PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

The condensed consolidated interim financial statements and the notes thereto do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 July 2010.

A1. ACCOUNTING POLICIES

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

A2. CHANGE IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended 31 July 2010, except for the adoption of the following new/revised Financial Reporting Standards ("FRS") and Interpretations effective 1 August 2010 as disclosed below;-

Effective for financial period beginning on or after 1 January 2010:

FRS 1	First Time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellation
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Cash Flow Statements
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangement
IC Interpretation 14	FRS 119 – The Limit of a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The adoption of the above pronouncements do not have significant impact to the Company and the Group, except as described below;-

(a) FRS 139: Financial Instruments: Recognition and Measurement

Accounting policies

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 August 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 August 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Financial assets**

  Prior to 1 August 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 August 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM600,000, which approximate the previous carrying amount.

  Investment in equity instruments whose fair value cannot be reliably measured amounting to RM249,657,500 at 1 August 2010 continued to be carried at cost less impairment loss.

- **Financial guarantee contracts**

  During the current and prior years, the Company provided financial guarantees to financial institutions in connection with borrowings and other banking facilities granted to its subsidiaries. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 August 2010.

(b) FRS 101(Revised): Presentation of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as single line.

The Standard also introduces Statement of Comprehensive Income with all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense recognised directly in equity.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted by the Group and the Company on 1 August 2010, and has no impact on the results of the Group since the changes affect only the presentation of items of income and expense.

(c) IC Interpretation 12: Service Concession Arrangements

The IC interpretation 12: Service Concession Arrangements ("IC 12") provides guidance on the accounting by the operator of a service concession arrangement involving the provision of a public sector services. Hence, IC 12 is applicable to all tolled expressways concession arrangements awarded by the Government of Malaysia.

Infrastructure within the scope of IC 12 shall not be recognised as tangible operating assets of the operator if the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. Instead, the right to charge users of the public service infrastructure being the consideration received by the operator for the construction or upgrade services that the operator has performed on the infrastructure is to be recognised as intangible assets.

IC 12 requires that the contractual obligations to maintain the infrastructure to a specified standard or to restore the infrastructure when it has deteriorated below a specified condition, be recognised and measured in accordance with FRS 137: Provisions, Contingent Liabilities and Contingent Assets.

The changes to the Company's financial statements upon application of IC 12 are described as follows:

(i) Accounting policies

(a) Change in classification and nature of Concession Assets

Prior to the adoption of IC 12, all the infrastructure costs incurred (which comprised expressway development expenditure ("EDE") and heavy repairs were treated as part of tangible operating assets, and were stated at cost less accumulated amortisation and impairment losses.

Upon adoption of IC 12, those infrastructure costs incurred that establish or vary the right of the Company in providing the public services are treated as intangible asset. The intangible asset is stated at cost less accumulated amortisation and impairment losses.

(b) Write off of heavy repairs and provision for heavy repairs

Heavy repairs relate to cost incurred for the rectification of settlements and pavement rehabilitation of medium and high traffic sections along the expressway.

In addition, provision for heavy repairs being the contractual obligations to maintain and restore the infrastructure to a specified standard of serviceability, is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date.

The effects of the above change in treatment of the heavy repairs are detailed in Note (ii) below.

(c) Amortisation of concession assets

Prior to the adoption of IC 12, concession assets was amortised based on proportion of toll revenue for the period to the total projected toll revenue until end of concession period as follows:

Cumulative actual toll revenue todate		Cumulative		Accumulated
		actual		amortisation at
(Projected total toll revenue	X	concession	Less	beginning of the
for the concession)		assets		financial period

The cost of concession assets is amortised over the concession period by applying the formula in which the denominator of the formula includes projected total toll revenue for subsequent years to the end of concession period and is based on the latest available traffic volume projections multiplied by the relevant toll rates.

Consequent to the Group adopting the pronouncement retrospectively on 1 August 2010, the Group has changed the amortisation method of EDE from revenue method to unit of production method pursuant to FRS 138.

(ii) Financial impact

In accordance with the transitional provisions of IC 12, the changes in accounting policies have been applied retrospectively and comparative figures have been restated accordingly. The financial impact arising from the adoption of this interpretation is tabulated below.

Statement of financial position:			
	←	**31 July 2010**	→
	Before IC 12	**Effect of IC 12**	**After IC 12**
	RM'000	**RM'000**	**RM'000**
Concession intangible assets	915,238	(2,996)	912,242
Expressway heavy repairs	1,521	(1,521)	-
Provision for heavy repairs	0	(4,700)	(4,700)
Retained earnings	55,989	(9,217)	46,772

Statement of comprehensive income:			
	←	**31 July 2010**	→
	Before IC 12	**Effect of IC 12**	**After IC 12**
	RM'000	**RM'000**	**RM'000**
Direct costs	(138,314)	(2,813)	(141,127)
Finance costs	(65,250)	(368)	(65,618)
Profit for the year	30,855	(3,181)	27,674

A3. QUALIFICATION OF FINANCIAL STATEMENTS

The audit report on the Group's financial statements for the year ended 31 July 2010 was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not subject to any significant seasonal or cyclical factors.

A5. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size and incidence in the current period.

A6. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior interim period of the current financial period and in the prior financial year that would have material effect in the current period.

A7. DEBT AND EQUITY SECURITIES

The Group did not undertake any issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period ended 31 July 2011 except for the payment of ijarah rental of RM12.9 million to the holders of Sukuk Mudharabah.

A8. DIVIDEND

No dividend has been proposed or paid for in the financial period under review and in the preceding financial period.

A9. SEGMENT REPORTING

Segment information for the financial period as presented in respect of the Group's business segment.

	Investment Holding Division	Highway Division	Oil & Gas Division	Adjustments	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE					
Revenue	358	16,569	49,245	(358)	65,814
EBITDA	102	13,111	23,307	(233)	36,287
Depreciation	-	(128)	(9,827)	-	(9,955)
Amortisation	-	(2,760)	(1,163)	(57)	(3,980)
Provision for heavy repairs	-	1,287	-	495	1,782
Finance costs	(612)	(15,311)	(8,208)	166	(23,965)
Profit/(loss) before taxation	(510)	(3,801)	4,109	371	169
Taxation	(155)	-	(1,353)	(2)	(1,510)
Profit/(loss) after taxation	(665)	(3,801)	2,756	369	(1,341)
Non-controlling interest	-	-	(571)	-	(571)
Profit/(loss) attributable to the shareholders of the Company	(665)	(3,801)	2,185	369	(1,912)
ASSETS AND LIABILITIES					
Segment assets	251,324	936,790	961,763	(251,547)	1,898,330
Segment liabilities	30,973	870,705	815,324	(10,258)	1,706,744
OTHER INFORMATION					
Capital expenditure	-	2,779	297,075	-	299,854

A10. VALUATION OF PROPERTY, VESSELS AND EQUIPMENT

There is no valuation of property, vessels and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on property, vessels and equipment.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD UNDER REVIEW

There is no material event subsequent to the end of the period under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period under review.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise of the followings:-

	As at 31 July2011 RM '000	As at 31 July 2010 RM '000
Bank guarantee to charterers and suppliers	8,476	8,476
Highway maintenance bond	1,500	1,500
	9,976	9,976

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

B1. REVIEW OF PERFORMANCE

	Revenue	EBITDA	Profit Before Taxation	(Loss)/Profit After Taxation & Minority
	RM '000	RM '000	RM '000	RM '000
Current quarter (May - July 2011):				
Investment holding	358	102	(510)	(665)
Highway	16,569	13,111	(3,801)	(3,801)
Oil and Gas	49,245	23,307	4,109	2,185
	66,172	36,520	(202)	(2,281)
Consolidation adjustments	(358)	(233)	371	369
Total	65,814	36,287	169	(1,912)
Preceding year corresponding quarter (May - July 2010):				
Investment holding	494	705	1,677	1,753
Highway	15,996	12,771	(4,563)	(4,563)
Oil and Gas	43,617	14,745	5,292	2,274
	60,107	28,221	2,406	(536)
Consolidation adjustments	(494)	11	12,089	12,089
Total	59,613	28,232	14,495	11,553

For the current quarter under review, the Group recorded revenue of RM65.8 million, earnings before interest, depreciation and amortization ("EBITDA") of RM36.2 million and profit before taxation of RM0.17 million. After deducting current period and deferred tax charge on the profits, the Group recorded loss after tax and minority interest of RM1.9 million.

Compared to the preceding year corresponding quarter, the Group recorded 10.4% higher revenue mainly following the RM5.6 million higher contributions from the Oil and Gas Division arising from deployment of four new vessels during the current financial year.

Consequently, the Group recorded 28.5% higher EBITDA during the current period.

The Group recorded profit before taxation of RM0.17 million in the current quarter compared to RM14.5 million in the preceding year corresponding quarter. Results of the current quarter was subjected to;-

- higher amortization of expressway development expenditure following the adoption of IC Interpretation 12, and
- higher depreciation charges and financial costs in line with the Oil and Gas Division's fleet renewal programme,

while the preceding year corresponding quarter included RM11.9 million negative goodwill on reverse acquisition of AQL Aman Sdn Bhd.

After taking into account tax charge of RM1.5 million, the Group recorded loss after taxation and minority interest of RM1.9 million as compared to profit of RM11.6 million in the preceding year corresponding quarter.

B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

	Revenue	EBITDA	Profit/(Loss) Before	Loss After Taxation & Minority Interests
	RM '000	RM '000	RM '000	RM '000
Current quarter (May - July 2011):				
Investment holding	358	102	(510)	(665)
Highway	16,569	13,111	(3,801)	(3,801)
Oil and Gas	49,245	23,307	4,109	2,185
	66,172	36,520	(202)	(2,281)
Consolidation adjustments	(358)	(233)	371	369
Total	65,814	36,287	169	(1,912)
Immediate preceding quarter (Feb - Apr 2011):				
Investment holding	316	144	(175)	(40)
Highway	15,786	12,319	(5,255)	(5,255)
Oil and Gas	47,319	18,596	182	497
	63,421	31,059	(5,248)	(4,798)
Consolidation adjustments	(316)	(226)	(212)	(214)
Total	63,105	30,833	(5,460)	(5,012)

Compared to the immediate preceding quarter, the Group recorded 4.3% higher revenue of RM65.8 million from RM63.1 million as a result of higher contributions from both the Highway and Oil and Gas divisions. Further, EBITDA improved by 17.7% mainly due to;

- RM1.6 million lower vessel charter expenses following the expiry of a third party vessel charter during the current quarter,
- reversal of RM1.2 million provision for vessel charter for the prior year which was no longer required, and
- RM0.6 million lower deck supplies.

Consequent to the above, the Group recorded RM0.17 million profit before taxation compared to loss before taxation of RM5.5 million in the preceding quarter. Further, loss after taxation and minority interests reduced to RM1.9 million in the current quarter compared to RM5 million in the preceding quarter.

B3. FUTURE YEAR PROSPECTS

Barring unforeseen circumstances, the Board of Directors is of the view that:

a. contributions from the Oil & Gas Division is expected to remain positive and expected to increase resulting from the fleet expansion programme undertaken during the year where the fleet size increased from 12 to 14, and

b. traffic volume utilising the expressway will continue to grow in the near term as;-

- as a result of SILK Highway's improved connectivity with new highways recently introduced along its alignment together with the availability of installed capacity, and

- increasing development and urbanization in the surrounding vicinity of Kajang SILK Highway.

However, the Highway Division will continue to record accounting losses, albeit on a declining basis.

The Group is expected to remain cashflow positive on an operational basis as a result of the restructuring of the long term debt whereby the Sukuk Mudharabah obligation payments until 25 January 2015 will be limited to the available cash flow generated from the Kajang SILK Highway.

B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST

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

B5. INCOME TAX

Income tax comprises:

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	RM '000	RM '000	RM '000	RM '000
Current year tax charge	-	594	31	616
Transfer to deferred taxation	2,156	1,586	7,206	12,673
Overprovision in prior years	(804)	-	(804)	-
	1,352	2,180	6,433	13,289
Less transfer from deferred taxation	157	(114)	(257)	(429)
	1,509	2,066	6,176	12,860

B6. PROFIT/ (LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There has been no sale of unquoted investments and/or properties during the period.

B7. QUOTED SECURITIES

(a) There is no purchase or disposal of quoted securities for the current quarter and financial period to date.

(b) There is no investment in quoted securities as at the reporting period.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There is no corporate exercise that has been completed during the current period or is still pending as at the end of the current period.

B9. GROUP BORROWINGS AND DEBT SECURITIES

Group borrowings and debt securities as at the end of the reporting period are as follows:

	Short Term RM '000	Long Term RM '000	Total RM '000
Secured:			
Sukuk Mudharabah	2,000	738,701	740,701
Term loans	66,544	622,665	689,209
Hire purchase	264	535	799
	68,808	1,361,901	1,430,709
Unsecured:			
Liability component of preference shares	-	13,426	13,426
Liability component of loan stocks	-	5,547	5,547
	-	18,973	18,973
Total borrowings	68,808	1,380,874	1,449,682

Included in other payables in the consolidated statement of financial position as at 31 July 2011 are;

- RM112.2 million profits accrued up to 31 July 2011 due to Sukukholders on Sukuk Mudharabah. As stated in Note B3, the Sukuk Mudharabah obligation payments until 25 January 2015 are now limited to the available cash flow generated from the Kajang SILK Highway, and
- RM2.3 million dividends payable to the holders of the preference shares.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risks as at the date of issue of the report.

B11. MATERIAL LITIGATION

Following the compulsory acquisition of land falling under the Expressway, which was undertaken by the Company pursuant to the Concession Agreement, certain land owners whose land have been acquired, have filed their objection in Court against the Company for higher compensation. In the Company funded stretch, there are 240 cases comprising 212 cases with claims amounting to RM485.96 million while the land owners' claim for 2 cases are yet to be determined. Out of the 240 cases, 220 cases have been settled while other cases are still pending Court hearing.

Pursuant to the Turnkey Contract dated 31 July 2001 between the Company and Sunway Construction Sdn Bhd ("SCSB"), the amount payable by the Company to SCSB for the land use payments (including expenses and charges incurred by SCSB for the acquisition of land and for removal or resettling of squatters or other occupants on the Expressway) has been contracted out to SCSB at a ceiling amount of RM215 million. Any further amounts that may be awarded by the courts beyond RM215 million will be the obligation of and will therefore be borne by SCSB.

B12. EARNINGS/ (LOSS) PER SHARE

	Individual Quarter		Cumulative Period	
	Current Year	Preceeding Year	Current Year	Preceeding Year
	(3 months)	(3 months)	(12 months)	(12 months)
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	RM '000	RM '000	RM '000	RM '000
Basic earnings per share:				
(Loss)/profit for the period attributable to equity holders of the parent	(1,912)	11,553	(11,236)	19,253
Weighted average number of ordinary shares ('000)	381,849	382,466	381,218	323,288
Basic earnings per share (sen)	**(0.50)**	**3.02**	**(2.95)**	**5.96**
Diluted earnings per share:				
(Loss)/profit for the period attributable to equity holders of the parent	(1,651)	11,553	(10,189)	20,151
Weighted average number of ordinary shares ('000)	381,849	374,836	381,218	323,288
Additional ordinary shares issuable from conversion of loan stocks	183,242	175,800	179,209	175,782
Additional ordinary shares issuable from conversion of convertible preference shares	69,443	90,560	68,553	57,450
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	634,534	641,196	628,980	556,520
Diluted (loss)/earnings per share (sen)	**(0.26)**	**1.80**	**(1.62)**	**3.62**

B13. COMMITMENTS

	31 July 2011 RM '000	31 July 2010 RM '000
Approved and contracted for:		
Property, vessels and equipment	65,315	276,825

The commitments represent vessels which are due for delivery between 2011 and 2012.

B14. REALISED AND UNREALISED PROFITS OF THE GROUP

	31 July 2011 RM '000	31 July 2010 RM '000
Total retained profits of the Company and its subsidiaries:		
- realised loss	(58,602)	(50,824)
- unrealised loss	(34,810)	(29,396)
	(93,412)	(80,220)
Less consolidation adjustments	128,948	126,992
Total Group retained profits as per consolidated accounts	35,536	46,772

B15. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors dated 27 September 2011.

BY ORDER OF THE BOARD
SECRETARIES