas turbine parts and other oilfield equipment and technical services.
- Oilfield Chemicals and Services – Development and provision of solid deposit removal solutions and speciality chemicals.

Other operations of the Group comprise mainly investment holding.

(a) Primary reporting format - business segments

	Specialised equipment and services RM	Oilfield equipment and services RM	Oilfield chemicals and services RM	Others RM	Eliminations RM	Group RM
For the financial year ended 31 December 2008						
Revenue						
External revenue	202,561,862	218,239,290	4,253,600	0	0	425,054,752
Intersegment revenue	0	8,434,241	0	0	(8,434,241)	0
Total revenue	202,561,862	226,673,531	4,253,600	0	(8,434,241)	425,054,752
Results						
Segment results	13,274,195	19,196,656	(68,125)	1,878,637	0	34,281,363
Unallocated corporate expenses						(12,376,548)
Finance cost						(563,090)
Share of results of associates						15,570,476
Tax expense						(6,472,331)
Profit for the financial year						30,439,870

Notes To The Financial Statements (Continued)

31 December 2008

4 SEGMENTAL REPORTING (Continued)

(a) Primary reporting format - business segments (Continued)

	Specialised equipment and services RM	Oilfield equipment and services RM	Oilfield chemicals and services RM	Others RM	Group RM
As at 31 December 2008					
Segment assets	66,399,955	127,592,867	3,417,130	41,566,802	238,976,754
Unallocated corporate assets					36,616,593
Total assets					275,593,347
Segment liabilities	48,405,496	52,790,441	526,017	0	101,721,954
Unallocated corporate liabilities					3,378,231
Total liabilities					105,100,185
For the financial year ended 2008					
Other Information:					
Capital expenditure	127,356	14,104,326	1,403	0	14,233,085
Unallocated corporate capital expenditure	0	0	0	0	6,707,509
Depreciation and amortisation	230,126	3,831,434	85,704	0	4,147,264
Unallocated depreciation and amortisation on corporate assets	0	0	0	0	1,799,744

Notes To The Financial Statements (Continued)

31 December 2008

4 SEGMENTAL REPORTING (Continued)

(a) Primary reporting format - business segments (Continued)

	Specialised equipment and services RM	Oilfield equipment and services RM	Oilfield chemicals and services RM	Others RM	Eliminations RM	Group RM
For the financial year ended 31 December 2007						
Revenue						
External revenue	363,454,170	297,885,304	4,109,744	0	0	665,449,218
Intersegment revenue	0	6,295,441	0	0	(6,295,441)	0
Total revenue	363,454,170	304,180,745	4,109,744	0	(6,295,441)	665,449,218
Results						
Segment results	18,989,554	20,706,282	(1,442,010)	2,161,392	0	40,415,218
Unallocated corporate expenses						(12,465,669)
Finance cost						(434,298)
Share of results of associates						8,283,397
Tax expense						(8,266,930)
Profit for the financial year						27,531,718

Notes To The Financial Statements (Continued)
31 December 2008

4 SEGMENTAL REPORTING (Continued)

(a) Primary reporting format - business segments (Continued)

	Specialised equipment and services RM	Oilfield equipment and services RM	Oilfield chemicals and services RM	Others RM	Group RM
As at 31 December 2007					
Segment assets	41,885,664	116,808,986	3,399,630	31,561,519	193,655,799
Unallocated corporate assets					44,719,479
Total assets					238,375,278
Segment liabilities	28,280,919	56,290,412	863,068	0	85,434,399
Unallocated corporate liabilities					6,046,862
Total liabilities					91,481,261
For the financial year ended 2007					
Other Information:					
Capital expenditure	0	20,405,028	338,173	0	20,743,201
Unallocated corporate capital expenditure	0	0	0	0	3,238,160
Depreciation and amortisation	0	3,104,524	115,098	0	3,219,622
Unallocated depreciation and amortisation on corporate assets	0	0	0	0	1,085,776

(b) Secondary reporting format – geographical segments

The Group's transactions are principally conducted in one geographical segment, Malaysia, as such no segmental information by geographical segment has been disclosed.

Notes To The Financial Statements (Continued)

31 December 2008

5 REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of specialised equipment	274,570,241	553,003,359	0	0
Technical and engineering support services	138,248,651	88,098,361	0	0
Marketing fee	12,235,860	24,347,498	0	0
Dividend income	0	0	49,027,399	20,000,000
	425,054,752	665,449,218	49,027,399	20,000,000

6 PROFIT BEFORE TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
The following items have been charged/ (credited) in arriving at profit before tax:				
Purchase of products, parts and consumables	262,387,298	574,749,259	0	0
Cost of services purchased	17,731,698	25,541,775	0	0
Allowance for doubtful debts:				
- allowance made	157,553	0	0	0
- write back of allowance	(1,498,941)	(806,130)	0	0
Amortisation:				
- prepaid lease payments	69,997	38,866	31,132	15,704
Bad debts recovered	(20,054)	(55,449)	0	0
Bad debts written off:				
- other receivables	273,250	1,069,324	0	0
Depreciation:				
- property, plant and equipment	5,853,436	4,242,957	1,052,963	223,352
- investment properties	23,575	23,575	0	0
Fees to PricewaterhouseCoopers Malaysia:				
- statutory audit services	161,200	150,000	65,000	65,000
- audit related services	48,500	94,000	48,500	94,000
Statutory audit fees to other auditors	77,748	43,644	0	0
Gain on disposal of property, plant and equipment	0	(8,962)	0	0
Listing expenses	0	720,164	0	720,164
Loss/(gain) on foreign exchange:				
- realised	584,560	1,043,008	0	0
- unrealised	(8,705)	(190,663)	0	0
Impairment losses:				
- investment properties	0	31,463	0	0
- other investment	0	630	0	0
Write-off:				
- property, plant and equipment	3,160	0	0	0
- deposit	0	2,400	0	0
- inventories	133,526	0	0	0

Notes To The Financial Statements (Continued)
31 December 2008

6 PROFIT BEFORE TAX (Continued)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
The following items have been charged/ (credited) in arriving at profit before tax (continued):				
Interest income	(1,284,195)	(1,874,724)	(651,545)	(655,917)
Rental income	(135,700)	(121,200)	0	0
Rental expense:				
- business premises	590,707	386,110	0	0
- lease of equipment and motor vehicles	1,435,330	697,158	0	0
Staff cost (excluding defined contribution plan)	18,749,244	13,811,560	3,136,833	2,107,861
Defined contribution plan	2,191,095	1,707,326	454,550	487,511

7 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Executive Directors

Dato' Izham bin Mahmud
Datuk Vivekananthan a/l M.V. Nathan
Chandran Aloysius Rajadurai
Hj. Abd Razak bin Abu Hurairah

Non-executive Directors

Datuk Ishak bin Imam Abas
Dato' Kamaruddin bin Ahmad
Chin Kwai Yoong

The aggregate amount of emoluments received by Directors of the Company during the financial year were as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors:				
- salaries and bonuses	2,065,000	2,229,000	1,792,000	1,809,000
- defined contribution plan	333,240	352,110	300,480	301,710
- estimated monetary value of benefits-in-kind	155,904	168,476	121,506	131,855
Non-executive Directors:				
- fees	162,000	126,291	162,000	126,291
- other emoluments	51,500	37,500	51,500	37,500
	2,767,644	2,913,377	2,427,486	2,406,356

Emoluments received by Executive Directors in the form of salaries and bonuses and defined contribution plan have been included in staff cost and defined contribution plan as disclosed in Note 6 to the financial statements.

Notes To The Financial Statements (Continued)

31 December 2008

8 FINANCE COST

	Group	
	2008 RM	2007 RM
Profit sharing margin on Islamic term loan	524,440	427,406
Interest expense on bank overdraft	5,838	6,892
Hire purchase interest	32,812	0
	563,090	434,298

9 TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax:				
- Malaysian tax	6,729,287	8,339,488	9,176,602	4,253,043
Under/(Over) provision in prior years:				
- Malaysian tax	94,603	(181,997)	(26,502)	2,795
Deferred tax (Note 26):				
- Origination and reversal of temporary differences	94,469	109,439	54,500	0
- Over accrual of temporary differences in respect of prior years	(446,028)	0	0	0
	6,472,331	8,266,930	9,204,600	4,255,838

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate				
Malaysian tax rate	26	27	26	27
Tax effects of:				
- expenses not deductible for tax purposes	4	4	0	3
- share of result of associates	(9)	(7)	0	0
- income not subject to tax	(2)	0	(5)	0
- over accrual of temporary differences in respect of prior years (net)	(1)	0	0	0
- over provision in prior years	0	(1)	0	0
Effective tax rate	18	23	21	30

Notes To The Financial Statements (Continued)
31 December 2008

10 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008 RM	**2007 RM**
Profit for the financial year attributable to equity holders of the Company	23,250,975	25,120,823
Weighted average number of ordinary shares in issue	100,000,000	92,761,644
Basic earnings per share (sen)	23.25	27.08

11 DIVIDENDS

The dividends paid or declared by the Company during the financial year are as set out below.

	2008		2007	
	Gross dividend per share sen	**Amount of dividend net of tax RM**	**Gross dividend per share sen**	**Amount of dividend net of tax RM**
In respect of the financial year ended 31 December 2006				
Tax exempt interim dividend on 60,000,000 ordinary shares, paid on 26 March 2007	0	0	6.28	3,766,000
Interim dividend, less income tax of 27%, on 60,000,000 ordinary shares, paid on 26 March 2007 and 30 January 2008	0	0	7.72	3,382,820
				7,148,820
In respect of the financial year ended 31 December 2007				
First interim dividend, less income tax of 27%, on 80,000,000 ordinary shares, paid on 28 September 2007	0	0	5.00	2,920,000
				10,068,820

Notes To The Financial Statements (Continued)
31 December 2008

11 DIVIDENDS (Continued)

	2008		2007	
	Gross dividend per share sen	**Amount of dividend net of tax RM**	**Gross dividend per share sen**	**Amount of dividend net of tax RM**
In respect of the financial year ended 31 December 2007 (Continued)				
Second interim dividend, less income tax of 26%, on 80,000,000 ordinary shares, paid on 2 April 2008	10.00	5,920,000	0	0
In respect of the financial year ended 31 December 2008				
First interim single tier tax exempt dividend, on 100,000,000 ordinary shares, paid on 29 September 2008	5.00	5,000,000	0	0
		10,920,000		10,068,820

The Directors now recommend the payment of a final single tier tax exempt dividend of 6 sen per share of RM1.00 each in respect of the financial year ended 31 December 2008, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold building RM	Long term leasehold buildings RM	Office equipment, furniture & fittings & renovations RM	Plant, machinery, other equipment and motor vehicles RM	Assets under construction RM	Total RM
Group							
Year ended 31 December 2008							
Net book value							
At 1 January 2008	1,040,000	7,903,382	3,863,259	3,508,538	23,124,032	0	39,439,211
Acquisition of subsidiary (note 36)	0	0	1,192,671	567,029	475,380	0	2,235,080
Additions	0	1,216,588	0	3,589,893	13,559,817	2,574,296	20,940,594
Written off	0	0	0	0	(3,160)	0	(3,160)
Depreciation charge	0	(52,066)	(161,112)	(1,339,457)	(4,300,801)	0	(5,853,436)
At 31 December 2008	1,040,000	9,067,904	4,894,818	6,326,003	32,855,268	2,574,296	56,758,289

Notes To The Financial Statements (Continued)
31 December 2008

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land RM	Freehold building RM	Long term leasehold buildings RM	Office equipment, furniture & fittings & renovations RM	Plant, machinery, other equipment and motor vehicles RM	Assets under construction RM	Total RM
Group (Continued)							
At 31 December 2008							
Cost	1,040,000	9,119,970	5,954,422	17,322,779	59,918,028	2,574,296	95,929,495
Accumulated depreciation	0	(52,066)	(1,059,604)	(10,996,776)	(27,062,760)	0	(39,171,206)
Net book value	1,040,000	9,067,904	4,894,818	6,326,003	32,855,268	2,574,296	56,758,289
At 1 January 2008							
Cost	1,040,000	7,903,382	4,639,018	11,232,943	49,696,257	0	74,511,600
Accumulated depreciation	0	0	(775,759)	(7,724,405)	(26,572,225)	0	(35,072,389)
Net book value	1,040,000	7,903,382	3,863,259	3,508,538	23,124,032	0	39,439,211
Year ended 31 December 2007							
Net book value							
At 1 January 2007	1,040,000	2,329,320	3,986,994	1,051,107	11,680,424	0	20,087,845
Additions	0	5,276,333	0	3,265,341	15,439,687	0	23,981,361
Disposals	0	0	0	0	(387,038)	0	(387,038)
Reclassification	0	297,729	0	0	(297,729)	0	0
Depreciation charge	0	0	(123,735)	(807,910)	(3,311,312)	0	(4,242,957)
At 31 December 2007	1,040,000	7,903,382	3,863,259	3,508,538	23,124,032	0	39,439,211
At 31 December 2007							
Cost	1,040,000	7,903,382	4,639,018	11,232,943	49,696,257	0	74,511,600
Accumulated depreciation	0	0	(775,759)	(7,724,405)	(26,572,225)	0	(35,072,389)
Net book value	1,040,000	7,903,382	3,863,259	3,508,538	23,124,032	0	39,439,211
At 1 January 2007							
Cost	1,040,000	2,329,320	4,639,018	7,967,602	35,156,853	0	51,132,793
Accumulated depreciation	0	0	(652,024)	(6,916,495)	(23,476,429)	0	(31,044,948)
Net book value	1,040,000	2,329,320	3,986,994	1,051,107	11,680,424	0	20,087,845

Notes To The Financial Statements (Continued)

31 December 2008

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Long term leasehold buildings RM	Office equipment, furniture & fittings & renovations RM	Plant, machinery, other equipment and motor vehicles RM	Total RM
Company				
Year ended 31 December 2008				
Net book value				
At 1 January 2008	1,309,500	2,410,247	1,544,801	5,264,548
Additions	0	1,948,232	0	1,948,232
Depreciation charge	(26,190)	(748,963)	(277,810)	(1,052,963)
At 31 December 2008	1,283,310	3,609,516	1,266,991	6,159,817
At 31 December 2008				
Cost	1,309,500	4,381,191	2,003,050	7,693,741
Accumulated depreciation	(26,190)	(771,675)	(736,059)	(1,533,924)
Net book value	1,283,310	3,609,516	1,266,991	6,159,817
At 1 January 2008				
Cost	1,309,500	2,432,959	2,003,050	5,745,509
Accumulated depreciation	0	(22,712)	(458,249)	(480,961)
Net book value	1,309,500	2,410,247	1,544,801	5,264,548

Notes To The Financial Statements (Continued)

31 December 2008

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Long term leasehold buildings RM	Office equipment, furniture & fittings & renovations RM	Plant, machinery, other equipment and motor vehicles RM	Total RM
Company				
Year ended 31 December 2007				
Net book value				
At 1 January 2007	1,309,500	2,340	1,025,755	2,337,595
Additions	0	2,429,449	720,856	3,150,305
Depreciation charge	0	(21,542)	(201,810)	(223,352)
At 31 December 2007	1,309,500	2,410,247	1,544,801	5,264,548
At 31 December 2007				
Cost	1,309,500	2,432,959	2,003,050	5,745,509
Accumulated depreciation	0	(22,712)	(458,249)	(480,961)
Net book value	1,309,500	2,410,247	1,544,801	5,264,548
At 1 January 2007				
Cost	1,309,500	3,510	1,282,194	2,595,204
Accumulated depreciation	0	(1,170)	(256,439)	(257,609)
Net book value	1,309,500	2,340	1,025,755	2,337,595

Notes To The Financial Statements (Continued)

31 December 2008

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Term loan		Banking facilities	
	2008 RM	2007 RM	2008 RM	2007 RM
Net book value of property, plant and equipment of the Group pledged as security:				
- freehold land	1,040,000	1,040,000	0	0
- freehold building	9,067,904	7,903,382	0	0
- long term leasehold buildings	0	0	2,430,023	2,596,144
- office equipment, furniture & fittings and renovations	141,378	0	1,370,002	722,296
- plant, machinery, other equipment and motor vehicles	17,347,509	3,815,434	1,563,643	555,842
	27,596,791	12,758,816	5,363,668	3,874,282

13 INVESTMENT PROPERTIES

	Group	
	2008 RM	2007 RM
Net book value		
At 1 January	1,053,000	1,108,038
Depreciation charge	(23,575)	(23,575)
Impairment loss	0	(31,463)
At 31 December	1,029,425	1,053,000
Cost	1,178,764	1,178,764
Accumulated depreciation	(117,876)	(94,301)
Accumulated impairment loss	(31,463)	(31,463)
	1,029,425	1,053,000
Fair value of investment properties	1,080,000	1,053,000

The investment properties have been pledged as security for banking facilities as disclosed in Note 25.

The fair value of investment properties was estimated based on current prices on an open market.

Notes To The Financial Statements (Continued)

31 December 2008

14 PREPAID LEASE PAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Net book value				
At 1 January	4,011,933	4,050,799	2,428,296	2,444,000
Amortisation	(69,997)	(38,866)	(31,132)	(15,704)
At 31 December	3,941,936	4,011,933	2,397,164	2,428,296
At 31 December:				
Cost	4,387,285	4,387,285	2,444,000	2,444,000
Accumulated amortisation	(445,349)	(375,352)	(46,836)	(15,704)
	3,941,936	4,011,933	2,397,164	2,428,296

The prepaid lease payments of RM1,544,769 (2007: RM1,583,637) have been pledged as security for banking facilities as disclosed in Note 25.

15 INTANGIBLE ASSETS

	Group
	2008 RM
Acquisition of 51% shares in Penaga Dresser Sdn. Bhd. (Note 36)	1,487,815
Acquisition of 40% remaining shares in Delcom Chemicals Sdn. Bhd. (Note 36)	308,088
At 31 December	1,795,903

Notes To The Financial Statements (Continued)
31 December 2008

16 SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Unquoted shares at cost	73,932,617	73,932,617

Details of subsidiaries, the Company's effective interest, principal activities and country of incorporation are set out in Note 32 to the financial statements.

17 ASSOCIATES

	Group	
	2008 RM	2007 RM
Group's share of net assets of associates	41,566,802	31,561,519

The Group's effective equity interest in the associates, their respective principal activities and country of incorporation are set out in Note 32 to the financial statements.

In relation to the Group's interests in associates, the assets, liabilities, income and expenses are shown below.

	Group	
	2008 RM	2007 RM
Current assets	29,489,309	20,816,087
Non-current assets	28,031,994	25,115,115
Current liabilities	(14,066,228)	(13,209,920)
Non-current liabilities	(1,888,273)	(1,159,763)
	41,566,802	31,561,519
Revenue	54,507,335	40,203,614
Expenses	(36,978,993)	(30,351,281)
	17,528,342	9,852,333
Taxation	(1,957,866)	(1,568,936)
Share of post tax results from associates	15,570,476	8,283,397

The associates have no significant contingent liability to which the Group is exposed, nor has the Group any significant contingent liability in relation to its interest in the associates.

Notes To The Financial Statements (Continued)
31 December 2008

18 OTHER INVESTMENTS

	Group	
	2008 RM	2007 RM
Non-current		
At cost:		
Quoted shares in Malaysia	24,750	24,750
Less: Impairment loss	(22,275)	(22,275)
	2,475	2,475
At cost:		
Unquoted shares in Malaysia	160,000	160,000
Less: Impairment loss	(160,000)	(160,000)
	0	0
	2,475	2,475
Market value:		
Quoted shares in Malaysia	1,368	2,475

Quoted investments were subsequently sold off at carrying value.

19 INVENTORIES

	Group	
	2008 RM	2007 RM
At cost:		
Finished goods	7,137,333	4,122,518

20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Group	Company
	2008 RM	2007 RM
Amount due from subsidiaries	28,824,016	7,353,949
Amount due to subsidiaries	453,394	14,082,740

The amounts due from/(to) subsidiaries are unsecured, interest free, have no fixed terms of repayment and are denominated in Ringgit Malaysia.

Notes To The Financial Statements (Continued)
31 December 2008

21 AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Amounts due from associates	1,340,692	111,859	23,749	303
Amounts due to associates	1,974	2,096	0	0

The amounts due from/(to) associates are unsecured, interest free, have no fixed terms of repayment and are denominated in Ringgit Malaysia.

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables	108,734,719	91,722,487	0	0
Less: Allowance for doubtful debts	(884,863)	(603,500)	0	0
	107,849,856	91,118,987	0	0
Other receivables	12,994,869	6,023,259	6,799	21,837
Less: Allowance for doubtful debts	(1,499,871)	(2,353,126)	0	0
	11,494,998	3,670,133	6,799	21,837
Deposits	584,400	314,217	16,820	31,820
Prepayments	2,531,141	165,604	102,449	93,094
	14,610,539	4,149,954	126,068	146,751
	122,460,395	95,268,941	126,068	146,751

The currency exposure profile of trade receivables is as follows:

	Group	
	2008 RM	2007 RM
- Ringgit Malaysia	47,285,145	9,432,187
- US Dollar	59,418,002	77,828,814
- Pound Sterling	1,134,998	3,457,727
- Euro	11,711	400,259
	107,849,856	91,118,987

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Credit terms of trade receivables range from 30 to 45 days (2007: 30 to 60 days).

63% of the Group's trade receivables as at 31 December 2008 relates to 4 main customers while the remaining balance is spread over a large number of customers. All are major players in the oil and gas industry with high credit worthiness. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The trade receivables of a subsidiary have been pledged as security for borrowings as disclosed in Note 25.

The fair values of trade and other receivables approximate the carrying values.

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Deposits with licensed banks	21,328,771	50,250,283	11,998,591	27,500,000
Cash and bank balances	14,716,504	11,028,077	168,762	24,475
Deposits, bank and cash balances	36,045,275	61,278,360	12,167,353	27,524,475
Bank overdraft (Note 25)	0	(2,659)	0	0
	36,045,275	61,275,701	12,167,353	27,524,475

The currency exposure profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
- Ringgit Malaysia	32,712,916	55,150,595	12,167,353	27,524,475
- US Dollar	3,224,725	6,056,736	0	0
- Others	107,634	68,370	0	0
	36,045,275	61,275,701	12,167,353	27,524,475

The average interest rates of deposits ranged between 2.35% to 2.8% (2007: 2.5% to 3.25%) for the Group and the Company.

The average interest rate of bank overdraft was Nil (2007: 7.25%) for the Group.

Deposits of the Group and the Company have an average maturity period of 18 days (2007: 13 days) and 23 days (2007: 24 days) respectively. Bank balances are deposits held at call with banks and earn no interest.

The fair values of deposits, bank and cash balances approximate the carrying values.

Notes To The Financial Statements (Continued)

31 December 2008

24 TRADE AND OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	81,488,159	72,657,278	0	0
Other payables	11,872,437	5,070,701	856,744	1,442,084
Accruals	2,667,664	3,795,227	369,699	686,618
	14,540,101	8,865,928	1,226,443	2,128,702
	96,028,260	81,523,206	1,226,443	2,128,702

The currency exposure profile of trade payables is as follows:

	Group	
	2008 RM	2007 RM
- Ringgit Malaysia	13,805,597	3,937,139
- US Dollar	64,625,284	65,359,156
- Pound Sterling	1,371,836	3,353,528
- Euro	662,529	0
- Japanese Yen	970,099	0
- Others	52,814	7,455
	81,488,159	72,657,278

Credit terms of payment granted by the suppliers of the Group are 30 to 45 days (2007: 30 to 45 days).

The fair values of trade and other payables and accruals approximate the carrying values.

Notes To The Financial Statements (Continued)
31 December 2008

25 BORROWINGS

	Group 2008 RM	Group 2007 RM
Bank Overdraft (note 23)	0	2,659
Islamic term financing long term non-interest bearing facilities (secured) *	6,003,581	7,101,524
Hire purchase **	76,306	0
	6,079,887	7,104,183
Less: amount repayable within 12 months		
Bank overdraft	0	(2,659)
Islamic term financing long term non-interest bearing facilities (secured) *	(705,617)	(1,094,226)
Hire purchase **	(29,625)	0
	(735,242)	(1,096,885)
	5,344,645	6,007,298

* Islamic term financing long term non-interest bearing facilities (secured)

	2008 RM	2007 RM
Due within 1 year	705,617	1,094,226
Due between 2 to 5 years	2,750,139	3,377,203
Due after 5 years	2,547,825	2,630,095
	6,003,581	7,101,524

** Hire Purchase

Future minimum lease payments

	2008 RM	2007 RM
Not later than 1 year	34,068	0
Later than 1 year and not later than 2 years	25,700	0
Later than 2 years and not later than 5 years	25,113	0
	84,881	0
Less: Future finance charges	(8,575)	0
Present value of hire purchase liabilities	76,306	0

Notes To The Financial Statements (Continued)

31 December 2008

25 BORROWINGS (SECURED)

** Hire Purchase (Continued)

Analysis of present value of hire purchase liabilities

	Group	
	2008 RM	**2007 RM**
No later than 1 year	29,625	0
Later than 1 year and not later than 2 years	22,097	0
Later than 2 years and not later than 5 years	24,584	0
	76,306	0

The Islamic term financing long term non-interest bearing facilities are repayable in the following manner:

- 60 equal monthly instalments of RM54,589 each commencing 24 April 2004 ;
- 120 equal monthly instalments of RM26,415 each commencing 11 May 2007;
- 120 equal monthly instalments of RM32,510 each commencing 13 October 2007; and
- 84 equal monthly instalments of RM20,823 each commencing 27 January 2008.

The facilities bear profit sharing margins of 6.35% to 7.00% (2007: 6.35% to 7.00%) per annum as at the financial year end and are secured by a first party fixed charge on the property and a debenture over all the fixed and floating assets of the respective subsidiaries as disclosed in Notes 12, 13, 14 and 23, and corporate guarantee for RM13,318,497 (2007: RM13,318,497) furnished by a subsidiary.

The fair value amount of the term loan as at the balance sheet date is as follows:

	Group	
	2008 RM	**2007 RM**
Fair value of term loans	5,839,772	7,385,353

The hire purchase liabilities bore interest of 5.11% to 12.5% (2007: Nil) per annum.

Notes To The Financial Statements (Continued)
31 December 2008

26 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown on the balance sheet:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax assets	706,494	0	0	0
Deferred tax liabilities	(1,131,153)	(987,863)	(54,500)	0
At 1 January	(987,863)	(878,424)	0	0
Acquisition of a subsidiary	211,645	0	0	0
(Charged)/credited to income statement				
- property, plant and equipment	(332,085)	(71,553)	(54,500)	0
- unrealised foreign exchange gain	232,846	36,755	0	0
- provisions	450,798	0	0	0
- allowance for doubtful debts	0	(74,641)	0	0
	(424,659)	(987,863)	(54,500)	0
Deferred tax assets (before offsetting)				
Provisions	713,360	0	0	0
Unrealised foreign exchange loss	120,220	0	0	0
	833,580	0	0	0
Offsetting	(127,086)	0	0	0
Deferred tax assets (after offsetting)	706,494	0	0	0
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(1,258,239)	(924,799)	(54,500)	0
Unrealised foreign exchange gain	0	(63,064)	0	0
	(1,258,239)	(987,863)	(54,500)	0
Less: Offsetting	127,086	0	0	0
Deferred tax liabilities (after offsetting)	(1,131,153)	(987,863)	(54,500)	0

Notes To The Financial Statements (Continued)

31 December 2008

27 SHARE CAPITAL

	Group / Company	
	2008 RM	**2007 RM**
Authorised ordinary shares of RM1 each:		
At 1 January	100,000,000	100,000,000
Created during the financial year	400,000,000	0
At 31 December	500,000,000	100,000,000
Issued and fully paid ordinary shares of RM1 each:		
At 1 January	80,000,000	60,000,000
Issued during the financial year		
- Rights Issue	0	6,000,000
- Public Issue	0	14,000,000
- Bonus Issue (Note 28)	20,000,000	0
At 31 December	100,000,000	80,000,000

On 3 June 2008, the authorised share capital of the Company was increased from RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM500,000,000 by the creation of 400,000,000 new ordinary shares of RM1.00 each.

28 SHARE PREMIUM

	Group/Company	
	2008 RM	**2007 RM**
At 1 January	20,000,000	0
Arising from the public issue of new ordinary shares	0	20,000,000
Less: Bonus issue (Note 27)	(20,000,000)	0
At 31 December	0	20,000,000

Share premium arises from the issuance of 14,000,000 new ordinary shares of RM1.00 each at a premium of RM1.55 per share, net of share issue expenses of RM1,700,000.

29 RETAINED EARNINGS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Notes To The Financial Statements (Continued)
31 December 2008

30 MERGER DEFICIT

	Group	
	2008 RM	2007 RM
Arising from the Company's business combination with Delcom Services Sdn. Bhd.	50,000,000	50,000,000

Merger deficit represents the excess of the nominal value of the shares of the Company being allotted of RM60,000,000 over the nominal value of the share capital of Delcom Services Sdn. Bhd. acquired of RM10,000,000.

31 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operations decisions, or if one other party controls both.

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

	Group	
	2008 RM	2007 RM
Purchases:		
- Solar Turbines International Company	98,412,022	82,169,049

Significant outstanding balance arising from the above transactions during the financial year are as follows:

	Group	
	2008 RM	2007 RM
Amount due to Solar Turbines International Company	14,661,486	17,031,567

Notes To The Financial Statements (Continued)

31 December 2008

31 SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

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

	Group	
	2008 RM	2007 RM
Sales to related parties of Dresser Italia S.R.L	88,000	0
Purchases from Dresser Italia S.R.L	137,000	0
Purchases from related parties of Dresser Italia S.R.L	11,362,000	0
	11,587,000	0

Significant outstanding balance arising from the above transactions during the financial year are as follows:

	Group	
	2008 RM	2007 RM
Amount due to related parties of Dresser Italia S.R.L	3,633,796	0

(c) The remuneration of key management personnel (excluding Directors) during the financial year are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Salaries and bonuses	2,281,810	1,509,618	536,910	369,190
Defined contribution plans	301,294	211,548	70,198	48,840
Other remuneration	236,690	251,435	49,441	37,200
Estimated monetary value of benefits-in-kind	16,760	13,363	7,105	4,136
	2,836,554	1,985,964	663,654	459,366

Key management personnel comprise of members of the senior management who are directly responsible for the financial and operating policies and decisions of the Group and the Company.

Directors' remuneration and emoluments are disclosed in Note 7.

Notes To The Financial Statements (Continued)

31 December 2008

32 CORPORATIONS IN THE GROUP

The Group's effective equity interest in the subsidiaries and associates, their respective principal activities and country of incorporation are as follows:

Name of Company	Country of incorporation	Group's effective equity interest 2008 %	2007 %	Principal activities
A SUBSIDIARIES:				
Delcom Services Sdn. Bhd.	Malaysia	100	100	Provision of specialised equipment and technical and engineering support services to the oil and gas, and general industries.
* Delcom Services Holdings Limited	Hong Kong	100	100	Investment holding.
* Turboservices Overhaul Sdn. Bhd.	Malaysia	100	100	Provision of gas turbine overhaul and maintenance services.
* Delflow Solutions Sdn. Bhd.	Malaysia	100	100	Dormant.
Subsidiaries of Delcom Services Sdn. Bhd.				
* Delcom Oilfield Services Sdn. Bhd.	Malaysia	100	100	Provision of wireline and wellhead equipment and services, offshore drillings rigs and related services and other oilfield equipment and technical services to the oil and gas industry.
Turboservices Sdn. Bhd.	Malaysia	74	74	Provision of gas turbine overhaul and technical services and supply of gas turbine parts to the oil and gas, and general industries.
* VSM Technology Sdn. Bhd.	Malaysia	90	90	Dormant.
* Delcom Chemicals Sdn. Bhd.	Malaysia	100	60	Development and provision of solid deposit removal solutions for enhancement of crude oil production, and provision of oilfield chemicals and services.
* Wisteria Sdn. Bhd.	Malaysia	100	100	Dormant.
* Delcom Holdings Sdn. Bhd.	Malaysia	80[1]	100	Investment Holding.

Notes To The Financial Statements (Continued)

31 December 2008

32 CORPORATIONS IN THE GROUP (Continued)

Name of Company	Country of incorporation	Group's effective equity interest 2008 %	2007 %	Principal activities
A SUBSIDIARIES (Continued):				
Subsidiaries of <u>Delcom Holdings Sdn. Bhd.</u>				
* Penaga Dresser Sdn. Bhd.	Malaysia	41	0	Supply, repair, maintenance and installation of valves and flow regulators for the oil and gas industry.
Subsidiaries of <u>Delcom Services Holdings Limited</u>				
* Delcom Utilities (Cambodia) Limited	British Virgin Islands	60	60	Investment holding.
* Delcom Power (Cambodia) Limited	British Virgin Islands	60	60	Dormant.
B ASSOCIATES:				
Associates of <u>Delcom Services Sdn. Bhd.</u>				
* Malaysian Mud and Chemicals Sdn. Bhd.	Malaysia	32	32	Operation of a bulking installation, offering dry and liquid bulking services to offshore oil exploration companies.
Associate of <u>Delcom Utilities (Cambodia) Limited</u>				
^ Cambodia Utilities Pte Ltd	Cambodia	12	12	Maintain and operate a power plant in Cambodia.

^ Audited by member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

* Corporations not audited by PricewaterhouseCoopers Malaysia or member firm of PricewaterhouseCoopers International Limited

[1] On 1 August 2008, Delcom Holdings Sdn. Bhd. ("DHSB") alloted 20,000 shares of RM1.00 each representing 20% equity interest in DHSB to Dato' Seri Abdul Ghani bin Abdul Aziz for a total consideration of RM20,000.

Notes To The Financial Statements (Continued)

31 December 2008

33 OPERATING LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases, is as follows:

	Group	
	2008 RM	**2007 RM**
Within one year	341,826	321,306
Between one to five years	1,531,464	1,285,224
More than five years	1,069,764	962,034

34 CAPITAL COMMITMENTS

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Capital expenditure for property, plant and equipment				
Authorised and contracted for at the balance sheet date but not yet incurred	13,569,592	2,082,214	0	537,481

35 CONTINGENT LIABILITIES

In the ordinary course of business, the Group has given guarantees amounting to RM3,003,674 (2007: RM3,523,403) to third parties in respect of operating requirements, utilities and maintenance contracts.

36 ACQUISITIONS

i) Penaga Dresser Sdn. Bhd. ("PDSB")

On 1 August 2008, Delcom Holdings Sdn. Bhd., an 80% subsidiary, completed the acquisition of 1,275,000 Ordinary Shares of RM1.00 each representing 51% equity interest in PDSB from Dato' Seri Abdul Ghani bin Abdul Aziz and Tan Sri Abdul Aziz bin Mohd Zain for a total consideration of RM7,250,000.

The acquired business contributed revenues of RM24,991,091 and profit for the financial year of RM2,322,888 to the Group for the period from 1 August 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, Group revenue and profit for the financial year would have been higher by RM27,150,307 and RM200,228 respectively. These amounts have been calculated using the Group's accounting policies together with the consequential tax effects.

Notes To The Financial Statements (Continued)

31 December 2008

36 ACQUISITIONS (Continued)

i) Penaga Dresser Sdn. Bhd. ("PDSB") (continued)

Details of intangible assets are as follows:

	2008
	RM
Purchase consideration	
- Cash paid	5,800,000
- Other payables	1,450,000
Total purchase consideration	7,250,000
Net assets acquired	(5,762,185)
Intangible asset (Note 15)	1,487,815

The amount of intangible asset arising from the acquisition of PDSB of approximately RM1,487,815 is provisionally calculated as at 31 December 2008 and has yet to be allocated to the Group's cash generating units. Any adjustments to these provisional values upon finalisation of a detailed fair value exercise will be recognised in intangible assets within 12 months of the acquisition date.

The assets and liabilities as of 1 August 2008 arising from the acquisition are as follows:

	2008
	RM
Property, plant and equipment	2,235,080
Inventories	4,415,550
Trade and other receivables	9,964,234
Tax recoverable	114,668
Deferred tax asset	211,645
Cash and bank balance	3,724,988
	20,666,165
Hire purchase	(88,651)
Trade and other payables	(9,279,112)
	(9,367,763)
Net assets	11,298,402
Less: Minority interest	(5,536,217)
Net assets acquired	5,762,185
The cash outflow of Group on acquisition is as follows:	
Purchase consideration satisfied by cash	5,800,000
Cash and cash equivalents of subsidiary acquired	(3,724,988)
Net cash outflows on acquisition of subsidiary	2,075,012

36 ACQUISITIONS (Continued)

ii) Delcom Chemicals Sdn. Bhd. ("DCSB")

On 11 September 2008, Delcom Services Sdn. Bhd. ("DSSB"), a wholly-owned subsidiary, acquired the remaining 40,000 ordinary shares of RM1.00 each, representing 40% of the issued and paid-up share capital of a subsidiary company, DCSB for a cash consideration of RM40,000 from its joint venture partner, Navdeep Chemicals Pvt Ltd. Following the acquisition, DCSB is now a wholly-owned subsidiary of DSSB.

Details of intangible asset and net liabilities acquired are as follows:

	2008
	RM
Purchase consideration discharged by cash	40,000
Net liabilities acquired	268,088
Intangible asset (Note 15)	308,088

The effect on the financial results of the Group and details of net liabilities acquired and cash flow arising from the acquisitions are not disclosed as the amounts are insignificant.

The amount of intangible asset arising from the acquisition of DCSB of approximately RM308,088 is provisionally calculated as at 31 December 2008 and has yet to be allocated to the Group's cash generating units. Any adjustments to these provisional values upon finalisation of a detailed fair value exercise will be recognised in intangible assets within 12 months of the acquisition date.

37 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 March 2009.

Statement By Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Dato' Izham bin Mahmud and Chandran Aloysius Rajadurai, two of the Directors of Deleum Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 47 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2008 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the provisions of Companies Act, 1965 the MASB approved accounting standards in Malaysia for entities other than private entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 March 2009.

DATO' IZHAM BIN MAHMUD
DIRECTOR

CHANDRAN ALOYSIUS RAJADURAI
DIRECTOR

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Chandran Aloysius Rajadurai, the Director primarily responsible for the financial management of Deleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 94 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHANDRAN ALOYSIUS RAJADURAI

Subscribed and solemnly declared by the abovenamed Chandran Aloysius Rajadurai.

At : Kuala Lumpur

On :26 March 2009

Before me :

N. Thinaharakumar W537
COMMISSIONER FOR OATHS

Independent Auditors' Report

To The Members Of Deleum Berhad (Incorporated in Malaysia) (Company No. 715640-T)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Deleum Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 94.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report (Continued)

To The Members Of Deleum Berhad (Incorporated in Malaysia) (Company No. 715640-T)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 32 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

PAULINE HO
(No. 2684/11/09 (J))
Chartered Accountant

Kuala Lumpur
26 March 2009

Additional Compliance Information

1. Status of Utilisation of Proceeds raised from Corporate Proposals

On 1 June 2007, the Company was listed on the Main Board of Bursa Malaysia. The status of utilisation of the listing proceeds from the Initial Public Offering exercise are as follows: -

	Purpose	Proposed Utilisation RM'000	Actual Utilisation @ 31/12/2008 RM'000	Transferred to Working Capital RM'000	Intended Timeframe for Utilisation	Balance RM'000
i	Working Capital :					
	- Expansion of Business and Markets	12,000	5,840	-	Within 24 months	6,160
	- Existing Operations	5,700	5,700	-	Within 12 months	-
ii	Capital Expenditure :					
	- Oilfield Equipment	15,000	15,000	-	Within 24 months	-
	- Investment in facilities	6,000	6,000	-	Within 12 months	-
iii	Estimated Listing Expenses					
	- Share Issue Expense	2,500	1,700	800	Immediate	-
	- Listing Expenses	500	500	-		-
		41,700	34,740	800		6,160

2. Share Buybacks

During the financial year, there were no share buybacks by the Company.

3. Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2008.

4. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.

Additional Compliance Information (Continued)

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 December 2008.

6. Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 December 2008 are as follows:

	RM'000
Professional fees in connection with the review of quarterly announcements on the Main Board of Bursa Malaysia	21,000
Professional fees in connection with the review of adequancy of reserve in connection with the proposed bonus issue	4,500
Total Amount	25,500

7. Variation in Results

The Company did not release any profit estimate, forecast or projection for the financial year. There is no significant variance between results for the financial year and the unaudited results previously released by the Company.

8. Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2008.

9. Material Contracts Involving Directors and Major Shareholders

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving Directors and major shareholders during the financial year ended 31 December 2008.

10. Revaluation Policy

The Company does not adopt a policy of regular revaluation of its properties.

List Of Material Properties

Owned or leased by Deleum Berhad/Its Subsidiaries

No.	Group Company Owning the Property	Postal Address	Brief Description	Existing Use	Land Area/ Built up Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @31/12/08	Revaluation if any/	Date of acquisition
1	Corporate Head Office Deleum Berhad	No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur	6 storey corner shopoffice	Office	350.00 sq metres/ 2,049.56 sq metres	Leasehold/ 3 /12/2085	10 years	3,680,474	-	2/5/06
2	Delcom Services Sdn. Bhd.	No. 42, Jalan Bangsar Utama 1, Bangsar Utama, 59000 Kuala Lumpur	5 storey corner shopoffice	Office	237.00 sq metres/ 1,080.90 sq metres	Leasehold/ 3/12/2085	20 years	627,073	-	19/9/88
3	Delcom Services Sdn. Bhd.	No. 40, Jalan Bangsar Utama 1,Bangsar Utama, 59000 Kuala Lumpur	5 storey shopoffice	Office	168.00 sq metres/ 822.65 sq metres	Leasehold/ 3/12/2085	20 years	580,314	-	28/9/88
4	Delcom Services Sdn. Bhd.	Unit No. 8-11-3, Menara Mutiara Bangsar, Jalan Liku, Off Jalan Bangsar 59100, Kuala Lumpur	Office Lot	Office	-/ 139.72 sq metres	Freehold	6 years	501,843	-	3/2/97
5	Delcom Services Sdn Bhd	Unit No. 8-11-4, Menara Mutiara Bangsar, Jalan Liku, Off Jalan Bangsar 59100, Kuala Lumpur	Office Lot	Office	-/ 146.87 sq metres	Freehold	6 years	527,582	-	3/2/97
6	Miri Office Delcom Services Sdn. Bhd.	Lot 1315, Block 9, Miri Concession Land District, Miri Waterfront Commercial Centre, Jalan Bendahara, 98008 Miri, Sarawak	4 storey corner shopoffice	Office	186.70 sq metres/ 891.84 sq metres	Leasehold/ 30/9/2066	4 years	1,080,000	-	20/8/04
7	Delcom Services Sdn. Bhd.	Asian Supply Base, Ranca Ranca Industrial Estate, P.O. Box 81730, 87027 Labuan Federal Territory Malaysia	Warehouse	Warehouse	5,700.00 sq metres/ 1,776.43 sq metres	Leasehold/ 30/9/2014	8 years	1,500,001	-	-
8	Delcom Services Sdn. Bhd.	Kemaman Supply Base Warehouse 28, 24007 Kemaman, Terengganu Darul Iman	Warehouse	Warehouse	4341.00 sq metres/ 1456.00 sq metres	Leasehold/ 1/10/2009	0 years	2,574,296	-	-
9	Operations Turboservices Overhaul Sdn. Bhd.	Lot 26197, Kawasan Perindustrian Tuanku Jaafar, 71450 Seremban, Negeri Sembilan Darul Khusus	Integrated service centre	Turboservices: Solar Turbines Integrated Service Centre	14,495.00 sq metres/ 2,735.90 sq metres	Freehold	11 years	10,107,904	-	30/12/05
10	Delcom Services Sdn. Bhd.	Unit E-P 17, Bayu Beach Resort, Port Dickson, 71050, Negeri Sembilan	Apartment	Apartment	-/ 143.53 sq metres	Leasehold/ 12/6/2092	14 years	187,040	-	24/2/92

Analysis Of Shareholdings

As at 27 February 2009

Authorised Share Capital	:	RM500,000,000.00
Issued and Paid-up Share Capital	:	RM100,000,000.00
No. of Shareholders	:	1,982
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per ordinary share

Distribution Schedule of Shares as at 27 February 2009

No. of Holders	Holdings	Total Holdings	% of Holdings
31	Less than 100	1,290	*
149	100 to 1,000	85,012	0.08
1,516	1,001 to 10,000	4,126,675	4.13
229	10,001 to 100,000	7,126,700	7.13
51	100,001 to less than 5% of issued shares	27,860,924	27.86
6	5% and above of issued shares	60,799,399	60.80
1,982		100,000,000	100.00

Note:

* Less than 0.01%

Analysis Of Shareholdings (Continued)

As at 27 February 2009

Top 30 Securities Account Holders as at 27 February 2009

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name of Shareholders	No. of shares	Percentage (%)
1.	Lantas Mutiara Sdn. Bhd.	20,420,677	20.42
2.	HLG Nominee (Tempatan) Sdn. Bhd. Amara Investment Management Sdn. Bhd. for Hartapac Sdn. Bhd.	12,041,355	12.04
3	Datuk Vivekananthan a/l M.V. Nathan	10,623,037	10.62
4.	IM Holdings Sdn. Bhd.	6,086,355	6.09
5.	Datin Che Bashah @ Zaiton Binti Mustaffa	6,002,350	6.00
6.	Chandran Aloysius Rajadurai	5,625,625	5.63
7.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	3,492,655	3.49
8.	Dato' Izham Bin Mahmud	2,797,000	2.80
9.	Datin Che Bashah @ Zaiton Binti Mustaffa	2,015,357	2.02
10.	Tan Sri Datuk Ibrahim Bin Mohamed	1,855,625	1.86
11.	Hj. Abd Razak Bin Abu Hurairah	1,785,937	1.79
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	1,250,000	1.25
13.	Tan Sri Abdul Rashid Hussain	1,250,000	1.25
14.	Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	1,225,125	1.23
15.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Manharlal Bhaichand Gathani Jain	809,100	0.81
16.	Dato' Yahya Bin Ya'acob	718,750	0.72
17.	DYMM Tuanku Syed Sirajuddin Ibni Al-Marhum Tuanku Syed Putra Jamalullail	675,000	0.68
18.	Lee Sew Bee	660,000	0.66
19.	Mohd Fauzi Bin Ahmad	625,000	0.63
20.	Saudah Binti Hashim	625,000	0.63
21.	Jayasingam a/l T.Poopalasingam	600,000	0.60
22.	Tan Swee Leong	500,000	0.50
23.	Neoh Choo Ee & Company Sdn. Bhd.	450,000	0.45
24.	Celine D'Cruz a/p Francis D'Cruz	412,500	0.41
25.	Datin Ishah Binti Ismail	372,500	0.37
26.	Mohammad Zuki Bin Abd Rahman	312,500	0.31
27.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Kwai	300,000	0.30
28.	Henry Ebernesan Chelvanayagam	283,750	0.28
29.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Mohamad Idris Bin Mansor	281,250	0.28
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vijaya Alphonsus Rajadurai	265,000	0.27

Analysis Of Shareholdings (Continued)

As at 27 February 2009

Substantial Shareholders as at 27 February 2009

Name of Shareholders	Direct Interest		Deemed interest	
	No. of shares	%	No. of shares	%
Lantas Mutiara Sdn. Bhd.	20,420,677	20.42	-	-
Hartapac Sdn. Bhd.	12,041,355	12.04	-	-
Datuk Vivekananthan a/l M.V. Nathan	10,625,837	10.63	20,420,677 (1)	20.42
Datin Che Bashah @ Zaiton Binti Mustaffa	8,017,707	8.02	-	-
IM Holdings Sdn. Bhd.	6,086,355	6.09	-	-
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	5,967,780	5.97	-	-
Chandran Aloysius Rajadurai	5,625,625	5.63	-	-
Dato' Izham Bin Mahmud	2,797,000	2.79	34,524,739 (2)	34.52
Hj. Abd Razak Bin Abu Hurairah	1,785,937	1.79	20,420,677 (1)	20.42
Sian Rahimah Abdullah	-	-	12,041,355 (3)	12.04
Faye Miriam Abdullah	-	-	12,041,355 (3)	12.04
Hugh Idris Abdullah	-	-	12,041,355 (3)	12.04

Notes:

(1) Deemed interested by virtue of his shareholding in Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 ("the Act").

(2) Deemed interested by virtue of his shareholding in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Act and shares held by his spouse.

(3) Deemed interested by virtue of his/her shareholding in Hartapac Sdn. Bhd. pursuant to Section 6A of the Act.

Directors' shareholdings as at 27 February 2009

Name of Director	Direct Interest		Deemed interest	
	No. of shares	%	No. of shares	%
Dato' Izham Bin Mahmud	2,797,000	2.79	34,524,739 (1)	34.52
Datuk Vivekananthan a/l M.V. Nathan	10,625,837	10.63	20,420,677 (2)	20.42
Chandran Aloysius Rajadurai	5,625,625	5.63	-	-
Hj. Abd Razak Bin Abu Hurairah	1,785,937	1.79	20,420,677 (2)	20.42
Datuk Ishak Bin Imam Abas	225,000	0.23	-	-
Dato' Kamaruddin Bin Ahmad	22,000	0.02	-	-
Chin Kwai Yoong	187,500	0.19	-	-

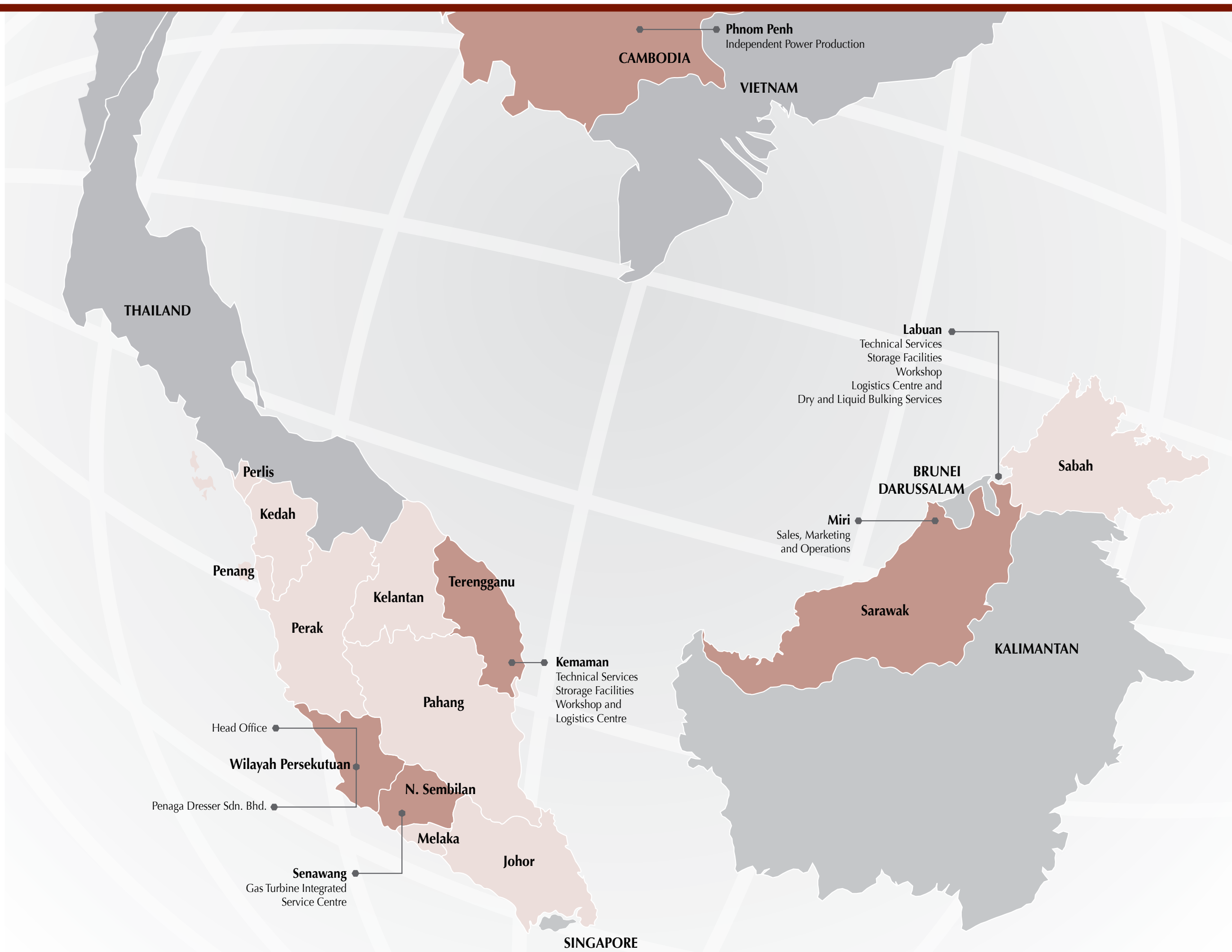
Notes:

(1) Deemed interested by virtue of his shareholding in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Act and shares held by his spouse.

(2) Deemed interested by virtue of his shareholding in Lantas Mutiara Sdn. Bhd. pursuant to Section 6A of the Act.

Corporate Directory

Location of businesses



HEAD OFFICE
Deleum Berhad and Subsidiaries:
Delcom Services Sdn. Bhd.
Delcom Oilfield Services Sdn. Bhd.
Turboservices Sdn. Bhd.
No. 2, Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur
Tel: +603-2295 7788
Fax: +603-2295 7777
Email: info@deleum.com

SALES AND MARKETING OFFICE (East Malaysia)
Miri
Lot 1315, Miri Waterfront
Commercial Centre, 98008 Miri
Tel: +6085-413 528/417 020
Fax: +6085-418 037
Email: info@deleum.com

SERVICE CENTER
Turboservices: Solar Turbines Integrated Service Centre
Lot 26197, Kawasan Perindustrian
Tuanku Jaafar, 71450 Seremban
Negeri Sembilan Darul Khusus
Tel: +606-6798 270/207
Fax: +606-6798 267
Email: info@deleum.com

OPERATIONS AND SUPPLY BASE
Kemaman
Kemaman Supply Base
Warehouse 28
24007 Kemaman
Terengganu Darul Iman
Tel: +609-8631 407/1408
Fax: +609-8631 379
Email: info@deleum.com

Labuan
Asian Supply Base
Rancha Rancha Industrial Estate
87000 Labuan
Tel: +6087-413 935/583 205
Fax: +6087-425 694
Email: info@deleum.com

SUBSIDIARY
Penaga Dresser Sdn. Bhd.

Head Office
Business Suite
19A-9-1, Level 9, UOA Center
No. 19 Jalan Pinang
50450 Kuala Lumpur
Tel: +603 21632322
Fax: +603 21618312
Email : sales@penagadresser.com

Kemaman Office
Lot No 2A,
Kawasan Miel, Jakar Phase III
24000 Kemaman
Terengganu
Tel: +609 8686799
Fax:+609 8683453
Email : sales@penagadresser.com

Miri Office
No 2346, Block 4, MCLD,
Piasau Indah Commercial Center
98000 Miri Sarawak
Tel: +6085 660126
Fax: +6085 656127
Email : sales@penagadresser.com

ASSOCIATES
Malaysian Mud and Chemicals Sdn. Bhd.
Asian Supply Base
Rancha Rancha Industrial Estate
87000 Labuan
Tel: +6087-415 922
Fax: +6087-415 921
Email: mc2@tm.net.my

Cambodia Utilities Pte. Ltd.
Power Plant # 2, Route 2
Chak Angre District
Khan Meanchey, Phnom Penh
Kingdom of Cambodia
Tel : +855-23 425 592
Fax: +855-23 425 050
E-mail: administrationcupl@cupl.com.kh

Proxy Form

DELEUM BERHAD
(Company No. 715640-T)
(Incorporated in Malaysia under the Companies Act, 1965)

CDS account no.	No. of shares held

I/We ____
(Full name in block letters)

I.C/Passport/Company No. ____

of ____
(Address in full)

being a member of DELEUM BERHAD hereby appoint ____
(Full name in block letters)

I.C/Passport No. ____

of ____
(Address in full)

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Ballroom 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Tuesday, 28 April 2009 at 3.00 p.m. and at any adjournment thereof in the manner as indicated below.

No.	Resolutions	For	Against
	Ordinary Business		
1.	To approve the payment of a final single tier tax exempt dividend of 6 sen per share for the financial year ended 31 December 2008.		
2.	To re-elect Dato' Izham Bin Mahmud as Director.		
3.	To re-elect Mr. Chandran Aloysius Rajadurai as Director.		
4.	To approve the payment of Directors' fees of RM162,000.00 in respect of the financial year ended 31 December 2008.		
5.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
6.	To give authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with an "x" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote as he or she thinks fit, or abstain from voting, at his or her discretion.

Dated this ______________ day of __________________ 2009.

____
Signature/ Common Seal of Shareholder(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

(i) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A Proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

(ii) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he/she may appoint not more than two (2) proxies in respect of each securities account he/she holds in respect of the number of ordinary shares of the Company standing to the credit of the said securities account.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation under its Common Seal or the hand of its duly authorised officer.

(iv) An instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

Fold here

Affix Stamp

The Company Secretary

Deleum Berhad

(Co. No. 715640-T)
(Incorporated in Malaysia)

No. 2, Jalan Bangsar Utama 9
Bangsar Utama, 59000 Kuala Lumpur, Malaysia

Fold here