

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 2011.

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 2011, except for the adoption of the following new/revised Financial Reporting Standards ("FRS") and Interpretations effective 1 August 2011 as disclosed below;-

Effective for financial period beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-Time Adopters
Amendments to FRS 1	Additional Exemptions for First-Time Adopters
Amendments to FRS 2	Group Cash-Settled Share-Based Payment Transactions
Amendments to FRS 7	Improving Disclosures About Financial Instruments
Amendments to FRSs	'Improvements to FRS (2010)'
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 18	Transfer of Assets From Customers

Effective for financial period beginning on or after 1 July 2011:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

The adoption of the above pronouncements does not have significant impact to the Company and the Group.

At the date of authorization of these interim financial statements, the following standards and interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for annual periods beginning on or after 1 January 2012:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-Time Adopters
Amendments to FRS 1	Additional Exemptions for First-Time Adopters
Amendments to FRS 2	Group Cash-Settled Share-Based Payment Transactions

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

A3. QUALIFICATION OF FINANCIAL STATEMENTS

The audit report on the Group's financial statements for the year ended 31 July 2011 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 October 2011.

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	338	17,790	46,862	(338)	64,652
Direct and maintenance expenses	-	(1,379)	(18,290)	-	(19,669)
Gross profits	338	16,411	28,572	(338)	44,983
Other income	2	570	38	-	610
Administrative expenses	(227)	(2,667)	(4,346)	105	(7,135)
EBITDA	113	14,314	24,264	(233)	38,458
Depreciation	-	(148)	(12,268)	-	(12,416)
Amortisation	-	(2,802)	-	(43)	(2,845)
Provision for heavy repairs	-	-	-	-	-
Finance costs	(348)	(14,990)	(9,206)	240	(24,304)
Profit/(loss) before taxation	(235)	(3,626)	2,790	(36)	(1,107)
Taxation	68	-	(1,048)	(1)	(981)
Profit/(loss) after taxation	(167)	(3,626)	1,742	(37)	(2,088)
Non-controlling interest	-	-	(99)	-	(99)
Profit/(loss) attributable to the shareholders of the Company	(167)	(3,626)	1,643	(37)	(2,187)
ASSETS AND LIABILITIES					
Segment assets	251,505	945,255	992,152	(249,866)	1,939,046
Segment liabilities	31,184	884,867	844,571	(10,609)	1,750,013
OTHER INFORMATION					
Capital expenditure	-	84	48,883	-	48,967

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 except for the following:

- On 15 September 2011, the Company announced that it has acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of Red Centennial Sdn Bhd ("RCSB") for a cash consideration of RM2.00. RCSB, incorporated in Malaysia on 1 June 2011, has an authorized capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise of the followings:-

	As at <u>31 Oct 2011</u> RM '000	As at <u>31 July 2011</u> RM '000
Bank guarantee to charterers and suppliers	7,467	8,476
Highway maintenance bond	1,500	1,500
	<u>8,967</u>	<u>9,976</u>

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

B1. REVIEW OF PERFORMANCE

	Investment Holding Division RM '000	Highway Division RM '000	Oil & Gas Division RM '000	Adjustments RM '000	Total RM '000
Current quarter (August - October 2011):					
Revenue	338	17,790	46,862	(338)	64,652
EBITDA	113	14,314	24,265	(233)	38,459
Profit/(loss) before taxation	(235)	(3,626)	2,790	(36)	(1,107)
Profit/(loss) after tax and non-controlling interests	(167)	(3,626)	1,643	(37)	(2,187)
Preceding year corresponding quarter (August - October 2010):					
Revenue	306	16,004	42,168	(306)	58,172
EBITDA	192	12,668	18,895	(216)	31,539
Profit/(loss) before taxation	(129)	(5,358)	7,245	(213)	1,545
Profit/(loss) after tax and non-controlling interests	12	(5,358)	4,412	(213)	(1,147)

For the current quarter under review, the Group recorded revenue of RM64.7 million, earnings before interest, depreciation and amortization ("EBITDA") of RM38.5 million and loss before taxation of RM1.1 million. After deducting current period and deferred tax charge on the profits, the Group recorded loss after tax and minority interest of RM2.2 million.

Compared to the preceding year corresponding quarter, the Group recorded 11.1% higher revenue mainly from the following;

- RM4.7 million higher contributions from the Oil and Gas Division arising from deployment of four new vessels during the preceding financial year and two new vessels during the current quarter, and
- higher contribution from Highway Division.

Consequently, the Group recorded 21.9% higher EBITDA during the current period.

The Group recorded loss before taxation of RM1.1 million in the current quarter compared to profit before taxation of RM1.5 million in the preceding year corresponding quarter. Results of the current quarter was subjected to:-

- higher amortization of concession intangible assets in line with the increase in the highway traffic volume, and
- higher depreciation charges and finance costs in line with the Oil and Gas Division's fleet expansion programme,

After taking into account tax charge of RM1.0 million, the Group recorded loss for the period of RM2.2 million as compared to loss of RM1.1 million in the preceding year corresponding quarter.

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

	Investment Holding Division RM '000	Highway Division RM '000	Oil & Gas Division RM '000	Adjustments RM '000	Total RM '000
Current quarter					
(August - October 2011):					
Revenue	338	17,790	46,862	(338)	64,652
EBITDA	113	14,314	24,265	(233)	38,459
Profit/(loss) before taxation	(235)	(3,626)	2,790	(36)	(1,107)
Profit/(loss) after tax and non-controlling interests	(167)	(3,626)	1,643	(37)	(2,187)
Immediate preceding quarter					
(May - July 2011):					
Revenue	358	16,569	49,245	(358)	65,814
EBITDA	102	13,111	23,307	(233)	36,287
Profit/(loss) before taxation	(510)	(3,801)	4,109	371	169
Profit/(loss) after tax and non-controlling interests	(665)	(3,801)	2,185	369	(1,912)

Compared to the immediate preceding quarter, the Group recorded marginally lower revenue of RM64.7 million from RM65.8 million as a result of lower contributions from the Oil and Gas Division. Notwithstanding that, EBITDA improved by 6.0% mainly due to;

- RM1.2 million higher toll revenue from the increase in traffic volume while highway maintenance and administrative expenses remain constant, and
- lower charter expenses.

The Group recorded RM1.1 million loss before taxation compared to profit before taxation of RM0.2 million in the preceding quarter mainly due to higher depreciation and finance costs in line with the Oil and Gas Division's fleet expansion programme. Consequently, loss after taxation and minority interests increased to RM2.2 million from RM1.9 million in the preceding period.

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 15, and
- b. traffic volume utilising the expressway will continue to grow in the near term due to:
 - 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:

	Cumulative Period	Current Year To	Preceding Year
	Date	Corresponding	Period
	<u>31 Oct 2011</u>	<u>31 Oct 2010</u>	<u>Period</u>
	RM '000	RM '000	RM '000
Current year tax charge	-	3	
Transfer to deferred taxation	1,049	2,935	
	<u>1,049</u>	<u>2,938</u>	
Less transfer from deferred taxation	(68)	(143)	
	<u>981</u>	<u>2,795</u>	

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 except for the upliftment of the principal-guaranteed investment funds at cost of RM600,000.

B7. QUOTED SECURITIES

- (a) There is no purchase or disposal of quoted securities for the current quarter.
- (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:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
	RM '000	RM '000	RM '000
<u>Secured:</u>			
Sukuk Mudharabah	2,000	738,701	740,701
Term and revolving loans	62,099	649,531	711,630
Hire purchase	259	480	739
Total borrowings	<u>64,358</u>	<u>1,388,712</u>	<u>1,453,070</u>

Included in other payables in the consolidated statement of financial position as at 31 July 2011 is RM127.1 million profits accrued up to 31 Oct 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.

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, 232 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. LOSS PER SHARE

	Current Year (3 months) <u>31 Oct 2011</u> RM '000	Preceding Year (3 months) <u>31 Oct 2010</u> RM '000
<u>Basic loss per share:</u>		
Loss for the period attributable to equity holders of the parent	(2,187)	(1,147)
Weighted average number of ordinary shares ('000)	381,849	379,346
Basic loss per share (sen)	<u>(0.57)</u>	<u>(0.30)</u>
<u>Diluted loss per share:</u>		
Loss for the period attributable to equity holders of the parent	(1,926)	(838)
Weighted average number of ordinary shares ('000)	381,849	379,346
Additional ordinary shares issuable from conversion of loan stocks	184,421	177,616
Additional ordinary shares issuable from conversion of convertible preference shares	69,750	68,936
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	636,020	625,898
Diluted loss per share (sen)	<u>(0.30)</u>	<u>(0.13)</u>

B13. COMMITMENTS

	<u>31 Oct 2011</u> RM '000	<u>31 Oct 2010</u> RM '000
Approved and contracted for:		
Property, vessels and equipment	22,900	241,490

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

B14. REALISED AND UNREALISED PROFITS OF THE GROUP

	<u>31 Oct 2011</u> RM '000	<u>31 July 2011</u> RM '000
Total retained profits of the Company and its subsidiaries:		
- realised loss	(59,436)	(56,612)
- unrealised loss	(36,125)	(30,935)
	<u>(95,561)</u>	<u>(87,547)</u>
Less consolidation adjustments	128,910	133,172
Total Group retained profits as per consolidated accounts	<u>33,349</u>	<u>45,625</u>

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 16 December 2011.

**BY ORDER OF THE BOARD
SECRETARIES**
