DELEUM BERHAD

ANNUAL REPORT 2009

UNISON IN DIVERSITY

DELEUM BERHAD (Co. No. 715640-T)

ANNUAL REPORT 2009

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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

Mission Statement

"To be The Preferred Service Company focusing on the oil and gas and power generation industries and expanding beyond our current markets."

DELEUM BERHAD

Contents


Welcome to
DSRC
PD BREAKAWAY

The Deleum Family

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of DELEUM BERHAD ("the Company") will be held at Ballroom 3, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Tuesday, 27 April 2010 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 2009 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 7 sen per share for the financial year ended 31 December 2009. **Ordinary Resolution 1**

3. To re-elect the following Directors:-

   3.1 Datuk Ishak bin Imam Abas who retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 2**

   3.2 Mr. Chin Kwai Yoong who retires by rotation pursuant to Article 78 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 3**

   3.3 Dato' Seri Abdul Ghani bin Abdul Aziz who retires pursuant to Article 76 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 4**

4. To approve the payment of Directors' fees of RM199,355.00 in respect of the financial year ended 31 December 2009. (2008 : RM162,000.00) **Ordinary Resolution 5**

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 6**

AS SPECIAL BUSINESS:

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

6. **Re-appointment of Director pursuant to Section 129 of the Companies Act, 1965:-** **Ordinary Resolution 7**

   "THAT Dato' Kamaruddin bin Ahmad, being over the age of 70 years and retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

Ordinary Resolution 8

7. **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965:-**

   "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and any other governmental/regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. 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

5 April 2010

Notes:

(i) The Agenda item No. 1 is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 ("the Act") 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 ("AGM"). 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/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act 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/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, it may appoint not more than two (2) proxies in respect of each securities account it 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/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.

(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 Notes on Special Business

i) **Ordinary Resolution 7 - Re-appointment of Director pursuant to Section 129 of the Companies Act, 1965:-**

   The proposed Ordinary Resolution 7 is to seek shareholders' approval for the re-appointment of Dato' Kamaruddin bin Ahmad who is over the age of 70 years pursuant to Section 129 (6) of the Act. If passed, it will enable Dato' Kamaruddin bin Ahmad to hold office until the next AGM of the Company.

ii) **Ordinary Resolution 8 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965:-**

   The Company had at the Fourth AGM held on 28 April 2009, obtained its shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Section 132D of the Act. The Company did not issue any new shares under the mandate obtained.

   The proposed Ordinary Resolution 8 is a renewal mandate for the issue of shares under Section 132D of the Act. If passed, it will give the Directors of the Company, from the date of the above AGM, 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.

   A renewal of the said mandate will allow flexibility to the Company for any possible fund raising activities and will avoid any delay and cost in convening a general meeting to approve such issue of shares. The authority, unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

Statement Accompanying Notice of Fifth Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no person seeking election as Director at this Annual General Meeting.

Chairman's Statement

"Going forward, we continue to strive to be The Preferred Service Company focusing on the oil and gas and power generation industries and expanding beyond our current markets."

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 Annual Report and the Audited Financial Statements of the Group for the financial year ended 31 December 2009.

The Group experienced steady growth during the year under review, with increase in revenue and profit before tax. The results which we see today are attributed to the initiatives implemented during the year and enhanced infrastructure and equipment coupled with a stronger management led by the Group Managing Director as well as the hard work and dedication of all employees.

We have remained committed to human capital development with the implementation of training programmes and improvement of policies and procedures for employees. The overall workforce has increased in tandem with the increased business activities of the Group.

Going forward, we continue to strive to be The Preferred Service Company focusing on the oil and gas and power generation industries and expanding beyond our current markets.

Profit Before Tax for 2009 was higher by 24% at RM46 million compared to RM37 million in 2008

FINANCIAL REVIEW

The Group recorded a revenue of RM514 million, which is an increase of 21% from the previous year's revenue of RM425 million. This improvement in performance is attributed to the increased activities of the oilfield equipment and services segment and the specialised equipment and services segment. The increase was also contributed by the full year's results of Penaga Dresser Sdn. Bhd. which was acquired in August 2008.

Accordingly, profit before tax for 2009 was higher by 24% at RM46 million compared to RM37 million in 2008. The profit after tax and minority interest increased by 14% from RM23.3 million in 2008 to RM26.5 million.

DIVIDEND

The Company paid a first interim single tier tax exempt dividend of 5 sen per share in September 2009. The Board is further recommending a final single tier tax exempt dividend of 7 sen per share to the shareholders for approval at the forthcoming Fifth Annual General Meeting. Upon the shareholders' approval, the total dividend for the year will be 12 sen per share with a total payout of RM12 million compared to RM11 million for the previous year.

OPERATIONS REVIEW

During the year under review, we continued to consolidate and enhance our position as a provider of specialised equipment and services to the upstream sector of the oil and gas industry. We expanded our scope and activities with further investment in equipment and tools, as well as increase in manpower and enhancement of in-house capabilities.

Engine testing

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

In upholding our continuous commitment to safety and quality, the Group's Corporate HSE committee was restructured to promote collective participation from various functions and levels of employees. A new HSE slogan "Collective Responsibility Towards HSE Excellence" was introduced to inculcate ownership and collective involvement of all employees.

The Group has successfully completed the ISO Quality Management System certification and accreditation process for Delcom Oilfield Services Sdn. Bhd. and Turboservices Sdn. Bhd. under their holding company, Delcom Services Sdn. Bhd. This is in line with the Group's commitment to streamline its quality management systems and the certificate issuance is expected in the second quarter of 2010.

Maintenance of wireline surface equipment

CORPORATE GOVERNANCE

As part of our efforts to continue to uphold good corporate governance, we are committed to ensuring that high standards of corporate governance are practised in the interests of all stakeholders. In line with our corporate governance objectives, a Risk Management Committee was formed to review the overall risk management and to implement processes in mitigating risks, and also to promote greater awareness of risk management at all levels.

A new HSE slogan "Collective Responsibility Towards HSE Excellence" was introduced in 2009

CORPORATE RESPONSIBILITY

In 2009, our Corporate Responsibility programmes focused on supporting the needs of underprivileged children. In this regard, we had several activities namely, a "Buka Puasa" session with the children from an orphanage in Setapak and a caring and sharing session with special needs children at a charity home in Petaling Jaya. The Group also participated in an annual year end gathering held at a local theme park in Kuala Lumpur for 1,800 children from various charity homes where they were treated to a full day of food, fun and goodies.

Buka Puasa session

OUTLOOK

The outlook of the industry remains challenging despite the stabilising of the crude oil prices that has sustained the level of confidence in the oil and gas industry.

Based on the customers' ongoing production to meet the production targets and in line with the Group's focus on sustainable business, we will continue to seize opportunities in the provision of maintenance, repair and service based activities.

Human capital is of paramount importance, thus the Group remains focused on improving the competency levels and skillsets of our work force through training and development as well as recruitment and retention of personnel.

The Group will also continue to look for opportunities to form strategic alliances or mergers and acquisitions which are viable and synergistic to our core business. We will focus on increasing our service related business whilst maintaining the current core activities to sustain our growth. With these initiatives, we will continue to deliver value to our stakeholders.

Year end gathering

APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere thanks to the shareholders of Deleum Berhad for having displayed continued confidence in the Group. I extend my gratitude to the Management and employees of the Group for their hard work put in during the year.

To my fellow Board Members, I would like to record my appreciation and thanks for their valuable contribution and guidance throughout the year. On behalf of the Board, I also wish to extend my appreciation and thanks to Tuan Haji Abd Razak bin Abu Hurairah for his contribution and services rendered during his tenure with the Group and to welcome Dato' Seri Abd Ghani bin Abdul Aziz on board.

Last but not least, I would like to thank our valued customers, suppliers and business partners for their continuous support.

Sharing and caring session

Dato' Izham bin Mahmud
Executive Chairman
5 April 2010

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

Datuk Ishak bin Imam Abas
Independent Non-Executive Director

Dato' Kamaruddin bin Ahmad
Independent Non-Executive Director

Dato' Seri Abdul Ghani bin Abdul Aziz
Non-Independent Non-Executive Director

Chin Kwai Yoong
Independent Non-Executive Director

Audit Committee

Datuk Ishak bin Imam Abas
Chairman

Dato' Kamaruddin bin Ahmad

Dato' Seri Abdul Ghani bin Abdul Aziz

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

Risk Management Committee

Dato' Seri Abdul Ghani bin Abdul Aziz
Chairman

Chandran Aloysius Rajadurai

Joint Company Secretaries

Lee Sew Bee
MAICSA No. 0791319

Lim Hooi Mooi
MAICSA No. 0799764

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

Share Registrar

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7841 8000
Fax : 603-7841 8008

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

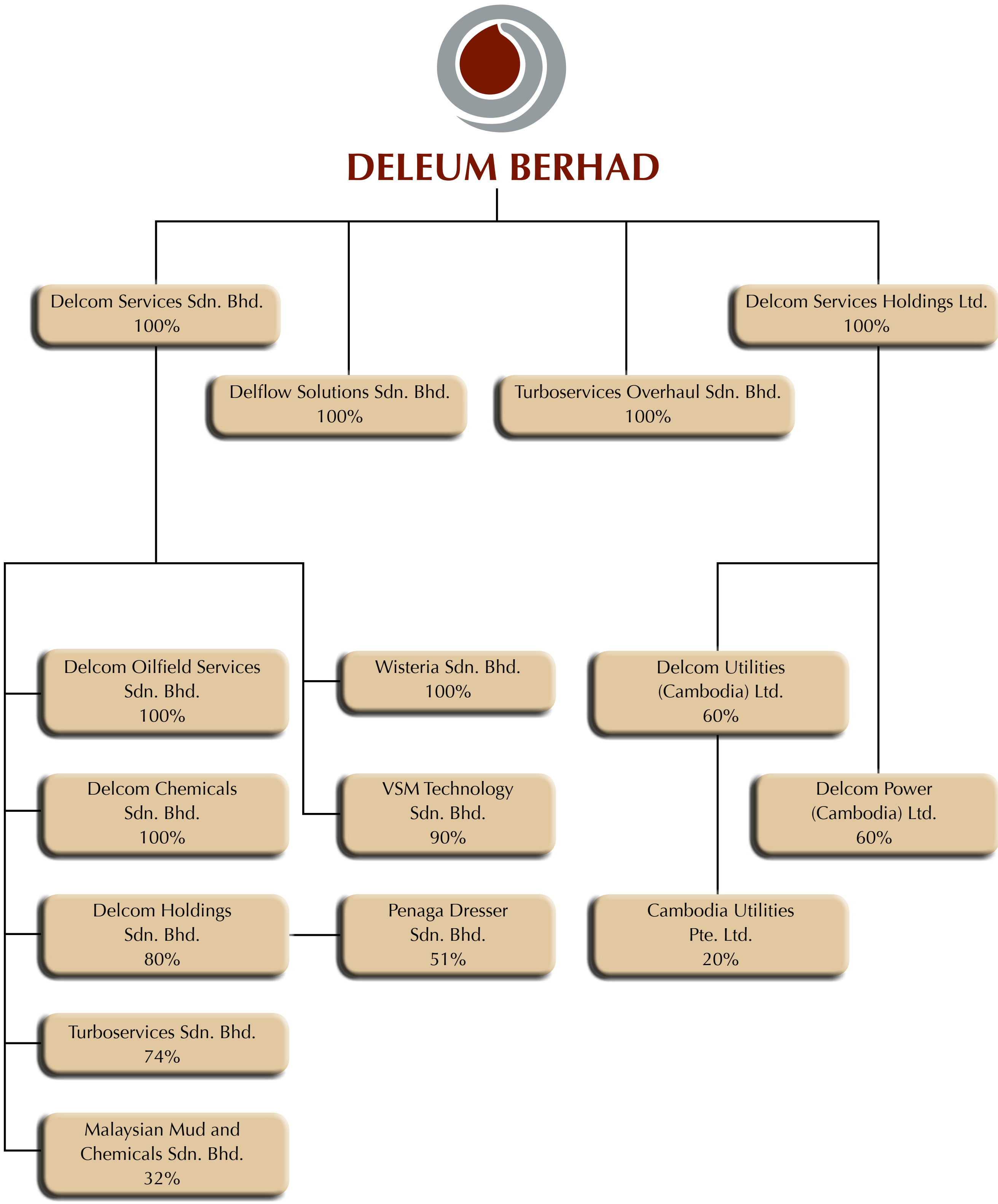
HSBC Bank Malaysia Berhad

Malayan Banking Berhad

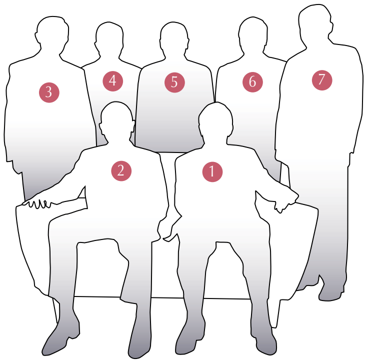
Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Code: 5132

Group Organisation Structure



Board of Directors



1. Dato' Izham bin Mahmud
2. Datuk Vivekananthan a/l M. V. Nathan
3. Dato' Seri Abdul Ghani bin Abdul Aziz
4. Chin Kwai Yoong
5. Datuk Ishak bin Imam Abas
6. Dato' Kamaruddin bin Ahmad
7. Chandran Aloysius Rajadurai

Profiles of Directors

Dato' Izham bin Mahmud, a Malaysian, aged 69, 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 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 his retirement. During this period, he also served as a Director of various subsidiaries of the Maybank Group and Cagamas Berhad.

Upon his retirement in 1996, he joined DSSB as its Chairman and was subsequently appointed Executive Chairman in 2000. He also served as a Director of RHB Capital Berhad, RHB Bank Berhad, Renong Berhad and Opus Berhad.

Currently, Dato' Izham sits on the Boards of AMMB Holdings Berhad and AmInvestment Bank Berhad.

Datuk Vivekananthan a/l M. V. Nathan, a Malaysian, aged 68, 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 WGC 2012, Malaysia Deepwater Production Contractors Sdn. Bhd. and Malaysia Deepwater Floating Terminal (Kikeh) Ltd.

Datuk Ishak bin Imam Abas, a Malaysian, aged 64, 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) Sdn. Bhd. and KLCC Property Holdings Berhad until his retirement in April 2007.

Datuk Ishak is currently the non-executive chairman of Putrajaya Holdings Sdn. Bhd. and Suria KLCC 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 also sits on the Boards of Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad as their Independent Non-Executive Director.

Dato' Kamaruddin bin Ahmad, a Malaysian, aged 70, 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 was former Chairman of ACP Industries Berhad and also served as Director of Penerbangan Malaysia Berhad.

He currently sits on the Boards of Intelligent Edge Technologist Berhad and Himpunan Seri Sdn. Bhd.

Chin Kwai Yoong, a Malaysian, aged 61, 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 to 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.

Currently, he sits on the Boards of Astro All Asia Networks Plc., Genting Berhad and Syarikat Prasarana Negara Berhad. In addition, he is appointed to the Board of Bank Negara Malaysia for a term of three years beginning 1 March 2010.

Chandran Aloysius Rajadurai, a Malaysian, aged 55, 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. During his tenure with ESSO, he served in various capacities in the Controllers Department including Attest Manager and PETRONAS Reporting and Coordination Manager.

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

Dato' Seri Abdul Ghani bin Abdul Aziz, a Malaysian, aged 65 is the Non-Independent Non-Executive Director of Deleum Berhad and was appointed as its director on 30 April 2009. He holds a Master of Arts Degree in International Relations and Strategic Studies from the University of Lancaster, UK, and a Master of Human Sciences (History and Civilization) from the International Islamic University, Malaysia.

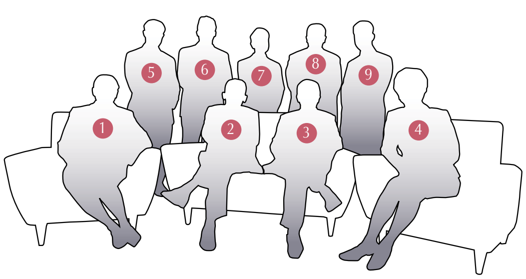
He joined the Royal Malaysian Air Force (RMAF) in 1964 and graduated as a qualified pilot in 1965. He served in RMAF for 32 years and attained the position of the Chief of the Air Force in 1993 before retiring in November 1996.

He is the Managing Director of Penaga Dresser Sdn. Bhd. a subsidiary of Deleum Berhad. He is also the Independent Non-Executive Chairman of C.I. Holdings Berhad, a beverage manufacturing company.

Notes:

1. Directors' attendance at the Board and Board Commitees' meetings during the financial year ended 31 December 2009 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 major shareholder.
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.

Key Management



1. **Jayanthi Gunaratnam**
   General Manager – Finance and Administration

2. **Chandran Aloysius Rajadurai**
   Group Managing Director

3. **Nan Yusri bin Nan Rahimy**
   Chief Executive Officer - Delcom Oilfield Services Sdn. Bhd.

4. **Lee Sew Bee**
   Vice President - Corporate Services

5. **Heng Phok Wee**
   General Manager - Turboservices Sdn. Bhd.

6. **Mohd Faisal bin Mat Salleh**
   General Manager - Oil & Gas, Sales

7. **Yam Kee Joon**
   Vice President – Business Development

8. **Shankarvelu Sarawanan**
   General Manager - Projects & Sales

9. **Salihudin bin Mohd Razali**
   General Manager - Corporate Finance


O.K.

Products & Services

Progression is Effortless when there is Unity and Commitment

DELEUM BERHAD

Business Performance Review

In line with our mission of being The Preferred Service Company, the Group has embarked on a competency assessment programme to identify, certify and enhance the technical competency of oilfield personnel.

Installation of Pressure Control Lubricator

The Group continued to register growth in 2009, contributed mainly by the specialised equipment and services segment and oilfield equipment and services segment.

The Group recorded a revenue of RM514 million for the financial year 2009, a 21% increase compared to RM425 million in the previous year. In line with the increase, the Group achieved a 24% increase in profit before tax of RM46 million compared to RM37 million in 2008. The profit after tax and minority interest increased by 14% from RM23.3 million in 2008 to RM26.5 million.

SPECIALISED EQUIPMENT AND SERVICES

This business segment involves the provision of subsea production systems, umbilicals, gas turbine packages, control safety valves repairs and related services.

The revenue in this segment recorded an increase of 13% from RM203 million in 2008 to RM230 million in 2009. The increase was attributed to the award of several new contracts and contribution of a full year's results from Penaga Dresser Sdn. Bhd., a subsidiary acquired in August 2008.

The Group started the year with a significant award for the supply of gas turbines for a national gas pipeline project in East Malaysia. The Group foresees good potential in this segment as many of the deferred projects are expected to come on stream in the near future.

On the industrial power generation section, the Group was successful in securing another gas turbine generator package turnkey order. We anticipate good potential in this section and further projects as customers begin to realise the potential cost savings and energy efficiency from the Combined Heat and Power technology.

Penaga Dresser Sdn. Bhd. which is involved in the control safety valves repairs and related services also contributed to the increase in revenue for this segment. This was a result of the increased activities in Maintenance, Repair and Overhaul services as well as orders for new equipment awarded during the year.

Gas Turbine assembly works

OILFIELD EQUIPMENT AND SERVICES

This particular segment comprises of wireline equipment rental and services, integrated wellhead maintenance services, gas turbine aftermarket support and well services.

The revenue in this segment recorded an increase of 30% from RM218 million in 2008 to RM284 million in 2009. This significant improvement was the result of an increase in the number of wireline packages, well services activities and gas turbine upgrade and retrofit projects.

The year under review marked the successful mobilisation of wireline equipment and personnel for a significant contract in East Malaysia. The Group continues to strive to be a dominant player in providing wireline equipment rental and services, focusing in expanding and enhancing value added services within the current core activities.

The Group continued to provide integrated wellhead maintenance services for various Production Sharing Contractors (PSCs) during the year. With our experienced and skilled personnel, we are able to provide comprehensive specialised maintenance programmes for Original Equipment Manufacturers (OEMs) surface wellheads as well as Christmas trees and will continue to pursue new opportunities with other PSCs.

The Group's gas turbine aftermarket services is focused on providing total life cycle maintenance support to the customers. The Group has been actively involved in equipment upgrade and retrofit projects. In executing these projects, we have increased our capabilities through the formation of an in-house project team. The Integrated Service Centre in Senawang has increased business activities in overhauling of gas turbines throughout Malaysia as well as the region.

In line with our mission of being The Preferred Service Company, the Group has embarked on a competency assessment programme to identify, certify and enhance the technical competency of oilfield personnel. This programme, which will be a reference point for technical competency evaluation, is expected to be implemented in 2010. Specific training programmes can then be developed to further enhance the skillsets of our personnel.

Wellhead Maintenance in progress

Erecting the wireline mast

OILFIELD CHEMICALS AND SERVICES

This business segment involves the development and provision of solid deposit removal solutions and specialty chemicals.

In relation to the prevalent market conditions with the sudden decline in crude oil prices in 2009, there were cutbacks in Increased Oil Recovery activities by the customers. This proved to be a challenge in marketing the products as well as obtaining customers' acceptance. Due to this, the revenue contribution for this segment decreased by 91% from RM4.3 million to RM0.4 million. The sudden drop in revenue was also due to the completion of a major contract during the year.

Asian Supply Base, Labuan

The Integrated Service Centre, Senawang

Kemaman Supply Base, Terengganu

OILFIELD CHEMICALS AND SERVICES (continued)

Despite these uncertainties, the Group still sees potential in growing this business. Hence, in moving forward, several initiatives will be undertaken to reassess new opportunities and areas where this technology can be utilised. The Group will also continue to be involved in finding new solutions for wax and sludge treatment.

ASSOCIATES

Malaysian Mud and Chemicals Sdn. Bhd. provides dry and liquid bulking services for East Malaysia offshore operations at Asian Supply Base in Labuan. The decrease in drilling activities due to a project deferment in 2009 has resulted in a decrease in the contribution to the Group. However, the drilling activities are expected to improve subsequently with projects expected to come on stream.

Cambodia Utilities Pte. Ltd., which is the first Independent Power Producer (IPP) in Cambodia delivering a net capacity of 36MW electricity to the city of Phnom Penh, continues to strengthen the Group's performance and to contribute to the Group's overall earnings.

LOOKING AHEAD IN 2010

Bank Negara Malaysia recently announced that the recovery in the global economy is progressing amidst continued policy support and improvements in financial conditions. The outlook in the oil and gas industry however, still remains challenging. This is due to several project deferments and cost cutting measures initiated by customers during 2009.

Nevertheless, it is expected that projects which were deferred previously are being pursued and we see project activities increasing in the near future. Based on customers' ongoing operations to meet production targets, we see increasing opportunities in the provision of refurbishments, retrofits, repairs and replacements of equipment. This is in line with our focus on sustainable business and we will continue to seize opportunities in the provision of maintenance, repair and service based activities. Further, the Group is also looking at exporting its capabilities and services to the region and relevant markets.

Diverse cultures coexisting in harmony

UNDER ONE ROOF

Together with our individual strengths,
we move forward as one.

DELEUM BERHAD

Quality, Health, Safety and Environment

Quality, Health, Safety and Environment (QHSE) is the Group's top priority in safeguarding the welfare of our employees, assets, environment and society at large. Management and all employees are responsible for implementing QHSE policies and procedures which are integrated into daily operations.

In 2009, the Deleum Corporate HSE committee was restructured to include the collective participation from various functions and levels of employees and is headed by the Group Managing Director. As a result, this has provided strong leadership, resources, visible commitment, personal involvement and active participation in HSE activities.

The main functions of the committee are to:-

- Review and develop HSE practices, policies and procedures at the workplace;
- Develop annual HSE plan to meet the HSE objectives;
- Organise HSE programmes, review its effectiveness and make recommendations to the Management; and
- Conduct investigations of incidents and accidents which occur at the workplace and recommend remedial measures.

The Group's HSE slogan "Collective Responsibility Towards HSE Excellence" was introduced in 2009. The aim of this slogan is to instill ownership and collective involvement of each and every employee towards achieving the Group's HSE objectives.

HSE programmes and activities during the year included the following: -

1. HSE Week held from 26 to 30 October 2009 which included presentations and briefings on safety awareness at the workplace and home, hazard hunts, health talks and employees' health check. This event was very successful and garnered the highest participation from employees;
2. Introduction of a Monthly Safety Bulletin highlighting safety issues and good practices;
3. Safety stand down at the Group's facilities and workplace;
4. Safety drills which included fire evacuation and use of safety equipment;
5. Periodic safety training and awareness for employees;
6. Regular reviews of safety performance and statistics during safety meetings; and
7. Periodic reviews of HSE management system at operational facilities.

The Group also participated in HSE activities conducted by customers, business partners and safety authorities.

Safety briefing

A notable achievement during the year was the award of the "Best Stop Card" recognition by a customer to an employee.

Safety demonstration

In upholding the Group's commitment to continuously improve its quality management system, a new initiative was embarked with respect to the existing ISO Quality Management System certification.

The ISO 9001:2000 certification of Delcom Oilfield Services Sdn. Bhd. and Turboservices Sdn. Bhd. awarded in 2004, were streamlined under their holding company, Delcom Services Sdn. Bhd. ("DSSB"). The audit has been successfully completed and certification for DSSB's ISO 9001:2008 is expected to be received in the second quarter of 2010.

"Life saver" card being distributed

Activities of 2009

Corporate Activities

5 March 2009 (Business)

PCSB-SKO-BWE's Well Integrity Intervention Awareness Day

Delcom participated and exhibited its oilfield products and services. Approximately 150 visitors attended with participation from various oilfield service companies.

17 - 19 March 2009 (Business)

Malaysian Services Exhibition (MSE), Dubai

Delcom participated in MSE 2009 to exhibit its products and services. The company highlighted its capabilities in integrated wellhead maintenance, wireline services, chemical products and drilling accessories. MSE 2009 generated a good level of interest with over 150 Malaysian companies participating in this event.

28 April 2009 (Corporate)

Annual General Meeting

Deleum Berhad's 4th AGM was held at Sime Darby Convention Centre. This was attended by a diverse group of shareholders.

28 April 2009 (Corporate)

Final Dividend

Announcement of the final single tier tax exempt dividend of 6 sen per share for the financial year ended 31 December 2008 which was paid on 29 May 2009.

14 May 2009 (Business)

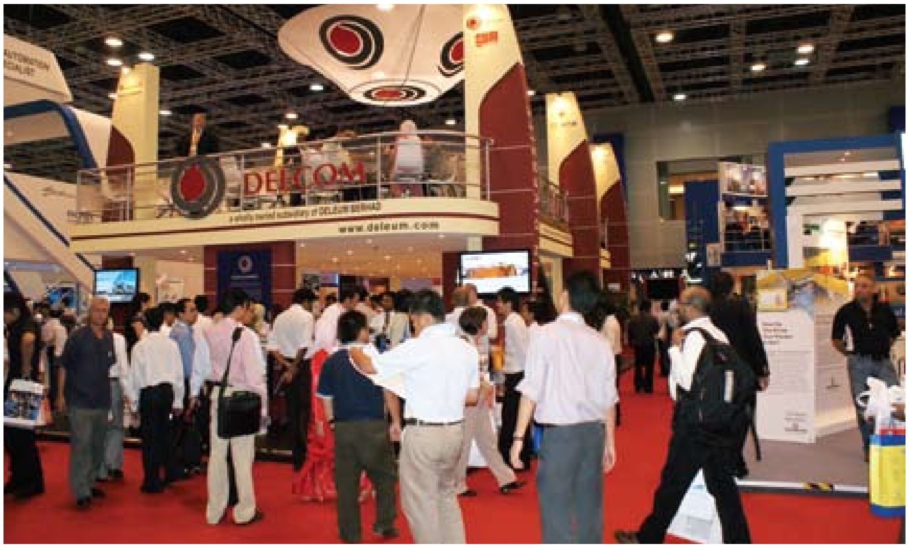
Investing in Cogeneration & Solar Power for the Private Sector Seminar

Participation in the seminar organised by Federation of Malaysian Manufacturers. This seminar highlighted the concept and feasibility of running a cogeneration plant as well as related procedures required to apply for cogeneration tariff in Malaysia.

18 May 2009 (Business)

Solar Turbomachinery Technology Seminar (TTS) 2009

Delcom together with Solar Turbines, jointly organised this seminar in Kuala Lumpur which was well participated by the customers, end users and consultants from the oil & gas industry. The seminar provided new technology updates and equipment showcasing the Titan 250, Solar's latest addition to its gas turbine range.



10 - 12 June 2009 (Business)

13th Asian Oil, Gas & Petrochemical Engineering Exhibition (OGA 2009)

The Group participated in the OGA 2009 exhibition which was organised in conjunction with the 13th Annual Asia Oil & Gas Conference (AOGC 2009). The participation was to further promote the Group's diverse range of supporting specialised products and services for the oil and gas industry.

10 September 2009 (CR)

Majlis Berbuka Puasa Bersama Anak-Anak Yatim

The Delcom Sports and Recreational Club (DSRC) organised a "Buka Puasa" session for 50 children from a charity home in Setapak at a restaurant in Kuala Lumpur. They were treated to a sumptuous buffet and were given presents and "duit raya".

6 October 2009 (Business)

Training on Solid Deposition

Delcom conducted training on the "Study and Treatment of Organic Solid Deposits in Oil Wells" in Kerteh. The training was organised by the Society of Petroleum Engineers (SPE) chapter of Terengganu. A paper was presented on the treatment of wells with solid organic deposits. The attendees included engineers, planners, analysts and managers involved in production and well integrity from Petronas Carigali Sdn. Bhd. and other service providers.

7 - 9 October 2009 (Business)

POWER-GEN ASIA 2009

Delcom participated in the POWER-GEN ASIA 2009 Conference and Exhibition held in Bangkok as a representative for sales and projects related to Turbomach packages in Malaysia and to promote the customisation ability of Turbomach packages to suit customer needs.

15 October 2009 (CR)

Caring and Sharing Session with Underprivileged Children

A visit to a home in Petaling Jaya for special needs and underprivileged children was organised by DSRC. The children were entertained by the employees and also given goodie bags.

26 - 30 October 2009 (Corporate)

HSE Week

To promote HSE awareness, the safety committee organised HSE week 2009. This event received a good response from all levels of employees.

9 - 10 November 2009 (Business)

Operational Performance Improvement Forum

Delcom participated in an exhibition organised by PETRONAS PMU held at a hotel in Kuala Lumpur to promote gas turbine products and services.

11 November 2009 (Business)

South East Asia Fieldbus Foundation Malaysia Seminar and Exhibition

Penaga Dresser participated in an exhibition in conjunction with a seminar organised by PETRONAS held at a hotel in Kuala Lumpur to promote valves and digital instrumentation.

1 December 2009 (Business)

PETRONAS Instrument Forum

Penaga Dresser participated in an exhibition in conjunction with a HART™ technology forum organised by PETRONAS which was held at a hotel in Kuala Lumpur to promote valves and digital instrumentation.

3 December 2009 (Corporate)

Employee Climate Survey Briefing

An Employee Climate Survey for the Group's employees was carried out in the third quarter of 2009 by an external consultant. Four areas were covered by the survey namely job satisfaction, work environment, training needs and staff suggestions for a better work environment. The results of the survey were presented and briefed to the employees.

18 December 2009 (CR)

Year End Gathering for Underprivileged Children

This was held at a theme park in Kuala Lumpur. Over 1,800 underprivileged children from various charity homes were treated to a full day of food, fun and goodies galore. Volunteers from Deleum participated in the packing of goodies as well as spending time with the children.

Activities of 2009

Employees' Sports & Recreational Activities

21 February 2009

"Futsal Fun Fiesta"

This was a battle of Deleum's 'Old' and 'New' blocks. The team from the 'Old' block emerged as the winners for the second year running. It was an eventful day for the kids and spouses who attended as they were also treated to a fun time with lots of goodies.

7 August 2009

Karaoke Competition

The Karaoke Competition, one of the most awaited events of the year was held at Red Box Karaoke Center at The Gardens in Mid Valley. Over 15 employees participated in the solo and duet categories. Many hidden talents were uncovered during this competition.

23 October 2009

Pool Tournament

This year's event drew the biggest participation of 22 players drawn to play in a knock-out competition. The tournament was held at Brewball, MidValley. There was also a huge following of supporters from various departments.

11, 18 & 25 November 2009

Bowling League

This bowling competition was held at the Cosmic Bowl at Mid-Valley. There was massive support given by the DSRC members to their teams during the course of the league. Each week, the teams competed to bowl their highest scores. It was a close race to finish having different teams taking the lead each week. We saw good interaction and socialising amongst our employees.

12, 13 & 14 December 2009

DSRC PD Breakaway

"DSRC PD Breakaway" was the theme for this year's annual trip. Approximately 180 employees and their families attended this event which was held at The Thistle in Port Dickson. Besides a poolside BBQ, the Group also went over to The Eagle Ranch Resort for paintball, abseiling and archery for the adults and telematches for the children.

Activities of 2009

Annual Dinners

Annual Dinners for HQ

The Annual Dinner & Dance themed 'Casino Royale' was held at the One World Hotel, Petaling Jaya. It was a fantastic occasion where all members were dressed up as "James Bond" and "Bond girls". In appreciation of the employees who had contributed their services for over 10 to 20 years to the company, Long Service awards were also presented. The evening was made more entertaining with dance shows and stand-up comedy.

An Annual Dinner themed 'Twilight Masquerade' was held at The Thistle in Port Dickson in conjunction with the "DSRC PD Breakaway". In appreciation of the employees who had contributed their services for over 10 to 25 years to the company, Long Service awards were also presented.

Annual Dinner for Miri

The Annual Dinner themed 'Delcom Colourful Tropical Nite' for Miri based employees was held at Eastwood Valley Golf & Country Club. About 150 employees and their family members attended the event. They were entertained to traditional Iban dances. Long Service awards were also presented.

Annual Dinner for Labuan

The Annual Dinner for Labuan based employees was held at the Grand Dorsett Hotel Labuan. It was a joyous occasion for about 50 employees and their family members who attended this event.

Annual Dinner for Kemaman

The Annual Dinner for Kemaman based employees was held at Legend Resort, Cherating, Pahang. Approximately 100 employees and their family members attended this event.

Coming together was the beginning.
Keeping together brings progress.
Working together is success.

Teamwork is the ability to work together towards a common goal. The way a team synergizes as one determines its success. You may have the greatest star players in the world, but if you do not compete as a team, your club won't be worth a dime. Team support is the fuel that allows common people to attain uncommon results.

DELEUM BERHAD

Statement of Corporate Governance

The Board of Directors ("the Board") of Deleum Berhad ("Deleum") is fully committed to ensuring high standards of corporate governance being practised throughout the Group to safeguard and promote the interests of all its stakeholders and for sustainable value creation.

The Board has continued to practise good and effective corporate governance in the conduct and the overall business direction and management of the Group consistent with the principles and best practices of the Malaysian Code of Corporate Governance ("the Code") and the Main Market 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 pro-active Board which is able to provide a clear and effective leadership to the Group.

The Board comprises of seven (7) directors, with three (3) Executive Directors and four (4) Non-Executive Directors, three (3) of whom are independent.

The Board composition provides an effective check and balance in the functioning of the Board, and is in compliance with Listing Requirements of Bursa Malaysia which require one-third (1/3) of the Board to be independent.

Collectively, the Board brings a wide range of good management, entrepreneurial skills and industry specific knowledge pertinent to the Group's business in the oil and gas industry.

A brief profile of each director is set out on pages 13 to 14 of this Annual Report.

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

1.2 Roles and Responsibilities

The Board has the ultimate and overall responsibility for corporate governance, strategic direction, leadership and supervision of the Group's business affairs to enable the Group to meet its business objectives and their obligations to shareholders and other stakeholders.

Apart from the above responsibilities, the Board also reviews the performance of the Group and ensures that a proper internal control system is in place.

These actions are carried out directly by the Board or through Board Committees.

The positions of the Executive Chairman, Deputy Executive Chairman and Group Managing Director are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and effective 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 and management of the business and operations, and implementation of the Board's policies and decisions. The Executive Chairman, Deputy Executive Chairman and Group Managing Director 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 the Group, consistent with the primary objective of protecting and enhancing long term shareholder value and the financial performance of the Group whilst taking into account the interests of other stakeholders.

1. THE BOARD OF DIRECTORS (continued)

1.2 Roles and Responsibilities (continued)

The Non-Executive Directors who possess the experience and business acumen contribute effectively to the Board's deliberation and decision making process. The Independent 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 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 high standards of conduct and integrity are maintained.

1.3 Board Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of the financial year so as to enable all Directors to plan ahead and block these dates in their respective calendars.

During the financial year, the Board met eight (8) times and all Directors have complied with the requirement in respect of board meeting attendance as provided in the Listing Requirements of Bursa Malaysia.

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 meetings to brief and advise on relevant agenda items to enable the Board to arrive at a considered decision. At these meetings, the Company Secretaries are responsible for ensuring that all relevant procedures are complied with and that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of Deleum.

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	8/8
2	Datuk Vivekananthan a/l M. V. Nathan	Deputy Executive Chairman	8/8
3	Chandran Aloysius Rajadurai	Group Managing Director	8/8
4	Hj. Abd Razak bin Abu Hurairah [1]	Executive Director	4/5
5	Dato' Kamaruddin bin Ahmad	Independent Non-Executive Director	8/8
6	Datuk Ishak bin Imam Abas	Independent Non-Executive Director	8/8
7	Chin Kwai Yoong	Independent Non-Executive Director	8/8
8	Dato' Seri Abdul Ghani bin Abdul Aziz [2]	Non-Independent Non-Executive Director	4/5

[1] Resigned on 31 August 2009.
[2] Appointed on 30 April 2009.

1. THE BOARD OF DIRECTORS (continued)

1.4 Supply of Information

The Board has full and unrestricted access to all information pertaining to the businesses and affairs of 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 clarifications, 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 clarifications on the minutes prior to the confirmation of the 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.

The Directors are notified of all the Company's announcements to Bursa Malaysia. They are also notified of the restriction in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial results announcement.

2. BOARD COMMITTEES

The Board has established Board Committees namely an Audit Committee and a Joint Remuneration and Nomination Committee to assist and support the Board in discharging its fiduciary duties and responsibilities.

During the financial year, a Risk Management Committee was also established.

The Board Committees operate within their own clearly defined terms of references and responsibilities as set out by the Board in compliance with the Code.

The Board Committees deliberate and examine matters within their operating parameters in greater detail and report to the Board on matters considered together with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

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 the Audit Committee Report on pages 40 to 43 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;

2. BOARD COMMITTEES (continued)

2.2 Joint Remuneration and Nomination Committee (continued)

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.

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

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

During the financial year, three (3) meetings of the Joint Remuneration and Nomination Committee were held, at which all members of the Committee attended.

2.3 Risk Management Committee

A new Risk Management Committee was established in July 2009.

The membership of the Committee comprises of two (2) Directors with the heads of business units and support functions of the Group co-opted into the Committee.

Dato' Seri Abdul Ghani bin Abdul Aziz, the Non-Independent Non-Executive Director is the Chairman of the Committee with the Group Managing Director as a member. In the absence of the Chairman, the Group Managing Director chairs the Committee meetings.

The Committee is intended to assist the Board in the oversight of the Group's overall risk management and to encourage and foster greater awareness of risk management at all levels of the Group.

The main duties and responsibilities of the Committee are:-

i) reviewing the Group's risk profile and establishing a risk management framework to implement the processes for identifying, evaluating, monitoring and reporting of risks.

2. BOARD COMMITTEES (continued)

2.3 Risk Management Committee (continued)

ii) identifying, reviewing and evaluating risks facing the Group and formulating risk management processes and procedures and establishing risk action plans, where appropriate.

iii) reviewing the adequacy of the Group's processes to identify the key organisational risks and the systems in place to monitor and manage these risks.

iv) making necessary recommendations to the Board on risk management and control, where appropriate.

During the financial year, four (4) meetings of the Risk Management Committee were held, at which all the members of the Committee attended.

No.	Name	Designation	No of Meetings attended
1	Dato' Seri Abdul Ghani bin Abdul Aziz	Chairman	4/4
2	Chandran Aloysius Rajadurai	Member	4/4

3. DIRECTORS' TRAINING

The Company is cognisant of the importance of continuous training for Directors to further enhance their knowledge and expertise and to keep abreast with latest developments in regulatory requirements and business practices.

During the financial year, the Board attended two (2) in-house training programs on "Financial Reporting Standards 139" and "Towards Business Excellence" conducted by the Company's external auditors and an external trainer respectively.

The Directors are also briefed and updated at the scheduled quarterly meetings with any relevant amendments to the Listing Requirements received from Bursa Malaysia and other relevant topics which are useful to them in discharging their duties effectively.

For the Non-Executive Directors' better perspective and understanding of the ongoing operations, the Company arranged a site visit for the Directors at its operational base where they were briefed and updated on the Group's facilities and activities.

The Group will on a continuous basis, evaluate and determine the training needs of its Directors.

4. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole upon recommendation by the Joint Remuneration and Nomination Committee.

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 (3) or multiple of three (3), 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.

4. APPOINTMENT AND RE-ELECTION OF DIRECTORS (continued)

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.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment by shareholders in accordance with Section 129 of the Companies Act,1965.

The names and details of Directors seeking re-election and re-appointment are disclosed in the Notice of AGM and the profile of the Board of Directors respectively in this Annual Report.

5. DIRECTORS' REMUNERATION

The details of Directors' remuneration during the financial year disclosed by category are as follows:-

Aggregate Remuneration

Remuneration	Executive (RM)	Non-Executive (RM)
Fees	-	199,355
Director's salary, bonus and other emoluments	2,974,478	64,000
Estimated monetary value of benefits-in-kind	160,862	-
Total	3,135,340	263,355

Analysis of Remuneration

Designation	Range of Remuneration	Number of Directors
Non- Executive Directors	RM1 - RM50,000	1
	RM 50,001 - RM100,000	3
Executive Directors	RM 400,001- RM450,000	1
	RM 700,001- RM750,000	2
	RM1,250,001- RM1,300,000	1

Note: A Non-Executive Director was appointed to the Board on 30 April 2009 and an Executive Director resigned on 31 August 2009.

The Board of Directors is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives of the Code.

Directors' remuneration is decided and reviewed 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 responsibility 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.

6. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Group values dialogue with shareholders and investors as a means of positive interaction and effective communication which enables the Board to convey information about the Group's performance, corporate strategy and other matters that affect shareholders' interests 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 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 the Group's performance and operations.

Shareholders and investors can obtain pertinent information on the Group's various activities by accessing its website at www.deleum.com. The website has a dedicated online investor relations portal providing information about the Group including financials, Annual Report, announcements, media releases and share prices. The portal also has an e-mail alerts service where shareholders and anyone who is interested may register to receive newly posted Company announcements and news updates on the Company via e-mail.

The AGM is the principal forum for dialogue and interaction among shareholders, Board and 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.

At each AGM, a presentation is given by the Group Managing Director on the overview of the Group's business activities, financial highlights and future outlook to shareholders. Shareholders are encouraged to participate in the question and answer sessions at the AGM. The Company will convene its Fifth AGM on 27 April 2010 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 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 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 Malaysian Accounting Standards Board ("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. ACCOUNTABILITY AND AUDIT (continued)

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, save and except for associate companies.

The Statement of Internal Control set out on pages 38 and 39 of this Annual Report provides an overview of the state of internal controls of the Group.

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, 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 2009, the directors have:-

- Adopted the appropriate accounting policies and applied them consistently;
- Ensured compliance with MASB Approved Accounting Standards 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 2009.

Statement of Internal Control

The Statement of Internal Control is made in accordance with Paragraph 15.26(b) of the Main Market 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. This is in line with the Code which 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 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.

RISK MANAGEMENT

The Group established a Risk Management Committee in July 2009 comprising of Directors and Senior Management of the Group. The Committee is responsible to identify and evaluate the significant risks applicable to the respective areas of business and to formulate suitable internal controls and mitigating factors. The Committee regularly reviews the process for identifying, evaluating, monitoring and managing significant risks faced by the Group.

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

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.

The duties and responsibilities of the Risk Management Committee are detailed in the Statement of Corporate Governance.

INTERNAL CONTROL SYSTEM

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

- **Organisational structure**
  The roles and responsibilities are clearly defined with a clear organisational structure, lines of accountability and delegated authority to facilitate the Group's daily operations consistently in line with its corporate objectives, strategies, budget, policies and business directions as approved by the Board.

INTERNAL CONTROL SYSTEM (continued)

- **Budget process and reporting**
  The Board is responsible for approving the Group budget on a yearly basis. Performance is monitored regularly against budget and significant variances being highlighted with follow-up and action taken by management, where necessary. Regular and comprehensive information is provided to Management, covering operating and financial performance, key business indicators, resource utilisation, cash flow performance, project achievement, human resource and information technology.

- **Delegation of Authority guidelines**
  Policy guidelines and authority limits are 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. The limits are reviewed and updated regularly to reflect business, operational and structural changes.

- **Policies and procedures**
  Policies and procedures have been established and are regularly updated to reflect changes in business and operational requirements. The Code of Business Conduct was adopted for governing the performance of work and business practices of the Group. There are guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures.

- **Internal audit function**
  As more fully described in the Audit Committee Report, an independent internal audit function has been established which provides assurance to the Audit Committee on the adequacy and integrity of the Group's internal controls. Internal audit reviews are executed based on an approved risk-based internal audit plan. The findings of the internal audit reviews together with Management's responses are presented to the Audit Committee.

- **Quality management system audit**
  Audits on quality accreditations of the Group by internal auditors and accreditation bodies to ensure compliance with certification and regulatory requirements were conducted.

- **Board and Management visit**
  Visits to operating units by the members of the Board and senior management to enhance understanding and perspective of the Group's business and operations.

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 42 and 43 of the Annual Report.

II. COMPOSITION

The Audit Committee comprises four (4) members of the Board with three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

III. MEMBERSHIP

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

No	Name	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
4	Dato' Seri Abdul Ghani bin Abdul Aziz (appointed on 30 April 2009)	Non-Independent Non-Executive

IV. MEETINGS

For the financial year 2009, the Audit Committee held five (5) meetings. The attendance of each Audit Committee member was as follows:-

No	Name	Designation	No. of 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
4	Dato' Seri Abdul Ghani bin Abdul Aziz	Non-Independent Non-Executive	2/3

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:-

- Main Market Listing Requirements of Bursa Malaysia;
- Provisions of Companies Act, 1965 and other legal and regulatory requirements; and
- Applicable approved accounting standards of Malaysian Accounting Standards Board.

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

2. External Audit

(a) Reviewed the external auditors' 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 two (2) meetings with the external auditors without the presence of the Executive Directors and employees of the Company.

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's response to these recommendations and actions taken to improve system of internal control and procedures.

(d) Held one (1) meeting with internal auditors during the financial year without the presence of Executive Directors and employees of the Company.

4. Related Party Transactions

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

VI. INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") of the Group is outsourced to BDO Governance Advisory Sdn. Bhd. The cost incurred for the outsourced of internal audit function in respect of the financial year 2009 amounted to RM71,141.00.

The IAF's primary role is to provide assurance to the Audit Committee on the adequacy and effectiveness of the risk, control and governance framework of the Group.

The Group's system of internal controls does not apply to associate companies.

The IAF reports directly to the Audit Committee which reviews and approves the annual internal audit plan.

During the financial year, the activities carried out were as follows:-

(a) Conducted internal audit reviews in accordance with the approved internal audit plan and reported to the Audit Committee on the findings and the actions taken by Management to address the matters highlighted.

(b) Reviewed the adequacy and effectiveness of the system of controls to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas in regard to:
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations and contractual obligations within the Group's governance, operations and information systems.

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

VI. INTERNAL AUDIT FUNCTION (continued)

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

VII. TERMS OF REFERENCE

The Audit Committee is guided by a terms of reference, of which the salient points are as follows:-

1. Objectives of the Audit Committee

The Audit Committee shall assist the Board:

(a) 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;

(b) in presenting a balanced and understandable assessment of the Company's position and prospects;

(c) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and

(d) in maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets.

2. Composition of the Audit Committee

(a) The Audit Committee shall comprise a minimum of three (3) members, of which a majority must be independent directors.

(b) All members of the Audit Committee shall be non-executive directors.

(c) At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements of the Listing Requirements.

(d) The Chairman of the Audit Committee shall be an Independent Director.

(e) All members of the Audit Committee shall hold office only for so long as they serve as Directors of the Company.

3. Duties and Responsibilities of the Audit Committee

(a) Nominates and recommends the appointment of the external auditors and considers the adequacy of experience, resources, audit fee and any issues regarding their re-appointment, resignation or dismissal;

(b) Reviews with the external auditors the nature and scope of the audit before commencement of the audit and reports the same to the Board;

(c) Reviews with the external auditors its audit report, evaluation of the system of internal controls and reports the same to the Board;

VII. TERMS OF REFERENCE (continued)

3. Duties and Responsibilities of the Audit Committee (continued)

(d) Performs the following in respect of the IAF:

(i) reviews and reports to the Board on:-
- the adequacy of the scope, authority, functions, resources and competency of the IAF;
- the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken;

(ii) discusses and reviews the major findings of internal audit investigations and Management's response and where necessary, ensures that appropriate action is taken on the recommendations of the IAF;

(iii) reviews any appraisal or assessment of the performance of members of the IAF;

(iv) ensures the independence of the IAF and that it reports directly to the Audit Committee;

(e) 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 any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions, and compliance with accounting standards and other statutory requirements;

(f) Reviews and reports to the Board on any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

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

(h) To promptly report to Bursa Malaysia where a matter reported by the Audit Committee to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements; and

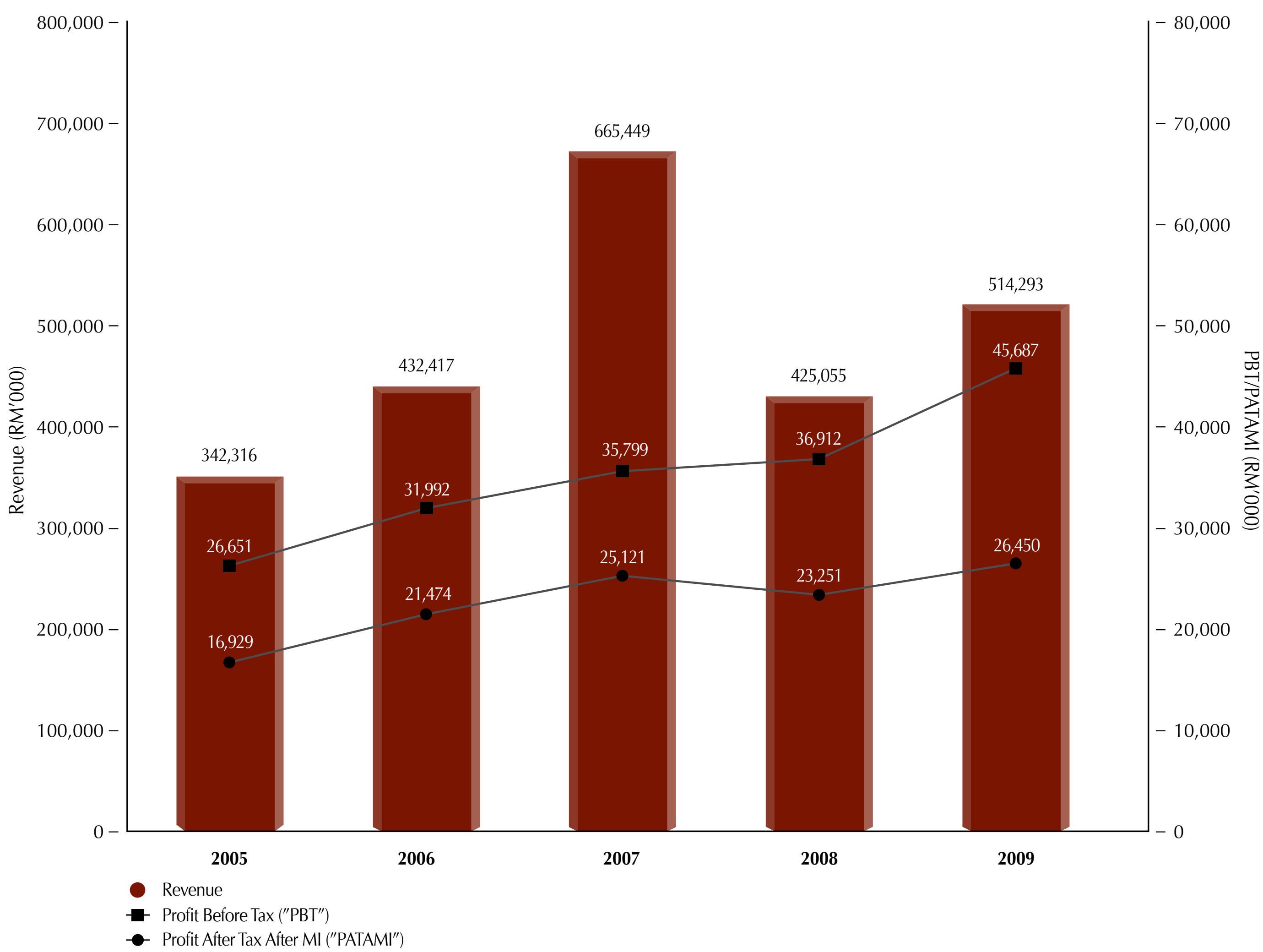
(i) To consider other issues as defined by the Board.

Financial Highlights

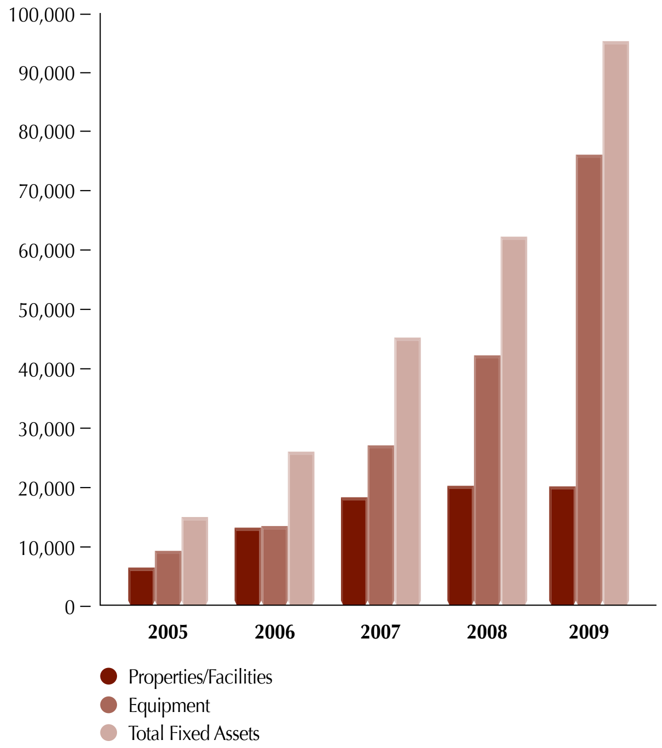
For The Financial Years Ended 31 December 2005 - 2009

The financial results for the years ended 31 December 2005 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.

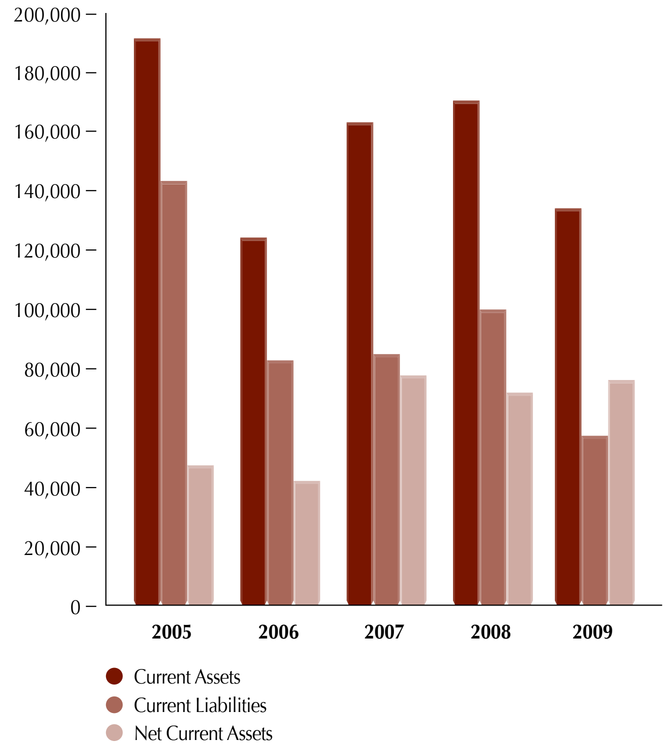
Revenue / PBT / PATAMI



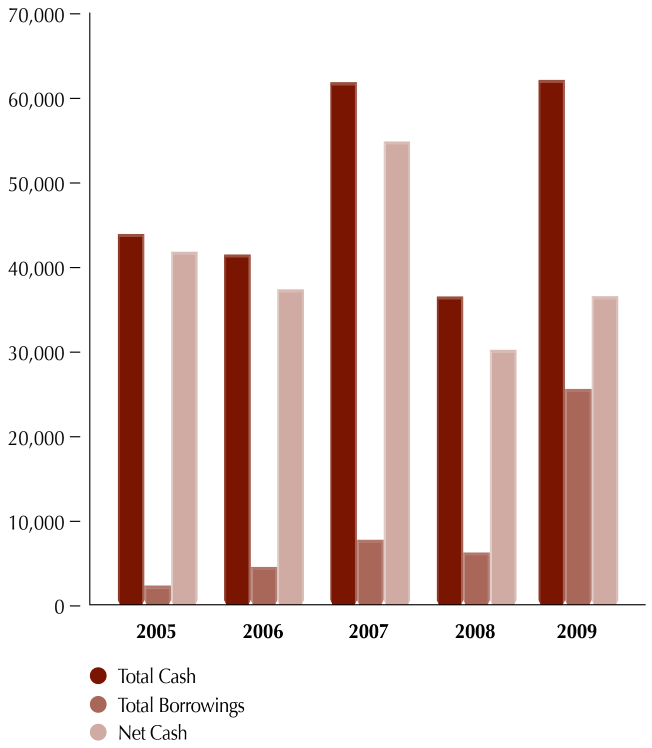
Fixed Assets (RM'000)



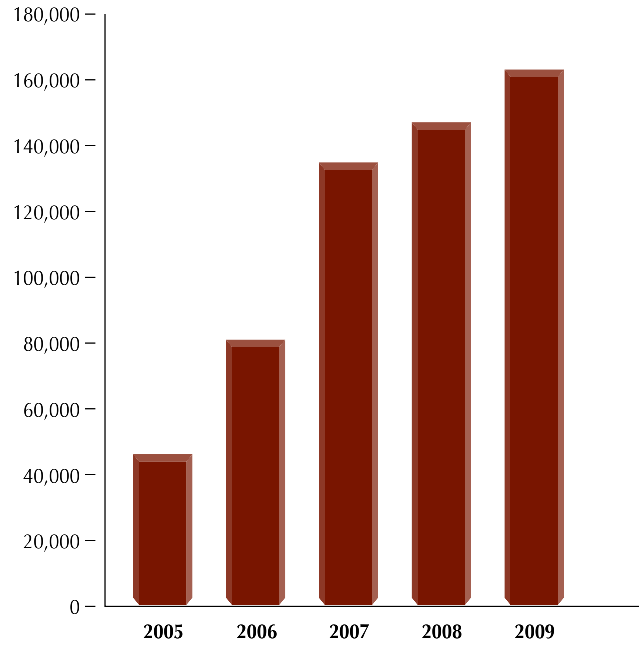
Net Current Assets (RM'000)



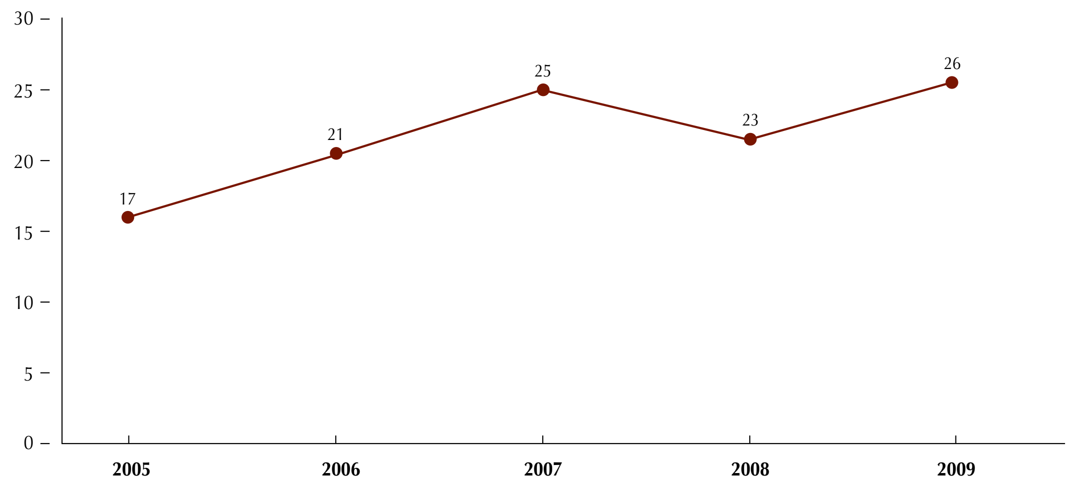
Net Cash (RM'000)



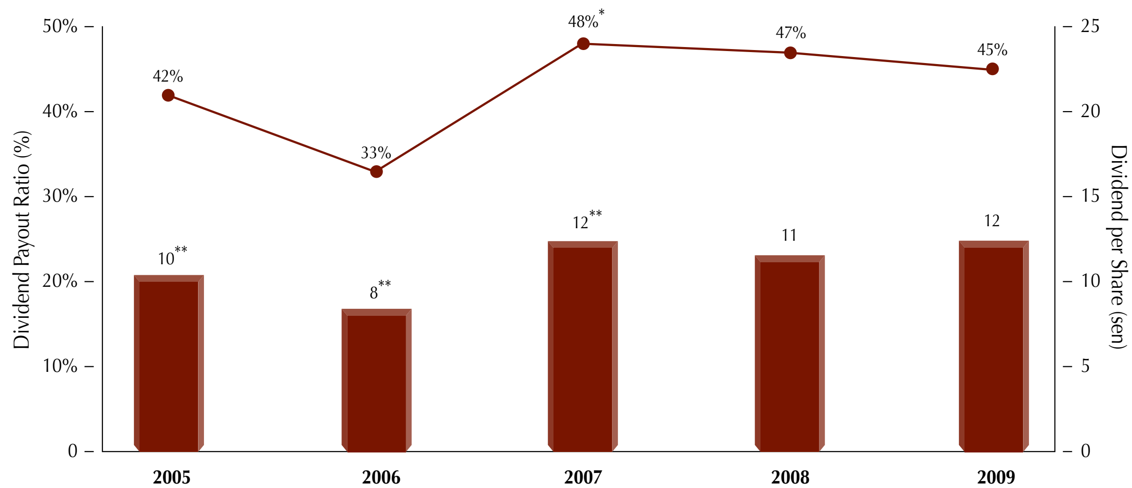
Net Tangible Assets (RM'000)



EPS (sen)



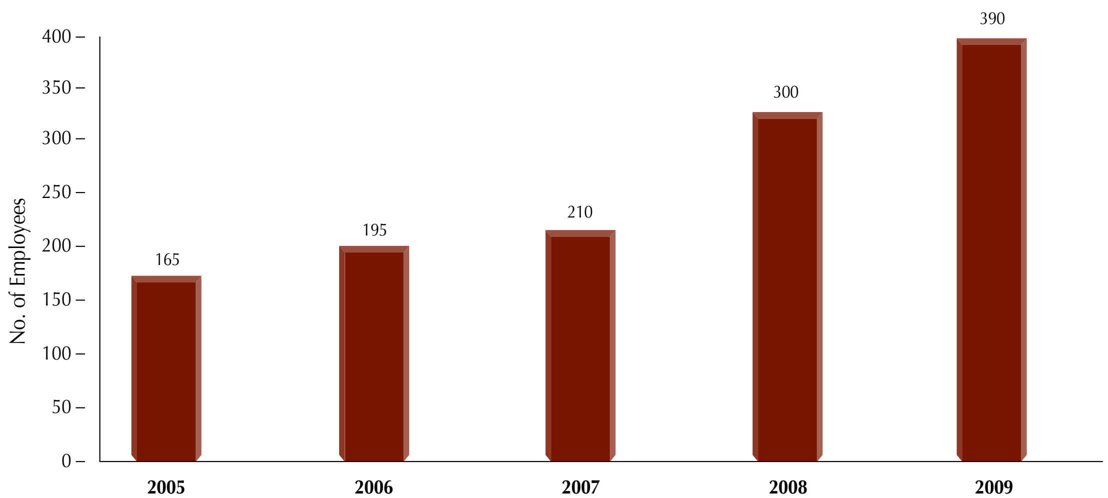
Dividends



Dividend payout ratio (%)
Dividend per share (sen)

* Adjusted for S108 tax credit
** Adjusted for share capital of RM100 million

Employees



Financial Statements

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 2009.

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	35,734,108	5,257,455

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2008 were as follows:

	RM
In respect of the financial year ended 31 December 2008, as shown in the Directors' report of that year, a final single tier tax exempt dividend of 6 sen per share on 100,000,000 ordinary shares, paid on 29 May 2009	6,000,000
In respect of the financial year ended 31 December 2009, first interim single tier tax exempt dividend of 5 sen per share on 100,000,000 ordinary shares, paid on 18 September 2009	5,000,000
	11,000,000

The Directors now recommend the payment of a final single tier tax exempt dividend of 7 sen per share of RM1.00 each in respect of the financial year ended 31 December 2009, 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.

Directors' Report (continued)

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	
Datuk Ishak bin Imam Abas	
Dato' Kamaruddin bin Ahmad	
Chin Kwai Yoong	
Dato' Seri Abdul Ghani bin Abdul Aziz	(Appointed on 30 April 2009)
Hj. Abd Razak bin Abu Hurairah	(Resigned on 31 August 2009)

In accordance with Article 78 of the Company's Articles of Association, Datuk Ishak bin Imam Abas and Mr. Chin Kwai Yoong retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 76 of the Company's Articles of Association, Dato' Seri Abdul Ghani bin Abdul Aziz retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Dato' Kamaruddin bin Ahmad, who is over seventy years of age, retires pursuant to Section 129(2) of the Companies Act,1965 at the forthcoming Annual General Meeting and offers himself for re-appointment in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was 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 and remuneration of key management personnel disclosed in Note 31(c) 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 1.1.2009/ date of appointment	**Acquired**	**Sold**	**At 31.12.2009**
Direct interest				
Dato' Izham bin Mahmud	2,797,000	0	0	2,797,000
Datuk Vivekananthan a/l M.V. Nathan	10,625,837	0	0	10,625,837
Chandran Aloysius Rajadurai	5,625,625	0	(335,200)	5,290,425
Datuk Ishak bin Imam Abas	225,000	105,000	0	330,000

Directors' Report (continued)

DIRECTORS' INTERESTS (continued)

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: (continued)

	Number of ordinary shares of RM1 each in the Company			
	At 1.1.2009/ date of appointment	**Acquired**	**Sold**	**At 31.12.2009**
Direct interest (continued)				
Dato' Kamaruddin bin Ahmad	27,200	0	(27,200)	0
Chin Kwai Yoong	187,500	0	0	187,500
Dato' Seri Abdul Ghani bin Abdul Aziz	0	142,900	0	142,900
Indirect interest				
Dato' Izham bin Mahmud	34,524,739	0	0	34,524,739
Datuk Vivekananthan a/l M.V. Nathan	20,420,677	0	0	20,420,677

	Number of ordinary shares of RM1 each in a subsidiary, VSM Technology Sdn. Bhd.			
	At 1.1.2009	**Acquired**	**Sold**	**At 31.12.2009**
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 and Datuk Vivekananthan a/l M.V. Nathan 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

Directors' Report (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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

(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.

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; 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.

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 18 March 2010.

DATO' IZHAM BIN MAHMUD
DIRECTOR

CHANDRAN ALOYSIUS RAJADURAI
DIRECTOR

Income Statements

For the Financial Year Ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	5	514,292,918	425,054,752	14,049,995	49,027,399
Cost of sales		(435,017,950)	(375,695,553)	0	0
Gross profit		79,274,968	49,359,199	14,049,995	49,027,399
Other operating income		3,461,171	2,978,088	136,150	651,545
Selling and distribution costs		(3,990,357)	(3,609,559)	(863,897)	(796,610)
Administrative expenses		(34,770,752)	(23,755,857)	(5,600,596)	(4,648,601)
Other operating expenses		(6,660,195)	(3,067,056)	(1,491,794)	(1,355,944)
Finance cost	8	(1,278,890)	(563,090)	0	0
Share of results of associates	17	9,650,912	15,570,476	0	0
Profit before tax	6	45,686,857	36,912,201	6,229,858	42,877,789
Tax expense	9	(9,952,749)	(6,472,331)	(972,403)	(9,204,600)
Profit for the financial year		35,734,108	30,439,870	5,257,455	33,673,189
Attributable to:					
Equity holders of the Company		26,450,184	23,250,975	5,257,455	33,673,189
Minority interests		9,283,924	7,188,895	0	0
		35,734,108	30,439,870	5,257,455	33,673,189
Earnings per share (sen)					
- Basic	10	26.45	23.25		

The above Income Statements are to be read in conjunction with the significant accounting policies and Notes to the Financial Statements on pages 60 to 110.

Auditors' report – Pages 112 and 113.

Balance Sheets

As at 31 December 2009

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	90,095,758	56,758,289	4,991,176	6,159,817
Investment properties	13	1,005,855	1,029,425	0	0
Prepaid lease payments	14	3,887,501	3,941,936	2,381,598	2,397,164
Intangible assets	15	528,737	1,795,903	0	0
Subsidiaries	16	0	0	74,082,617	73,932,617
Associates	17	42,509,423	41,566,802	0	0
Other investments	18	0	2,475	0	0
Deferred tax assets	26	75,414	706,494	0	0
		138,102,688	105,801,324	81,455,391	82,489,598
CURRENT ASSETS					
Inventories	19	8,293,437	7,137,333	0	0
Amounts due from subsidiaries	20	0	0	27,814,947	28,824,016
Amounts due from associates	21	149,240	1,340,692	73,095	23,749
Trade receivables	22	54,320,952	107,849,856	0	0
Other receivables, deposits and prepayments	22	5,824,972	14,610,539	124,896	126,068
Tax recoverable		3,180,048	2,808,328	2,746,615	2,396,856
Deposits with licensed banks	23	47,576,342	21,328,771	8,998,584	11,998,591
Cash and bank balances	23	13,946,282	14,716,504	198,456	168,762
		133,291,273	169,792,023	39,956,593	43,538,042
LESS: CURRENT LIABILITIES					
Amounts due to subsidiaries	20	0	0	1,367,770	453,394
Amounts due to associates	21	0	1,974	0	0
Trade payables	24	39,143,669	81,488,159	0	0
Other payables and accruals	24	11,139,993	14,540,101	1,426,956	1,226,443
Taxation		1,940,011	1,695,909	0	0
Borrowings	25	3,967,815	735,242	0	0
Dividends payable		1,578,098	180,616	0	0
		57,769,586	98,642,001	2,794,726	1,679,837
NET CURRENT ASSETS		75,521,687	71,150,022	37,161,867	41,858,205

Balance Sheets (continued)

As at 31 December 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	26	3,330,224	1,131,153	66,500	54,500
Borrowings	25	21,288,677	5,344,645	0	0
		24,618,901	6,475,798	66,500	54,500
		189,005,474	170,475,548	118,550,758	124,293,303
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	27	100,000,000	100,000,000	100,000,000	100,000,000
Share premium	28	0	0	0	0
Retained earnings	29	112,824,760	97,374,576	18,550,758	24,293,303
Merger deficit	30	(50,000,000)	(50,000,000)	0	0
Currency translation differences		(1,356,406)	(1,227,472)	0	0
Shareholders' equity		161,468,354	146,147,104	118,550,758	124,293,303
MINORITY INTERESTS		27,537,120	24,328,444	0	0
TOTAL EQUITY		189,005,474	170,475,548	118,550,758	124,293,303

The above Balance Sheets are to be read in conjunction with the significant accounting policies and Notes to the Financial Statements on pages 60 to 110.

Auditors' report – Pages 112 and 113.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2009

		Attributable to equity holders of the Company							
		Issued and fully paid ordinary shares of RM1 each							
	Note	Number of shares	Nominal value RM	Currency translation differences RM	Merger deficit RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
Group									
At 1 January 2009		100,000,000	100,000,000	(1,227,472)	(50,000,000)	97,374,576	146,147,104	24,328,444	170,475,548
Profit for the financial year		0	0	0	0	26,450,184	26,450,184	9,283,924	35,734,108
Dividends	11	0	0	0	0	(11,000,000)	(11,000,000)	(5,644,327)	(16,644,327)
Currency translation differences		0	0	(128,934)	0	0	(128,934)	(430,921)	(559,855)
At 31 December 2009		100,000,000	100,000,000	(1,356,406)	(50,000,000)	112,824,760	161,468,354	27,537,120	189,005,474

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 60 to 110.

Auditors' report – Pages 112 and 113.

Consolidated Statement of Changes in Equity (continued)

For the Financial Year Ended 31 December 2009

	Note	Issued and fully paid ordinary shares of RM1 each: Number of shares	Issued and fully paid ordinary shares of RM1 each: Nominal value RM	Share premium RM	Currency translation differences RM	Merger deficit RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		Attributable to equity holders of the Company								
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	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.		0	0	0	0	0	0	0	5,536,217	5,536,217
Acquisition of remaining equity interest in Delcom Chemicals Sdn. Bhd.		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

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 60 to 110.

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Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2009

	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 2009		100,000,000	100,000,000	0	24,293,303	124,293,303
Profit for the financial year		0	0	0	5,257,455	5,257,455
Dividends	11	0	0	0	(11,000,000)	(11,000,000)
At 31 December 2009		100,000,000	100,000,000	0	18,550,758	118,550,758
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	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

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 60 to 110.

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Cash Flow Statements

For the Financial Year Ended 31 December 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		35,734,108	30,439,870	5,257,455	33,673,189
Adjustments for:					
Allowance for doubtful debts:					
- allowance made		568,975	157,553	0	0
- write back of allowance		0	(1,498,941)	0	0
Amortisation:					
- prepaid lease payments		54,435	69,997	15,566	31,132
- intangible assets		309,910	0	0	0
Depreciation:					
- property, plant and equipment		9,900,955	5,853,436	1,279,471	1,052,963
- investment properties		23,570	23,575	0	0
Bad debts written off:					
- other receivables		0	273,250	0	0
Allowance for liquidated damages:					
- allowance made		134,910	680,517	0	0
- write back of allowance		(2,319,773)	0	0	0
Gain on disposal of property, plant and equipment		(75,062)	0	(3,757)	0
Impairment losses:					
- other investment		543	0	0	0
Write-off:					
- property, plant and equipment		676,814	3,160	0	0
- intangible assets		758,731	0	0	0
- inventories		196,088	133,526	0	0
Interest income		(500,703)	(1,284,195)	(132,393)	(651,545)
Dividend income		0	0	(14,049,995)	(49,027,399)
Finance cost		1,278,890	563,090	0	0
Share of results of associates	17	(9,650,912)	(15,570,476)	0	0
Tax expense		9,952,749	6,472,331	972,403	9,204,600
Unrealised foreign exchange loss/(gain)		404,651	(8,705)	0	0
		47,448,879	26,307,988	(6,661,250)	(5,717,060)
Changes in working capital:					
Inventories		(1,352,192)	1,267,209	0	0
Receivables, deposits and prepayments		61,340,845	(16,130,378)	860,241	(21,449,384)
Payables		(43,451,637)	3,097,220	1,114,889	(178,730)
		63,985,895	14,542,039	(4,686,120)	(27,345,174)
Interest received		500,703	1,284,195	132,393	651,545
Tax (paid)/refunded		(7,250,216)	(8,113,752)	1,189,838	0
Interest paid		(1,278,890)	(563,090)	0	0
Net cash generated from/(used in) operating activities		55,957,492	7,149,392	(3,363,889)	(26,693,629)

Cash Flow Statements (continued)
For the Financial Year Ended 31 December 2009

	Note	Group		Company	
		2009	**2008**	**2009**	**2008**
		RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES					
Amount due from associates		1,189,478	(1,228,834)	(49,346)	(23,446)
Acquisition of subsidiaries, net cash	36	0	(2,115,012)	0	0
Purchase of property, plant and equipment	12	(44,479,370)	(20,940,594)	(251,274)	(1,948,232)
Proceeds from disposal of property, plant and equipment		837,719	0	144,201	0
Proceeds from disposal of other investment		1,932	0	0	0
Dividends received from subsidiaries		0	0	11,549,995	24,228,185
Dividends received from associates		8,356,710	6,755,283	0	0
Net cash (used in)/generated from investing activities		(34,093,531)	(17,529,157)	11,393,576	22,256,507
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank borrowings:					
- proceeds		20,000,000	0	0	0
- repayments		(823,395)	(1,110,288)	0	0
Dividends paid to:					
- shareholders		(11,000,000)	(10,785,724)	(11,000,000)	(10,920,000)
- minority interests		(4,354,943)	(3,859,106)	0	0
Cash held in trust for dividends		(44,449)	0	0	0
Cash held in a designated account		(500,592)	0	0	0
Net cash generated from/(used in) financing activities		3,276,621	(15,755,118)	(11,000,000)	(10,920,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		25,140,582	(26,134,883)	(2,970,313)	(15,357,122)
FOREIGN EXCHANGE RESERVES		(208,274)	904,457	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		36,045,275	61,275,701	12,167,353	27,524,475
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23	60,977,583	36,045,275	9,197,040	12,167,353

The above Cash Flow Statements are to be read in conjunction with the significant accounting policies and Notes to the Financial Statements on pages 60 to 110.

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Summary of Significant Accounting Policies

For the Financial Year Ended 31 December 2009

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 Financial Reporting Standards 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 and the Company'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.

(a) Standards, amendments to published standards and Interpretation Committee (IC) Interpretations that are effective

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the financial year ended 31 December 2009 which are applicable to the Group and Company.

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

The Group and Company will apply the following new standards, amendments to standards and interpretations from the effective dates stated:

- The revised FRS 3 "Business combinations" (FRS 3) (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs should be expensed.

- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision maker will no longer need to report this information. Prior year comparatives must be restated.

- The revised FRS 101 "Presentation of financial statements" (FRS 101) (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

A BASIS OF PREPARATION (continued)

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

- Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

- FRS 123 "Borrowing costs" (effective from 1 January 2010) which replaces FRS 123_{2004}, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The improvement to FRS 123 clarifies that the definition of borrowing costs includes interest expense calculated using the effective interest method defined in FRS 139. The initial application of the standard will constitute a change in accounting policy as the Group and Company have opted to expense off borrowing costs in the current accounting policy.

- The revised FRS 127 "Consolidated and separate financial statements" (FRS 127) (effective prospectively from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. On application of the revised standard, gains or losses or goodwill which would have arisen under the current policy on transactions with minority interests, will be recognised in reserves.

- FRS 139 "Financial Instruments: Recognition and Measurement" (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.

- FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

- The amendment to FRS 1 "First-time adoption of financial reporting standards" and FRS 127 "Consolidated and separate financial statements: Cost of an investment in a subsidiary, jointly controlled entity or associate" (effective from 1 January 2010) allows first time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and requires investors to present dividends as income in the separate financial statements.

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

A BASIS OF PREPARATION (continued)

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

- The amendments to FRS 132 "Financial instruments: Presentation" and FRS 101 (revised) "Presentation of financial statements" - "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2010) require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

- IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective from 1 January 2010) 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. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

- IC Interpretation 10 "Interim Financial Reporting and Impairment" (effective from 1 January 2010) 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.

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements project:

- FRS 5 "Non-current assets held for sale and discontinued operations"

  - Improvement effective from 1 January 2010 clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations.
  - Improvement effective from 1 July 2010 clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.

- FRS 119 "Employee benefits" (effective from 1 January 2010) clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

- FRS 120 "Accounting for government grants" (effective from 1 January 2010) clarifies that the benefit of a below market rate government loan is accounted for in accordance with FRS 120.

- FRS 127 "Consolidated and separate financial statements" (effective from 1 January 2010) clarifies that where an investment in a subsidiary that is accounted for under FRS 139 is classified as held for sale under FRS 5, FRS 139 would continue to be applied.

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

A BASIS OF PREPARATION (continued)

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

- FRS 128 "Investments in associates" (effective from 1 January 2010) clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases.

- FRS 128 "Investments in associates" and FRS 131 "Interests in joint ventures" (consequential amendments to FRS 132 "Financial instruments: Presentation" and FRS 7 "Financial instruments: Disclosure" (effective from 1 January 2010) clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7.

- FRS 116 "Property, plant and equipment" (consequential amendment to FRS 107 "Statement of cash flows") (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.

- FRS 117 "Leases" (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'.

- FRS 134 "Interim financial reporting" (effective from 1 January 2010) clarifies that basic and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report.

- FRS 136 "Impairment of assets" (effective from 1 January 2010) clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

- FRS 138 "Intangible Assets"

  - Improvement effective from 1 January 2010 clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.

  - Improvement effective from 1 July 2010 clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

A BASIS OF PREPARATION (continued)

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

- FRS 140 "Investment property" (effective from 1 January 2010) requires assets under construction/development for future use as investment property to be accounted as investment property rather than property, plant and equipment. Where the fair value model is applied, such property is measured at fair value. However, where fair value is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and fair value becomes reliably measurable. It also clarifies that if a valuation obtained for an investment property held under lease is net of all expected payments, any recognised lease liability is added back in order to determine the carrying amount of the investment property under the fair value model.

  The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and Company.

  - FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9
  - FRS 7 and Improvement to FRS 7

  Aside from FRS 139 and the proposed changes to FRS 3, FRS 101, FRS 123 and FRS 127, the adoption of the standards, amendments to published standards and interpretations to existing standards is not anticipated to have a material impact on the financial statements of the Group and Company.

(c) Standards, amendments to published standards and IC interpretation that are not relevant and not yet effective for the Group's and Company's operations

- The amendment to FRS 2 "Share-based payment: Vesting conditions and cancellations" (effective from 1 January 2010) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The improvement to FRS 2 (effective from 1 July 2010) clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.

- FRS 4 "Insurance contract" (effective from 1 January 2010) allows entities to continue with their existing accounting policies for insurance contracts if those policies meet certain minimum criteria. One of the minimum criteria is that the amount of the insurance liability is subject to a liability adequacy test.

- FRS 129 "Financial reporting in hyperinflationary economies" (effective from 1 January 2010) clarifies that a number of assets and liabilities are measured at fair value rather than historical cost.

- IC Interpretation 11 "FRS 2 Group and treasury share transactions" (effective from 1 January 2010) provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash settled share-based payment transactions in the stand alone accounts of the parent and group companies.

- IC Interpretation 12 "Service concession arrangements" (effective from 1 July 2010) applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

A BASIS OF PREPARATION (continued)

(c) Standards, amendments to published standards and IC interpretation that are not relevant and not yet effective for the Group's and Company's operations (continued)

- IC Interpretation 13 "Customer loyalty programmes" (effective from 1 January 2010) clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

- IC Interpretation 14 "FRS 119 The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2010) provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset.

- IC Interpretation 15 "Agreements for construction of real estates" (effective from 1 July 2010) clarifies whether FRS 118 "Revenue" or FRS 111 "Construction contracts" should be applied to particular transactions. It is likely to result in FRS 118 being applied to a wider range of transactions.

- IC Interpretation 16 "Hedges of a net investment in a foreign operation" (effective from 1 July 2010) clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held by any entity in the group. The requirements of FRS 121 "The effects of changes in foreign exchange rates" do apply to the hedged item.

- IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

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. 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 2009

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 the companies in the Group 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. 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 2009

C INTANGIBLE ASSETS

(a) 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 or 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.

(b) Contracts

Acquired contracts with finite useful life are capitalised at cost and amortised using the straight line basis over their contractual periods or estimated useful lives, whichever is shorter. Acquired contracts are tested for impairment whenever indication of impairment exists.

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 de-recognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Summary of Significant Accounting Policies (continued)

For the Financial Year Ended 31 December 2009

E PROPERTY, PLANT AND EQUIPMENT (continued)

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	10 - 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.

Useful lives of assets are reviewed and adjusted where appropriate at balance sheet date. A subsidiary company revised the useful life of wireline equipment from between 5 to 7 years to 10 years effective from 1 January 2009. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charged for the year ended 31 December 2009 was reduced by RM2,826,494 for the Group.

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 de-recognised (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.

Summary of Significant Accounting Policies (continued)

For the Financial Year Ended 31 December 2009

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 and oilfield equipment, chemicals and parts are recognised upon delivery 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.

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

(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.

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

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;
- 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.

Summary of Significant Accounting Policies (continued)
For the Financial Year Ended 31 December 2009

M INCOME TAXES (continued)

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 the Kumpulan Wang Simpanan Pekerja fund.

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.

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 are based on quoted market prices at the balance sheet date. The fair values of financial liabilities with a maturity of more than one year are 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.

Summary of Significant Accounting Policies (continued)

For the Financial Year Ended 31 December 2009

P SHARE CAPITAL (continued)

(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 becoming payable, it will be accounted as a liability.

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 asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are 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 risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are 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 2009

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 Market of Bursa Malaysia Securities Berhad.

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 reduce 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 borrowings 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.

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.

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.

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 2009

4 SEGMENTAL REPORTING

The Group is organised into three main business segments:

- Specialised Equipment and Services – Mainly consists of provision of subsea production development, gas turbine packages and umbilicals.
- Oilfield Equipment and Services – Mainly consists 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 2009						
Revenue						
External revenue	229,901,166	283,964,957	426,795	0	0	514,292,918
Intersegment revenue	0	14,595,943	0	0	(14,595,943)	0
Total revenue	229,901,166	298,560,900	426,795	0	(14,595,943)	514,292,918
Results						
Segment results	24,727,287	28,019,939	(538,035)	699,531	0	52,908,722
Unallocated corporate expenses						(15,593,887)
Finance cost						(1,278,890)
Share of results of associates						9,650,912
Tax expense						(9,952,749)
Profit for the financial year						35,734,108

Notes to the Financial Statements (continued)

31 December 2009

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 2009					
Segment assets	46,117,603	152,437,468	1,054,467	42,509,423	242,118,961
Unallocated corporate assets					29,275,000
Total assets					271,393,961
Segment liabilities	15,411,414	60,813,988	1,606,874	0	77,832,276
Unallocated corporate liabilities					4,556,211
Total liabilities					82,388,487
For the financial year ended 2009					
Other Information:					
Capital expenditure	346,911	41,810,874	13,625	0	42,171,410
Unallocated corporate capital expenditure	0	0	0	0	2,307,960
Depreciation and amortisation	527,091	6,444,427	76,406	0	7,047,924
Unallocated depreciation and amortisation on corporate assets	0	0	0	0	2,931,036

Notes to the Financial Statements (continued)
31 December 2009

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 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 2009

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

(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 2009

5 REVENUE

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Sale of specialised and oilfield equipment, chemicals and parts	295,924,800	274,570,241	0	0
Technical and engineering support services	206,541,540	138,248,651	0	0
Marketing fee	11,826,578	12,235,860	0	0
Dividend income	0	0	14,049,995	49,027,399
	514,292,918	425,054,752	14,049,995	49,027,399

6 PROFIT BEFORE TAX

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
The following items have been charged/(credited) in arriving at profit before tax:				
Purchase of products, parts and consumables	226,566,530	262,387,298	0	0
Cost of services purchased	17,100,625	17,731,698	0	0
Allowance for doubtful debts:				
- allowance made	568,975	157,553	0	0
- write back of allowance	0	(1,498,941)	0	0
Bad debts recovered	0	(20,054)	0	0
Bad debts written off:				
- other receivables	0	273,250	0	0
Amortisation:				
- prepaid lease payments	54,435	69,997	15,566	31,132
- intangible assets	309,910	0	0	0
Depreciation:				
- property, plant and equipment	9,900,955	5,853,436	1,279,471	1,052,963
- investment properties	23,570	23,575	0	0
Fees to PricewaterhouseCoopers Malaysia:				
- statutory audit services	250,000	161,200	85,000	65,000
- audit related services	44,000	48,500	44,000	48,500

Notes to the Financial Statements (continued)

31 December 2009

6 PROFIT BEFORE TAX (continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
The following items have been charged/(credited) in arriving at profit before tax: (continued)				
Statutory audit fees to other auditors	58,313	77,748	0	0
- under provision in previous year	1,000	0	0	0
Gain on disposal of property, plant and equipment	(75,062)	0	(3,757)	0
Loss/(gain) on foreign exchange:				
- realised	279,103	584,560	0	0
- unrealised	404,651	(8,705)	0	0
Impairment losses:				
- other investment	543	0	0	0
Write off:				
- property, plant and equipment	676,814	3,160	0	0
- inventories	196,088	133,526	0	0
- intangible assets	758,731	0	0	0
Interest income	(500,703)	(1,284,195)	(132,393)	(651,545)
Rental income	(131,480)	(135,700)	0	0
Rental expense:				
- business premises	866,109	590,707	0	0
- lease of equipment and motor vehicles	507,029	1,435,330	0	0
Staff cost (excluding defined contribution plan)	31,226,614	18,749,244	3,993,228	3,136,833
Defined contribution plan	3,448,361	2,191,095	561,240	454,550
Allowance for liquidated damages	134,910	680,517	0	0
Write back of allowance for liquidated damages	(2,319,773)	0	0	0

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 (Resigned on 31 August 2009)

Notes to the Financial Statements (continued)
31 December 2009

7 DIRECTORS' REMUNERATION (continued)

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

Non-executive Directors

Datuk Ishak bin Imam Abas
Dato' Kamaruddin bin Ahmad
Chin Kwai Yoong
Dato' Seri Abdul Ghani bin Abdul Aziz (Appointed on 30 April 2009)

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
- salaries and bonuses	2,577,731	2,065,000	2,226,000	1,792,000
- defined contribution plan	396,747	333,240	374,940	300,480
- estimated monetary value of benefits-in-kind	160,862	155,904	129,209	121,506
Non-executive Directors:				
- fees	199,355	162,000	199,355	162,000
- other emoluments	64,000	51,500	64,000	51,500
	3,398,695	2,767,644	2,993,504	2,427,486

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.

8 FINANCE COST

	Group	
	2009	**2008**
	RM	**RM**
Term loan interest	760,532	0
Profit sharing margin on Islamic term loan	338,938	524,440
Bank overdraft interest and other commitment fees	174,979	5,838
Hire purchase interest	4,441	32,812
	1,278,890	563,090

Notes to the Financial Statements (continued)
31 December 2009

9 TAX EXPENSE

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current tax:				
- Malaysian tax	7,097,590	6,729,287	960,403	9,176,602
Under/(over) provision in prior years:				
- Malaysian tax	25,008	94,603	0	(26,502)
Deferred tax (Note 26):				
- Origination and reversal of temporary differences	2,830,151	94,469	12,000	54,500
- Over accrual of temporary differences in respect of prior years	0	(446,028)	0	0
	9,952,749	6,472,331	972,403	9,204,600

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

	Group		Company	
	2009	2008	2009	2008
	%	%	%	%
Numerical reconciliation between the effective tax rate and the Malaysian tax rate				
Malaysian tax rate	25	26	25	26
Tax effects of:				
- expenses not deductible for tax purposes	3	4	7	1
- share of result of associates	(6)	(9)	0	0
- income not subject to tax	0	(2)	(16)	(6)
- over accrual of temporary differences in respect of prior years	0	(1)	0	0
Effective tax rate	22	18	16	21

Notes to the Financial Statements (continued)
31 December 2009

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	
	2009 RM	2008 RM
Profit for the financial year attributable to equity holders of the Company	26,450,184	23,250,975
Weighted average number of ordinary shares in issue	100,000,000	100,000,000
Basic earnings per share (sen)	26.45	23.25

11 DIVIDENDS

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

	2009		2008	
	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				
Second interim dividend, less income tax of 26%, on 80,000,000 ordinary shares, paid on 2 April 2008	0	0	10.00	5,920,000
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	0	0	5.00	5,000,000
		0		10,920,000

Notes to the Financial Statements (continued)

31 December 2009

11 DIVIDENDS (continued)

	2009		2008	
	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 2008				
Final single tier tax exempt dividend, on 100,000,000 ordinary shares, paid on 29 May 2009	6.00	6,000,000	0	0
In respect of the financial year ended 31 December 2009				
First interim single tier tax exempt dividend, on 100,000,000 ordinary shares, paid on 18 September 2009	5.00	5,000,000	0	0
		11,000,000		10,920,000

The Directors now recommend the payment of a final single tier tax exempt dividend of 7 sen per share of RM1.00 each in respect of the financial year ended 31 December 2009, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

Notes to the Financial Statements (continued)
31 December 2009

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Freehold building RM	Long term leasehold buildings RM	Office equipment, furniture & fittings and renovations RM	Plant, machinery, other equipment and motor vehicles RM	Assets under construction RM	Total RM
Group							
Year ended 31 December 2009							
Net book value							
At 1 January 2009	1,040,000	9,067,904	4,894,818	6,326,003	32,855,268	2,574,296	56,758,289
Transfer to renovations	0	0	0	2,574,296	0	(2,574,296)	0
Additions	0	0	0	2,943,328	41,536,042	0	44,479,370
Fair value adjustment (Note 15)	0	0	198,525	0	0	0	198,525
Written off	0	0	0	(2,088)	(674,726)	0	(676,814)
Disposals	0	0	0	(54,691)	(707,966)	0	(762,657)
Depreciation charge	0	(182,399)	(176,771)	(2,659,742)	(6,882,043)	0	(9,900,955)
At 31 December 2009	1,040,000	8,885,505	4,916,572	9,127,106	66,126,575	0	90,095,758
At 31 December 2009							
Cost	1,040,000	9,119,970	6,152,947	22,614,465	100,875,456	0	139,802,838
Accumulated depreciation	0	(234,465)	(1,236,375)	(13,487,359)	(34,748,881)	0	(49,707,080)
Net book value	1,040,000	8,885,505	4,916,572	9,127,106	66,126,575	0	90,095,758
At 1 January 2009							
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

Notes to the Financial Statements (continued)
31 December 2009

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Freehold building RM	Long term leasehold buildings RM	Office equipment, furniture & fittings and 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
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

Notes to the Financial Statements (continued)
31 December 2009

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Long term leasehold buildings RM	Office equipment, furniture & fittings and renovations RM	Plant, machinery, other equipment and motor vehicles RM	Total RM
Company				
Year ended 31 December 2009				
Net book value				
At 1 January 2009	1,283,310	3,609,516	1,266,991	6,159,817
Additions	0	251,274	0	251,274
Disposals	0	0	(140,444)	(140,444)
Depreciation charge	(26,190)	(981,229)	(272,052)	(1,279,471)
At 31 December 2009	1,257,120	2,879,561	854,495	4,991,176
At 31 December 2009				
Cost	1,309,500	4,632,466	1,792,337	7,734,303
Accumulated depreciation	(52,380)	(1,752,905)	(937,842)	(2,743,127)
Net book value	1,257,120	2,879,561	854,495	4,991,176
At 1 January 2009				
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

Notes to the Financial Statements (continued)
31 December 2009

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Long term leasehold buildings RM	Office equipment, furniture & fittings and 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 2009

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Term loan		Banking facilities	
	2009	2008	2009	2008
	RM	RM	RM	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	8,885,505	9,067,904	0	0
- long term leasehold buildings	0	0	2,306,287	2,430,023
- office equipment, furniture & fittings and renovations	413,509	141,378	4,743,090	1,370,002
- plant, machinery, other equipment and motor vehicles	54,689,134	18,430,235	372,407	1,563,643
	65,028,148	28,679,517	7,421,784	5,363,668

13 INVESTMENT PROPERTIES

	Group	
	2009	2008
	RM	RM
Net book value		
At 1 January	1,029,425	1,053,000
Depreciation charge	(23,570)	(23,575)
At 31 December	1,005,855	1,029,425
Cost	1,178,764	1,178,764
Accumulated depreciation	(141,446)	(117,876)
Accumulated impairment loss	(31,463)	(31,463)
	1,005,855	1,029,425
Fair value of investment properties	1,172,300	1,080,000

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 2009

14 PREPAID LEASE PAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Net book value				
At 1 January	3,941,936	4,011,933	2,397,164	2,428,296
Amortisation	(54,435)	(69,997)	(15,566)	(31,132)
At 31 December	3,887,501	3,941,936	2,381,598	2,397,164
At 31 December:				
Cost	4,387,285	4,387,285	2,444,000	2,444,000
Accumulated amortisation	(499,784)	(445,349)	(62,402)	(46,836)
	3,887,501	3,941,936	2,381,598	2,397,164

The prepaid lease payments of RM1,505,904 (2008: RM1,544,769) have been pledged as security for banking facilities as disclosed in Note 25.

15 INTANGIBLE ASSETS

	Goodwill RM	Contracts RM	Total RM
Group			
2009			
At 1 January	1,795,903	0	1,795,903
Fair value adjustment on leasehold land (Note 12)	(198,525)	0	(198,525)
Fair value adjustment relating to contracts	(664,313)	664,313	0
Amortisation	0	(309,910)	(309,910)
Write off	(758,731)	0	(758,731)
	174,334	354,403	528,737
Cost	174,334	664,313	838,647
Accumulated amortisation	0	(309,910)	(309,910)
	174,334	354,403	528,737

Notes to the Financial Statements (continued)
31 December 2009

15 INTANGIBLE ASSETS (continued)

	Goodwill RM
Group	
2008	
At 1 January	0
Acquisition of 51% shares in Penaga Dresser Sdn. Bhd. (Note 36)	1,487,815
Acquisition of 40% remaining shares in Delcom Chemicals Sdn. Bhd. ("DCSB")(Note 36)	308,088
	1,795,903
Cost	1,795,903

Acquisition of 51% shares in Penaga Dresser Sdn. Bhd.

On the acquisition of Penaga Dresser Sdn. Bhd. effective 1 August 2008, and pursuant to FRS 3 "Business Combination", a preliminary purchase price allocation review was performed which produced a goodwill ("intangibles") of RM1,487,815. This was recorded in the balance sheet of the Group as at 31 December 2008. During the year, the Group revisited the purchase price allocation in accordance with FRS 3 and the fair value adjustment arising from the acquisition amounted to RM862,838 and is made up as follows:

	RM
Fair value of contracts	664,313
Fair value adjustment of leasehold land	198,525

The difference arising from the preliminary purchase price allocation review and the evaluation amounting to RM450,643 was charged to the Income Statement for the year ended 31 December 2009.

Acquisition of 40% remaining shares in Delcom Chemicals Sdn. Bhd. ("DCSB")

The amount of intangible asset arising from the acquisition of DCSB of approximately RM308,088 is provisionally calculated as at 31 December 2008. The intangible asset has been subsequently written off during the financial year ended 31 December 2009.

Notes to the Financial Statements (continued)
31 December 2009

16 SUBSIDIARIES

	Company	
	2009	2008
	RM	RM
Unquoted shares at cost	74,082,617	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	
	2009	2008
	RM	RM
Group's share of net assets of associates	42,509,423	41,566,802

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	
	2009	2008
	RM	RM
Current assets	28,869,174	29,489,309
Non-current assets	26,755,014	28,031,994
Current liabilities	(10,915,764)	(14,066,228)
Non-current liabilities	(2,199,001)	(1,888,273)
	42,509,423	41,566,802
Revenue	37,385,816	54,507,335
Expenses	(26,079,296)	(36,978,993)
	11,306,520	17,528,342
Taxation	(1,655,608)	(1,957,866)
Share of post tax results from associates	9,650,912	15,570,476

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 2009

18 OTHER INVESTMENTS

	Group	
	2009	2008
	RM	RM
Non-current		
At cost:		
Quoted shares in Malaysia	24,750	24,750
Less: Impairment loss	(22,818)	(22,275)
Disposal	(1,932)	0
	0	2,475
At cost:		
Unquoted shares in Malaysia	0	160,000
Less: Impairment loss	0	(160,000)
	0	0
	0	2,475
Market value:		
Quoted shares in Malaysia	0	1,368

19 INVENTORIES

	Group	
	2009	2008
	RM	RM
At cost:		
Finished goods	8,293,437	7,137,333

Notes to the Financial Statements (continued)

31 December 2009

20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2009	2008
	RM	RM
Amount due from subsidiaries	27,814,947	28,824,016
Amount due to subsidiaries	(1,367,770)	(453,394)

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

21 AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Amounts due from associates	149,240	1,340,692	73,095	23,749
Amounts due to associates	0	(1,974)	0	0

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

Notes to the Financial Statements (continued)
31 December 2009

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Trade receivables	55,774,790	108,734,719	0	0
Less: Allowance for doubtful debts	(1,453,838)	(884,863)	0	0
	54,320,952	107,849,856	0	0
Other receivables	6,294,736	12,994,869	2,905	6,799
Less: Allowance for doubtful debts	(1,499,871)	(1,499,871)	0	0
	4,794,865	11,494,998	2,905	6,799
Deposits	545,202	584,400	16,820	16,820
Prepayments	484,905	2,531,141	105,171	102,449
	5,824,972	14,610,539	124,896	126,068
	60,145,924	122,460,395	124,896	126,068

The currency exposure profile of trade receivables is as follows:

	Group	
	2009	2008
	RM	RM
- Ringgit Malaysia	15,674,395	47,285,145
- US Dollar	36,698,837	59,418,002
- Pound Sterling	0	1,134,998
- Euro	1,947,256	11,711
- Singapore Dollar	464	0
	54,320,952	107,849,856

Credit terms of trade receivables range from 30 to 60 days (2008: 30 to 45 days).

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.

Notes to the Financial Statements (continued)

31 December 2009

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deposits with licensed banks	47,576,342	21,328,771	8,998,584	11,998,591
Cash and bank balances	13,946,282	14,716,504	198,456	168,762
	61,522,624	36,045,275	9,197,040	12,167,353
Less:				
Cash held in trust for dividends	(44,449)	0	0	0
Cash held in a designated account	(500,592)	0	0	0
	60,977,583	36,045,275	9,197,040	12,167,353

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
- Ringgit Malaysia	60,795,447	32,712,916	9,197,040	12,167,353
- US Dollar	727,177	3,224,725	0	0
- Others	0	107,634	0	0
	61,522,624	36,045,275	9,197,040	12,167,353

The average interest rates of deposits ranged between 1.1% to 2.5% (2008: 2.35% to 2.8%) for the Group and the Company.

Deposits of the Group and the Company have an average maturity period of 8 days (2008: 18 days) and 5 days (2008: 23 days) respectively. Bank balances are deposits held at call with banks and earn no interest.

Cash held in a designated account is required by the terms of the term loan undertaken by a subsidiary company (Note 25).

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

Notes to the Financial Statements (continued)

31 December 2009

24 TRADE AND OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	39,143,669	81,488,159	0	0
Other payables	5,462,338	11,872,437	1,077,347	856,744
Accruals	5,677,655	2,667,664	349,609	369,699
	11,139,993	14,540,101	1,426,956	1,226,443
	50,283,662	96,028,260	1,426,956	1,226,443

The currency exposure profile of trade payables is as follows:

	Group	
	2009 RM	2008 RM
- Ringgit Malaysia	1,477,068	13,805,597
- US Dollar	36,308,335	64,625,284
- Pound Sterling	0	1,371,836
- Euro	1,121,690	662,529
- Japanese Yen	232,160	970,099
- Others	4,416	52,814
	39,143,669	81,488,159

Credit terms of payment granted by the suppliers of the Group are 30 to 45 days (2008: 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 2009

25 BORROWINGS

	Group	
	2009	**2008**
	RM	**RM**
Term loan	20,000,000	0
Islamic term financing long term non-interest bearing facilities	5,209,812	6,003,581
Hire purchase	46,680	76,306
	25,256,492	6,079,887
Less: amount repayable within 12 months		
Term loan	(3,328,000)	0
Islamic term financing long term non-interest bearing facilities	(616,249)	(705,617)
Hire purchase	(23,566)	(29,625)
	(3,967,815)	(735,242)
	21,288,677	5,344,645

(a) Term loan (secured)

The period in which the term loans of the Group attain maturity are as follows:

	Group	
	2009	**2008**
	RM	**RM**
Not later than 1 year	3,328,000	0
Later than 1 year but not later than 2 years	9,984,000	0
Later than 2 years but not later than 5 years	6,688,000	0
	20,000,000	0

On 3 April 2009, a subsidiary of the Group drew down on a new term loan facility to part finance the purchase of wireline equipment and tools. Under the loan covenant, the subsidiary is to open an escrow account under its own name. A minimum of one instalment (principal and interest) must be maintained at all time in that account. The balance in the escrow account as at 31 December 2009 is RM500,592.

The term loan was structured by way of two facilities as follows:

	RM
(i) Term loan 1	10,000,00
(ii) Term loan 2	10,000,00
	20,000,000

Notes to the Financial Statements (continued)

31 December 2009

25 BORROWINGS (continued)

(a) Term loan (secured) (continued)

Term loan 1 carries an interest of 4.64% per annum (2% per annum above the bank's cost of funds of 2.64%). Term loan 2 carries a fixed interest rate of 5.4% per annum. Term loan 1 and 2 are repayable by way of 47 monthly instalments of RM416,000 per month and a final instalment of RM448,000. The first instalment commences on the 13th month from the date of the first drawdown. The tenure of the loan is 5 years.

The fair value of the term loan as at balance sheet date is RM20,300,000.

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

	Group	
	2009	2008
	RM	RM
Not later than 1 year	616,249	705,617
Later than 1 year but not later than 2 years	2,935,042	2,750,139
Later than 2 years but not later than 5 years	1,658,521	2,547,825
	5,209,812	6,003,581

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

- 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 6.55% to 7.00% (2008: 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 22, and corporate guarantee for RM7,000,000 (2008: RM8,820,149) furnished by a subsidiary.

The fair value amount of the Islamic term financing long term non-interest bearing facilities as at the balance sheet date is as follows:

	Group	
	2009	2008
	RM	RM
Fair value	5,253,506	5,839,772

Notes to the Financial Statements (continued)

31 December 2009

25 BORROWINGS (continued)

(c) Hire Purchase

Future minimum lease payments

	Group	
	2009	**2008**
	RM	**RM**
Not later than 1 year	25,700	34,068
Later than 1 year but not later than 2 years	21,552	25,700
Later than 2 years but not later than 5 years	3,562	25,113
	50,814	84,881
Less: Future finance charges	(4,134)	(8,575)
Present value of hire purchase liabilities	46,680	76,306
Analysis of present value of hire purchase liabilities		
Not later than 1 year	23,566	29,625
Later than 1 year but not later than 2 years	19,838	22,097
Later than 2 years but not later than 5 years	3,276	24,584
	46,680	76,306

The hire purchase liabilities bore interests of 5.06% to 5.30% (2008: 5.06% to 5.30%) per annum.

Notes to the Financial Statements (continued)
31 December 2009

26 DEFERRED TAX

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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Deferred tax assets	75,414	706,494	0	0
Deferred tax liabilities	(3,330,224)	(1,131,153)	(66,500)	(54,500)
At 1 January	(424,659)	(987,863)	(54,500)	0
Acquisition of a subsidiary	0	211,645	0	0
(Charged)/credited to income statement				
- property, plant and equipment	(2,950,071)	(332,085)	(12,000)	(54,500)
- unrealised foreign exchange (loss)/gain	(112,110)	232,846	0	0
- provisions	(483,500)	450,798	0	0
- unabsorbed capital allowances	715,530	0	0	0
	(2,830,151)	351,559	(12,000)	(54,500)
	(3,254,810)	(424,659)	(66,500)	(54,500)
<u>Deferred tax assets (before offsetting)</u>				
Provisions	229,860	713,360	0	0
Unrealised foreign exchange loss	86,781	120,220	0	0
Unabsorbed capital allowances	715,530	0	0	0
	1,032,171	833,580	0	0
Offsetting	(956,757)	(127,086)	0	0
Deferred tax assets (after offsetting)	75,414	706,494	0	0
<u>Deferred tax liabilities (before offsetting)</u>				
Property, plant and equipment	(4,208,310)	(1,258,239)	(66,500)	(54,500)
Unrealised foreign exchange gain	(78,671)	0	0	0
	(4,286,981)	(1,258,239)	(66,500)	(54,500)
Less: Offsetting	956,757	127,086	0	0
Deferred tax liabilities (after offsetting)	(3,330,224)	(1,131,153)	(66,500)	(54,500)

Notes to the Financial Statements (continued)

31 December 2009

27 SHARE CAPITAL

	Group/Company	
	2009	**2008**
	RM	**RM**
Authorised ordinary shares of RM1 each:		
At 1 January	500,000,000	100,000,000
Created during the financial year	0	400,000,000
At 31 December	500,000,000	500,000,000
Issued and fully paid ordinary shares of RM1 each:		
At 1 January	100,000,000	80,000,000
Issued during the financial year		
- Bonus Issue (Note 28)	0	20,000,000
At 31 December	100,000,000	100,000,000

28 SHARE PREMIUM

	Group/Company	
	2009	**2008**
	RM	**RM**
At 1 January	0	20,000,000
Less: Bonus issue (Note 27)	0	(20,000,000)
At 31 December	0	0

Share premium arose 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

The 2008 Budget introduced a single tier company income tax system with effect from the year of assessment 2008. Under the single tier system, tax on a company's profits is a final tax and dividend distributed to shareholders will be exempted from tax in the hands of the shareholders. However, there is a transitional period of six years, expiring 31 December 2013, to allow companies to pay franked dividends to their shareholders. Companies also have an irrevocable option to disregard the section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the section 108 balance to be locked-in as at 31 December 2008, in accordance with section 39 of the Financial Act, 2008. The Company has opted to pay dividends under the single tier system with effect from 29 September 2008.

Notes to the Financial Statements (continued)

31 December 2009

30 MERGER DEFICIT

	Group	
	2009	2008
	RM	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	
	2009	2008
	RM	RM
Purchases:		
- Solar Turbines International Company	124,048,000	98,412,022

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

	Group	
	2009	2008
	RM	RM
Amount due to Solar Turbines International Company	5,658,567	14,661,486

Notes to the Financial Statements (continued)
31 December 2009

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	
	2009	2008
	RM	RM
Sales to related parties of Dresser Italia S.R.L	(59,304)	(88,000)
Purchases from Dresser Italia S.R.L	751,692	137,000
Purchases from related parties of Dresser Italia S.R.L	28,061,575	11,362,000
	28,753,963	11,411,000

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

	Group	
	2009	2008
	RM	RM
Amount due to related parties of Dresser Italia S.R.L	3,655,187	3,633,796

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Salaries and bonuses *	4,743,445	2,281,810	705,400	536,910
Defined contribution plans *	730,736	301,294	95,196	70,198
Other remuneration	431,919	236,690	95,060	49,441
Estimated monetary value of benefits-in-kind *	425,409	16,760	2,717	7,105
	6,331,509	2,836,554	898,373	663,654

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.

* Inclusive of remuneration received by a non-executive director of the Company.

Notes to the Financial Statements (continued)

31 December 2009

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 2009 %	2008 %	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	100	Development and provision of solid deposit removal solutions for enhancement of crude oil production, and provision of oilfield chemicals and services.

Notes to the Financial Statements (continued)

31 December 2009

32 CORPORATIONS IN THE GROUP (continued)

Name of Company	Country of incorporation	Group's effective equity interest 2009 %	Group's effective equity interest 2008 %	Principal activities
A SUBSIDIARIES: (continued)				
Subsidiaries of Delcom Services Sdn. Bhd. (continued)				
Wisteria Sdn. Bhd.	Malaysia	100	100	Dormant.
Delcom Holdings Sdn. Bhd.	Malaysia	80	80	Investment Holding.
Subsidiaries of Delcom Holdings Sdn. Bhd.				
* Penaga Dresser Sdn. Bhd.	Malaysia	41	41	Supply, repair, maintenance and installation of valves and flow regulators for the oil and gas industry.
Subsidiaries of Delcom Services Holdings Limited				
* 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 Delcom Services Sdn. Bhd.				
* 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.

Notes to the Financial Statements (continued)
31 December 2009

32 CORPORATIONS IN THE GROUP (continued)

Name of Company	Country of incorporation	Group's effective equity interest 2009 %	2008 %	Principal activities
B ASSOCIATES: (continued)				
Associate of Delcom Utilities (Cambodia) Limited				
^ 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

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 is as follows:

	Group 2009 RM	Group 2008 RM
Within one year	389,266	341,826
Between one to five years	1,487,948	1,531,464
More than five years	259,200	1,069,764

Notes to the Financial Statements (continued)
31 December 2009

34 CAPITAL COMMITMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Capital expenditure for property, plant and equipment				
Authorised and contracted for at the balance sheet date but not yet incurred	4,325,927	13,569,592	0	0

35 CONTINGENT LIABILITIES

In the ordinary course of business, the Group has given guarantees amounting to RM4,465,168 (2008: RM3,003,674) to third parties in respect of operating requirements, utilities and maintenance contracts.

The Company has provided guarantees amounting to RM27,000,000 (2008: RM8,820,149) to financial institutions in respect of credit facilities granted to certain subsidiary companies.

36 ACQUISITIONS DURING THE PREVIOUS FINANCIAL YEAR

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

On 1 August 2008, Delcom Holdings Sdn. Bhd. ("DHSB"), 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 revenue of RM24,991,091 and profit for the financial year ended 31 December 2008 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.

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

Notes to the Financial Statements (continued)
31 December 2009

36 ACQUISITIONS DURING THE PREVIOUS FINANCIAL YEAR (continued)

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

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

Notes to the Financial Statements (continued)
31 December 2009

36 ACQUISITIONS DURING THE PREVIOUS FINANCIAL YEAR (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.

37 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 18 March 2010.

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 52 to 110 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 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 and 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 18 March 2010.

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 52 to 110 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 : 18 March 2010

Before me :

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 2009 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 52 to 110.

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 2009 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

ERIC OOI LIP AUN
(No. 1517/06/10 (J))
Chartered Accountant

Kuala Lumpur
18 March 2010

Additional Compliance Information

1. Status of Utilisation of Proceeds raised from Corporate Proposals

On 1 June 2007, the Company was listed on the Main Market 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 @ 31/12/2009 RM'000	Transferred to Working Capital RM'000	Intended Timeframe for Utilisation	Balance RM'000
i	Working Capital :					
	- Expansion of Business and Markets	12,000	12,000	-	Within 24 months	-
	- Existing Operations	5,700	5,700	-	Within 12 months	-
ii	Capital Expenditure :					
	- Oilfield Equipment	15,000	15,000	-	Within 24 months	-
	- Investment in facilities	6,000	6,000	-	Within 12 months	-
iii	Estimated Listing Expenses					
	- Share Issue Expense	2,500	1,700	800	Immediate	-
	- Listing Expenses	500	500	-		-
		41,700	40,900	800		-

2. Share Buybacks

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

3. Options, Warrants or Convertible Securities

The Company had not issued any options, warrants or convertible securities during the financial year ended 31 December 2009.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2009.

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 2009.

6. Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 December 2009 was as follows:

	RM
Professional fees in connection with the review of quarterly announcements on the Main Market of Bursa Malaysia	24,000
Total Amount	24,000

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 2009.

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 2009.

10. Revaluation Policy

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

List of Properties

No.	Company	Address	Brief Description	Existing Use	Land Area/ Built up Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @31/12/09	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	11 years	3,623,152	-	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	21 years	607,079	-	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	21 years	567,418	-	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	7 years	490,322	-	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	7 years	515,528	-	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	5 years	1,056,000	-	20/8/04
7	Operations 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	9 years	1,400,001	-	21/10/04
8	Operations 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/ 30/9/2012	1 year	3,458,602	-	-
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	12 years	9,925,505	-	30/12/05
10	Operations Penaga Dresser Sdn. Bhd.	No. A1-A2, Kawasan MIEL, Jakar Phase III, 24000 Kemaman, Terengganu Darul Iman	Two (2) units semi-detached factory	Assembly Plant	A1-1723sqm A2-1229sqm	Leasehold/ 19/4/2053	17 years	1,154,640	4/11/09	12/4/04
11	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	15 years	181,695	-	24/2/92

Analysis of Shareholdings

As at 25 February 2010

Authorised Share Capital	: RM500,000,000.00
Issued and Paid-up Share Capital	: RM100,000,000.00
No. of Shareholders	: 2,137
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One Vote per ordinary share

Distribution Schedule of Shares as at 25 February 2010

No. of Holders	Holdings	Total Holdings	% of Holdings
73	Less than 100	2,856	*
181	100 to 1,000	111,715	0.11
1,562	1,001 to 10,000	4,650,356	4.65
260	10,001 to 100,000	8,236,150	8.24
55	100,001 to less than 5% of issued shares	27,534,724	27.54
6	5% and above of issued shares	59,464,199	59.46
2,137		**100,000,000**	**100.00**

Note:

* Less than 0.01%

Analysis of Shareholdings (continued)

As at 25 February 2010

Top 30 Securities Account Holders as at 25 February 2010

(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.	Chandran Aloysius Rajadurai	5,290,425	5.29
6.	Datin Che Bashah @ Zaiton binti Mustaffa	5,002,350	5.00
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.	Hj. Abd Razak bin Abu Hurairah	1,610,937	1.61
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	1,250,000	1.25
12.	Tan Sri Abdul Rashid Hussain	1,250,000	1.25
13.	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	1,225,125	1.23
14.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datin Che Bashah @ Zaiton binti Mustaffa	1,000,000	1.00
15.	Manharlal Bhaichand Gathani Jain	809,100	0.81
16.	Dato' Yahya bin Ya'acob	718,750	0.72
17.	Neoh Choo Ee & Company Sdn. Bhd.	694,000	0.69
18.	DYMM Tuanku Syed Sirajuddin Ibni Al-Marhum Tuanku Syed Putra Jamalullail	675,000	0.68
19.	Lee Sew Bee	660,000	0.66
20.	Mohd Fauzi bin Ahmad	625,000	0.63
21.	Saudah binti Hashim	625,000	0.63
22.	Tan Swee Leong	500,000	0.50
23.	Celine D'Cruz a/p Francis D'Cruz	412,500	0.41
24.	Jayasingam a/l T.Poopalasingam	385,000	0.39
25.	Datin Ishah binti Ismail	372,500	0.37
26.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Ishak bin Imam Abas	330,000	0.33
27.	Cartaban Nominees (Tempatan) Sdn. Bhd. AXA Affin General Insurance Berhad	300,000	0.30
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Mohamad Idris bin Mansor	281,250	0.28
29.	Mohammad Zuki bin Abd Rahman	281,000	0.28
30.	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Renitrans Sdn. Bhd.	254,500	0.25

Analysis of Shareholdings (continued)

As at 25 February 2010

Substantial Shareholders as at 25 February 2010

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	5,290,425	5.29	-	-
Dato' Izham bin Mahmud	2,797,000	2.79	34,524,739 (2)	34.52
Hj. Abd Razak bin Abu Hurairah	1,610,937	1.61	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 25 February 2010

Name of Directors	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	5,290,425	5.29	-	-
Datuk Ishak bin Imam Abas	330,000	0.33	-	-
Dato' Seri Abdul Ghani bin Abdul Aziz	142,900	0.14	-	-
Chin Kwai Yoong	187,500	0.19	-	-

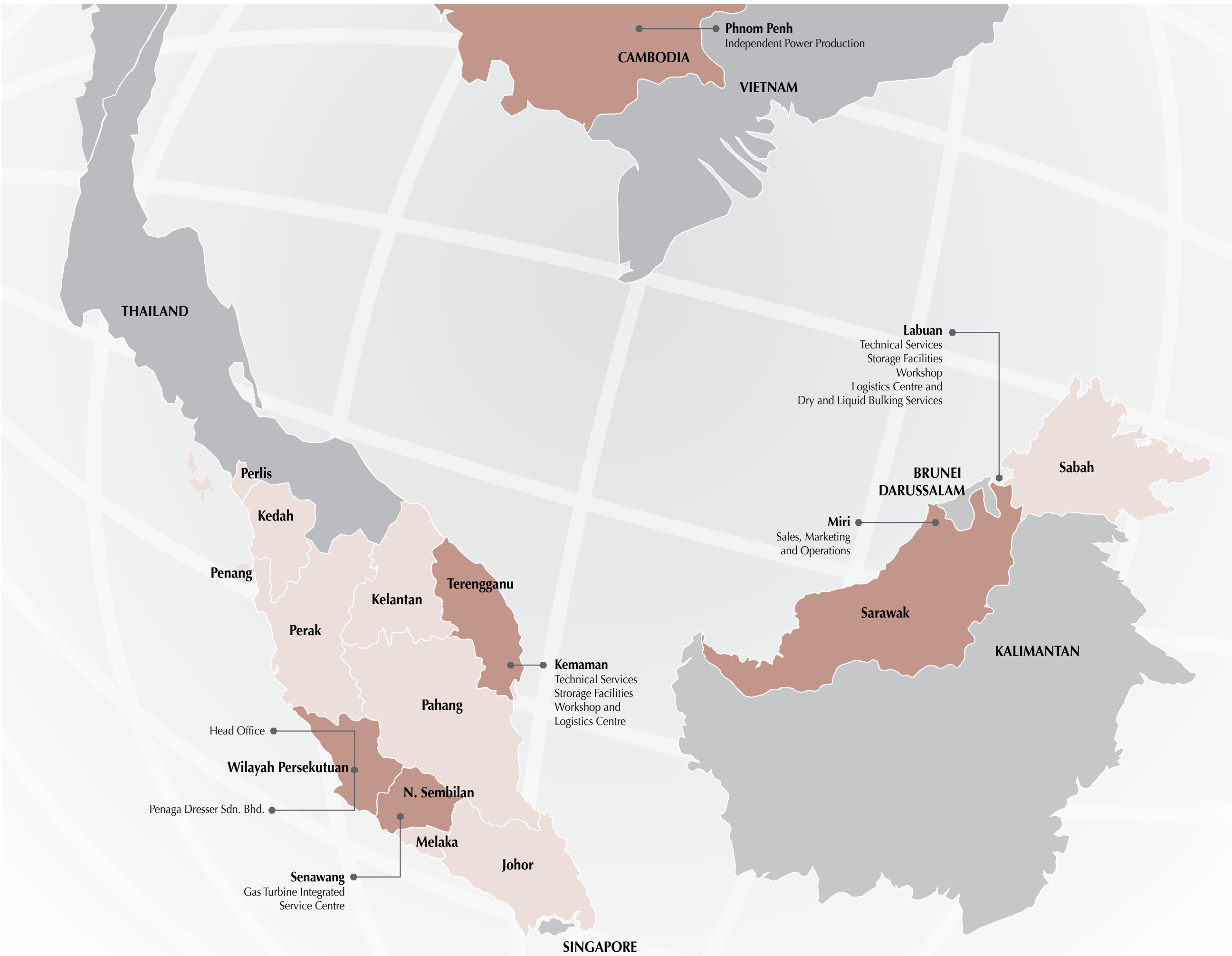
Notes:

(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 BASES
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

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

PROXY FORM

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 Fifth Annual General Meeting of the Company to be held at **Ballroom 3, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Tuesday, 27 April 2010 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 7 sen per share for the financial year ended 31 December 2009.		
2.	To re-elect Datuk Ishak bin Imam Abas as Director.		
3.	To re-elect Mr. Chin Kwai Yoong as Director.		
4.	To re-elect Dato' Seri Abdul Ghani bin Abdul Aziz as Director.		
5.	To approve the payment of Directors' fees of RM199,355.00 in respect of the financial year ended 31 December 2009.		
6.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	To re-appoint Dato' Kamaruddin bin Ahmad as Director.		
8.	To give authority to issue and allot 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 ______________________ 2010.

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

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

____

Signature/ Common Seal of Shareholder(s)

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, it may appoint not more than two (2) proxies in respect of each securities account it 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.

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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

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