

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. AUDIT REPORT OF PRECEDING ANNUAL 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. 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. CHANGES IN ESTIMATES

There were no changes in estimates of amounts 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 2012.

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 current 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	2,138	16,398	76,432	(8,148)	86,820
Direct and maintenance expenses	-	(2,183)	(35,437)	5,878	(31,742)
Gross profits	2,138	14,215	40,995	(2,270)	55,078
Other income	2	561	89	-	652
Administrative expenses	(257)	(3,098)	(3,575)	605	(6,325)
EBITDA	1,883	11,678	37,509	(1,665)	49,405
Depreciation	-	(148)	(16,829)	-	(16,977)
Amortisation	-	(3,146)	-	(30)	(3,176)
Finance costs	(369)	(14,684)	(9,514)	240	(24,327)
Profit/(loss) before taxation	1,514	(6,300)	11,166	(1,455)	4,925
Taxation	74	-	(4,983)	(2)	(4,911)
Profit/(loss) after taxation	1,588	(6,300)	6,183	(1,457)	14
Non-controlling interest	-	-	(2,539)	-	(2,539)
Profit/(loss) attributable to the shareholders of the Company	1,588	(6,300)	3,644	(1,457)	(2,525)
ASSETS AND LIABILITIES					
Segment assets	253,641	913,931	1,021,124	(240,241)	1,948,455
Segment liabilities	32,037	877,826	844,831	(9,476)	1,745,218
OTHER INFORMATION					
Capital expenditure	-	922	10,463	-	11,385

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.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise of the followings:-

	As at <u>31 July 2012</u> RM '000	As at <u>31 July 2011</u> RM '000
Bank guarantee to charterers and suppliers	8,569	7,467
Highway maintenance bond	1,500	1,500
	<hr/> 10,069	<hr/> 8,967 <hr/>

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

B1. REVIEW OF PERFORMANCE

a. Quarterly review

	Investment Holding Division RM '000	Highway Division RM '000	Oil & Gas Division RM '000	Adjustments RM '000	Total RM '000
Current quarter (May - July 2012):					
Revenue	2,138	16,398	76,432	(8,148)	86,820
EBITDA	1,883	11,678	37,509	(1,665)	49,405
Profit/(loss) before taxation	1,514	(6,300)	11,166	(1,455)	4,925
Profit/(loss) after tax and non-controlling interests	1,588	(6,300)	3,644	(1,457)	(2,525)
Preceding year corresponding quarter (May - July 2011):					
Revenue	358	15,569	49,245	(358)	64,814
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)

For the current quarter under review, the Group recorded revenue of RM86.8 million, earnings before interests, taxation, depreciation and amortization (“EBITDA”) of RM49.4 million and profit before taxation of RM4.9 million. After deducting current period and deferred tax charge on the profit, the Group recorded loss after tax and minority interests of RM2.5 million.

Compared to the preceding year corresponding quarter, the Group recorded 34% higher revenue from the contributions of:

a. Oil and Gas Division

Oil and Gas Division remained the Group main source of revenue and operating profit, contributing 81% (2011: 76%) of the Group revenue. During the period, Oil and Gas Division contributed RM27.2 million higher revenue from the deployment of additional vessels for one long-term contract and five short-term contracts and improved vessel charter days.

b. Highway Infrastructure Division

Highway Infrastructure Division contributed 19% (2011: 24%) of the Group revenue. The Division contributed RM0.8 million higher revenue in the current period in line with 12.4% traffic volume growth. However, the toll collection revenue is offset by lower toll compensation from Government.

As a result of the above, the Group recorded 36.2% higher EBITDA during the current period and profit before taxation of RM4.9 million in the current quarter compared to profit before taxation of RM0.2 million in the preceding year corresponding quarter.

After taking into account tax charge of RM4.9 million and minority interests of RM2.5 million, the Group recorded loss for the period of RM2.5 million as compared to loss of RM1.9 million in the preceding year corresponding quarter.

b. Financial year-to-date review

	Investment Holding Division RM '000	Highway Division RM '000	Oil & Gas Division RM '000	Adjustments RM '000	Total RM '000
Current year-to-date (August 2011 - July 2012):					
Revenue	3,145	67,615	291,102	(20,799)	341,063
EBITDA	2,268	51,800	141,811	(2,357)	193,522
Profit/(loss) before taxation	835	(19,361)	37,460	(1,591)	17,343
Profit/(loss) after tax and non-controlling interests	1,118	(19,361)	19,162	(1,598)	(679)
Preceding year-to-date (August 2010 - July 2011):					
Revenue	1,314	65,038	182,688	(1,314)	247,726
EBITDA	318	51,532	78,237	(919)	129,168
Profit/(loss) before taxation	(1,041)	(19,081)	14,654	(257)	(5,725)
Profit/(loss) after tax and non-controlling interests	(781)	(19,081)	8,890	(264)	(11,236)

In line with the improvements during the financial year, the Group recorded 37.7% higher revenue of RM341.1 million and 49.8% higher EBITDA of RM193.5 million during the current financial year as compared to RM129.2 million in the preceding year. The positive results enabled the Group to record RM17.3 million profit before taxation and reduced loss of RM0.7 million after tax and minority interests as compared to loss before taxation of RM5.7 million and loss after tax and minority interests of RM11.2 million in the preceding year.

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 (May - July 2012):					
Revenue	2,138	16,398	76,432	(8,148)	86,820
EBITDA	1,883	11,678	37,509	(1,665)	49,405
Profit/(loss) before taxation	1,514	(6,300)	11,166	(1,455)	4,925
Profit/(loss) after tax and non-controlling interests	1,588	(6,300)	3,644	(1,457)	(2,525)
Immediate preceding quarter (February - April 2012):					
Revenue	331	15,492	81,510	(5,835)	91,498
EBITDA	128	11,516	41,632	(226)	53,050
Profit/(loss) before taxation	(226)	(5,922)	12,583	(53)	6,382
Profit/(loss) after tax and non-controlling interests	(156)	(5,922)	8,426	(55)	2,293

Compared to the immediate preceding quarter, the Group recorded 5.1% lower revenue of RM86.8 million in the current quarter from RM91.5 million in the preceding quarter. The 5.8% quarter-on-quarter revenue growth of the Highway Infrastructure Division was offset by lower revenue of the Oil and Gas Division arising from lower vessel charter days as certain vessels were idle in between expiry of their previous contracts and deployment to their new contracts.

Consequently, the Group recorded 6.9% lower EBITDA and profit before taxation of RM4.9 million in the current quarter compared to profit before taxation of RM6.4 million in the immediate preceding quarter.

After deducting RM4.9 million tax charge and RM2.5 million for minority interests, the Group recorded RM2.5 million loss after taxation and minority interests in the current quarter, as compared to profit after taxation and minority interests of RM2.3 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 16, 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 cash flow 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. ADDITIONAL DISCLOSURE – PROFIT BEFORE TAX

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	Quarter	Quarter	Period	Period
	<u>31 July 2012</u>	<u>31 July 2011</u>	<u>31 July 2012</u>	<u>31 July 2011</u>
	RM '000	RM '000	RM '000	RM '000
Profit before tax is arrived at after charging/(crediting):				
Provision for impairment loss	(2,394)	-	61	-
Finance costs:				
Interest and profits payable to lenders	24,279	23,521	102,446	87,808
Unwinding of interest for provision for heavy repairs	48	444	194	444
Forex loss	-	-	56	211

B6. INCOME TAX

Income tax comprises:

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	Quarter	Quarter	Period	Period
	<u>31 July 2012</u>	<u>31 July 2011</u>	<u>31 July 2012</u>	<u>31 July 2011</u>
	RM '000	RM '000	RM '000	RM '000
Current year tax charge:				
Malaysian income tax	1,000	69	1,740	72
Under/(over) provision in prior years	43	(846)	43	(846)
	<u>1,043</u>	<u>(777)</u>	<u>1,783</u>	<u>(774)</u>
Deferred income tax:				
Relating to origination and reversal of temporary difference	3,790	1,503	6,092	6,166
Under/(over) provision in prior years	78	784	78	784
	<u>4,911</u>	<u>1,510</u>	<u>7,953</u>	<u>6,176</u>

The effective tax rates of the Oil and Gas subsidiaries differ from the Malaysian statutory tax rate as subsidiaries incorporated in Labuan under the Offshore Companies Act, 1990 are taxed at 3% of their profit before taxation, or RM20,000 in accordance with the Labuan Offshore Business Activity Tax Act, 1990.

B7. 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.

B8. 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> RM '000	<u>Long Term</u> RM '000	<u>Total</u> RM '000
<u>Secured:</u>			
Sukuk Mudharabah	2,000	723,494	725,494
Term loans and revolving credit	73,715	667,740	741,455
Hire purchase	252	380	632
Total borrowings	<u>75,967</u>	<u>1,391,614</u>	<u>1,467,581</u>

Included in other payables in the consolidated statement of financial position as at 31 July 2012 is RM131.96 million profits accrued up to that date 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.

B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B10. MATERIAL LITIGATION

Following the compulsory acquisition of land falling under the Expressway, which was undertaken by SILK pursuant to the Concession Agreement, certain land owners whose land have been acquired, have filed their objection in Court against the Land Administrator's award of compensation. In SILK funded stretch, there are 240 cases comprising 238 cases with claims amounting to RM485.96 million while the land owners' claim for 2 cases were undetermined. Out of the 240 cases, 8 cases with claims of RM131.2 million and 2 undetermined 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.

B11. EARNINGS PER SHARE

	Individual Quarter		Cumulative Period	
	Current Year (3 months) <u>31 July 2012</u> RM '000	Preceding Year (3 months) <u>31 July 2011</u> RM '000	Current Year (12 months) <u>31 July 2012</u> RM '000	Preceding Year (12 months) <u>31 July 2011</u> RM '000
<u>Basic earnings per share:</u>				
Profit/(loss) for the period attributable to equity holders of the parent	(2,525)	1,912	(679)	(11,236)
Weighted average number of ordinary shares ('000)	381,849	381,849	381,849	381,218
Basic earnings/(loss) per share (sen)	(0.66)	0.50	(0.18)	(2.95)
<u>Diluted earnings per share:</u>				
Profit/(loss) for the period attributable to equity holders of the parent	(2,230)	(1,651)	471	(10,189)
Weighted average number of ordinary shares ('000)	381,849	381,849	381,849	381,218
Additional ordinary shares issuable from conversion of loan stocks	188,821	183,242	184,651	179,209
Additional ordinary shares issuable from conversion of convertible preference	70,652	69,443	69,748	68,553
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	641,322	634,534	636,248	628,980
Diluted earnings/(loss) per share (sen)	(0.35)	(0.26)	0.07	(1.62)

B12. COMMITMENTS

Approved and contracted for:		
Property, vessels and equipment	2,429	65,315
<hr/>		
Approved but not contracted for:		
Property, vessels and equipment	127,060	-
Highway lane expansion	18,800	-
<hr/>		

13. REALISED AND UNREALISED PROFITS OF THE GROUP

	<u>31 July 2012</u>	<u>31 July 2011</u>
	RM '000	RM '000
Total retained profits of the Company and its subsidiaries:		
- realised loss	(54,468)	(58,513)
- unrealised loss	(40,717)	(34,899)
	<hr/>	<hr/>
	(95,185)	(93,412)
Less consolidation adjustments	130,042	128,948
Total Group retained profits as per consolidated accounts	<hr/>	<hr/>
	34,857	35,536
	<hr/>	<hr/>

B14. 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 28 September 2012.

**BY ORDER OF THE BOARD
SECRETARIES**