



**SILK HOLDINGS BERHAD (405897-V)**

**INTERIM RESULTS FOR THE QUARTER ENDED  
31 OCTOBER 2012 (Q1 2013)**

**Contents:**

- 1. Unaudited results for periods ended 31 October 2012**
- 2. Statement of Financial Position as at 31 October 2012**
- 3. Statement of Changes in Equity for the period ended 31 October 2012**
- 4. Statement of Cash Flow for the period ended 31 October 2012**
- 5. Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Main Board Listing Requirements of Bursa Malaysia Securities Berhad**

**SILK HOLDINGS BERHAD (405897-V)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2012****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31-Oct-2012	31-Oct-2011	31-Oct-2012	31-Oct-2011
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	<b>97,953</b>	64,652	<b>97,953</b>	64,652
Direct costs	<b>(33,383)</b>	(19,669)	<b>(33,383)</b>	(19,669)
Gross profit	<b>64,570</b>	44,983	<b>64,570</b>	44,983
Other items of income:				
Interest income	<b>384</b>	403	<b>384</b>	403
Other income	<b>232</b>	207	<b>232</b>	207
Other item of expenses:				
Staff expenses	<b>(5,316)</b>	(5,420)	<b>(5,316)</b>	(5,420)
Administrative expenses	<b>(1,355)</b>	(1,323)	<b>(1,355)</b>	(1,323)
Professional fees	<b>(335)</b>	(392)	<b>(335)</b>	(392)
	<b>(7,006)</b>	(7,135)	<b>(7,006)</b>	(7,135)
<b>EBITDA</b>	<b>58,180</b>	38,458	<b>58,180</b>	38,458
Depreciation	<b>(17,620)</b>	(12,416)	<b>(17,620)</b>	(12,416)
Amortisation	<b>(3,602)</b>	(2,845)	<b>(3,602)</b>	(2,845)
Finance costs	<b>(26,279)</b>	(24,304)	<b>(26,279)</b>	(24,304)
	<b>(47,501)</b>	(39,565)	<b>(47,501)</b>	(39,565)
<b>Profit/(loss) before taxation</b>	<b>10,679</b>	(1,107)	<b>10,679</b>	(1,107)
Taxation	<b>(2,425)</b>	(981)	<b>(2,425)</b>	(981)
<b>Net profit/(loss) for the period</b>	<b>8,254</b>	(2,088)	<b>8,254</b>	(2,088)
Net profit/(loss) and total comprehensive income attributable to:				
Owners of the parent	<b>2,819</b>	(2,187)	<b>2,819</b>	(2,187)
Non-controlling interests	<b>5,435</b>	99	<b>5,435</b>	99
	<b>8,254</b>	(2,088)	<b>8,254</b>	(2,088)
Earnings/(loss) per share (sen)				
- basic	<b>0.74</b>	(0.57)	<b>0.74</b>	(0.57)
- diluted	<b>0.48</b>	(0.30)	<b>0.48</b>	(0.30)

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statements.*

**SILK HOLDINGS BERHAD (405897-V)**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31-Oct-2012	Audited 31-Jul-2012	Audited 1-Aug-2011
	RM '000	RM '000	RM '000
<b>Assets</b>			
<b>Non-current assets</b>			
Concession intangible assets	886,855	890,458	901,648
Property, vessels and equipment	885,706	898,553	871,329
Goodwill on consolidation	647	647	647
Available for sale financial assets	-	-	600
	<u>1,773,208</u>	<u>1,789,658</u>	<u>1,774,224</u>
<b>Current assets</b>			
Inventories	1,071	939	168
Trade and other receivables	115,742	85,009	56,380
Tax recoverable	853	804	1,743
Deposits with licensed financial institutions	59,316	51,746	52,546
Cash and bank balances	5,789	19,669	12,198
	<u>182,771</u>	<u>158,167</u>	<u>123,035</u>
Non-current assets classified as held for sale	441	630	1,071
<b>Total assets</b>	<u>1,956,420</u>	<u>1,948,455</u>	<u>1,898,330</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	99,852	99,262	99,262
Share premium	53,712	53,670	53,670
Equity component of loan stocks	37,271	37,271	37,271
Equity component of preference shares	1,838	1,901	1,901
Employee trust shares	(6,688)	(6,688)	(6,688)
Retained earnings	37,676	34,857	35,536
Reverse acquisition deficit	(92,791)	(92,791)	(92,791)
	<u>130,870</u>	<u>127,482</u>	<u>128,161</u>
Non-controlling interests	81,190	75,755	63,560
<b>Total equity</b>	<u>212,060</u>	<u>203,237</u>	<u>191,721</u>

**SILK HOLDINGS BERHAD (405897-V)****(Incorporated in Malaysia)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31-Oct-2012	Audited 31-Jul-2012	Audited 1-Aug-2011
	RM '000	RM '000	RM '000
<b>Non-current liabilities</b>			
Borrowings	1,347,536	1,375,115	1,348,694
Ijarah rental payable	133,234	118,604	98,988
Liability component of convertible preference shares	13,841	14,132	13,426
Liability component of convertible loan stocks	6,082	5,971	5,547
Deferred tax liabilities	55,238	52,660	46,490
Retirement benefits obligation	4,637	4,637	3,334
Provision for pavement heavy repairs	3,545	2,536	3,703
	<u>1,564,113</u>	<u>1,573,655</u>	<u>1,520,182</u>
<b>Current liabilities</b>			
Borrowings	102,171	92,466	82,015
Trade and other payables	64,038	64,488	91,169
Ijarah rental payable	13,354	13,354	13,207
Provision for taxation	684	1,255	36
	<u>180,247</u>	<u>171,563</u>	<u>186,427</u>
<b>Total liabilities</b>	<u>1,744,360</u>	<u>1,745,218</u>	<u>1,706,609</u>
<b>Total equity and liabilities</b>	<u>1,956,420</u>	<u>1,948,455</u>	<u>1,898,330</u>
<b>Net assets per share attributable to equity holders of the Company</b>	<u>RM 0.53</u>	<u>RM 0.51</u>	<u>RM 0.48</u>

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statements.*

**SILK HOLDINGS BERHAD (Company No: 405897-V)**

Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to equity holders of the Company →							Non-Controlling interests RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Employee trust shares RM'000	Non-distributable Equity component of preference shares RM'000	Equity component of loan stocks RM'000	Reverse acquisition deficit RM'000	Distributable Retained earnings RM'000		
<b>At 1 August 2012</b>	99,262	53,670	(6,688)	1,901	37,271	(92,791)	34,857	75,755	203,237
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	2,819	5,435	8,254
Transaction with Owners:									
Conversion of preference shares	590	42	-	(63)	-	-	-	-	569
<b>At 31 October 2012</b>	<b>99,852</b>	<b>53,712</b>	<b>(6,688)</b>	<b>1,838</b>	<b>37,271</b>	<b>(92,791)</b>	<b>37,676</b>	<b>81,190</b>	<b>212,060</b>
<b>At 1 August 2011</b>	99,262	53,670	(6,688)	1,901	37,271	(92,791)	35,536	63,560	191,721
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(2,187)	99	(2,088)
Transaction with Owners:									
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(600)	(600)
<b>At 31 October 2011</b>	<b>99,262</b>	<b>53,670</b>	<b>(6,688)</b>	<b>1,901</b>	<b>37,271</b>	<b>(92,791)</b>	<b>33,349</b>	<b>63,659</b>	<b>189,633</b>

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statements.*

**SILK HOLDINGS BERHAD (405897-V)****(Incorporated in Malaysia)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2012****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>31-Oct-2012</b>	<b>31-Oct-2011</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of revenue	<b>68,700</b>	50,500
Collection of other income	<b>778</b>	455
	<b>69,478</b>	50,955
Payment of expenses	<b>(41,209)</b>	(21,573)
Tax paid	<b>(460)</b>	(17)
Net cash generated from operating activities	<b>27,809</b>	29,365
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investments	-	600
Proceeds from sale of property, vessels and equipment	-	82
Purchase of property, vessels and equipment	<b>(4,773)</b>	(48,967)
Payment of expressway heavy repairs	<b>(32)</b>	(1,361)
Net cash used in investing activities	<b>(4,805)</b>	(49,646)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	-	35,910
Repayment of borrowings	<b>(17,874)</b>	(13,550)
Payment of finance costs	<b>(11,241)</b>	(11,734)
Net cash generated from financing activities	<b>(29,115)</b>	10,626
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,111)</b>	(9,655)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>71,216</b>	64,744
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>65,105</b>	55,089

*The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2012 and the accompanying explanatory notes attached to the interim financial statements.*

## **PART A: EXPLANATORY NOTES PURSUANT TO MFRS 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 2012.

### **A1. CORPORATE INFORMATION**

SILK Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 17 December 2012.

### **A2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”)**

These condensed consolidated interim financial statements, for the period ended 31 October 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the financial year ended 31 July 2012, the Group prepared its financial statements accordance with Financial Reporting Standards (“FRS”).

The consolidated financial statements of the Group for the financial year ended 31 July 2012 which were prepared under FRS are available upon request from the Company registered office at D2-3-2, Solaris Dutamas, 1, Jalan Dutamas 1, 50480 Kuala Lumpur.

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the financial year ending 31 July 2013. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards*. (“MFRS 1”) has been applied.

The adoption of MFRS 1 did not result in any significant changes in accounting policies and presentation of the financial statements of the Group.

### **A3. SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1**

The audited financial statements of the Group for the financial year ended 31 July 2012 were prepared in accordance with FRS. Except for the certain differences, the requirement under FRs and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 July 2012. In compliance with MFRS 1, the Group has presented the statement of financial position as at 1 August 2011, which is the beginning of the earliest comparative period, in the interim financial report without any restatement on the financial information.

#### **Standards issued but not yet effective**

At the date of authorisation of this Report, the following MFRS, Amendments to MFRSs and IC Interpretation (“IC Int”) were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective Date</b>
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1, 101, 116,132 & 134	Annual Improvements 2009 – 2011 Cycle	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015



#### A4. CHANGES IN ESTIMATES

There were no changes in estimates of amounts that would have material effect in the current period.

#### A5. CHANGES IN THE COMPOSITION OF THE GROUP

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

#### A6. SEGMENT INFORMATION

	Investment Holding Division RM '000	Highway Division RM '000	Oil & Gas Division RM '000	Adjustments RM '000	Total RM '000
<b><u>Quarter ended 31 October 2012:</u></b>					
<b>REVENUE</b>					
<b>Revenue</b>					
External customers	-	18,477	79,476	-	97,953
Inter-segment	428	-	-	(428)	-
Total revenue	<b>428</b>	<b>18,477</b>	<b>79,476</b>	<b>(428)</b>	<b>97,953</b>
<b>Segment profits</b>	<b>(96)</b>	<b>(4,729)</b>	<b>15,496</b>	<b>8</b>	<b>10,679</b>
<b>Segment assets</b>	<b>253,940</b>	<b>922,762</b>	<b>1,021,192</b>	<b>(241,474)</b>	<b>1,956,420</b>

#### **Quarter ended 31 October 2011:**

<b>REVENUE</b>					
<b>Revenue</b>					
External customers	-	17,790	46,862	-	64,652
Inter-segment	338	-	-	(338)	-
Total revenue	<b>338</b>	<b>17,790</b>	<b>46,862</b>	<b>(338)</b>	<b>64,652</b>
<b>Segment profit</b>	<b>(235)</b>	<b>(3,669)</b>	<b>2,790</b>	<b>7</b>	<b>(1,107)</b>
<b>Segment assets</b>	<b>251,505</b>	<b>945,255</b>	<b>992,152</b>	<b>(249,866)</b>	<b>1,939,046</b>

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

#### A7. SEASONAL OR CYCLICAL FACTORS

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

## A8. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31-Oct-2012	31-Oct-2011	31-Oct-2012	31-Oct-2011
	RM '000	RM '000	RM '000	RM '000
Interest income	384	403	384	403
Other income (including investment income)	232	207	232	207
Interest expenses	(26,279)	(24,304)	(26,279)	(24,304)
Depreciation of property, vessel and equipment	(17,620)	(12,416)	(17,620)	(12,416)
Amortisation of concession intangible assets	(3,602)	(2,845)	(3,602)	(2,845)
Gain on disposal of property, vessel and equipment	30	-	30	-
Provision for highway heavy repairs	(1,000)	-	(1,000)	-

## A9. INCOME TAX

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31-Oct-2012	31-Oct-2011	31-Oct-2012	31-Oct-2011
	RM '000	RM '000	RM '000	RM '000
Current period tax charge:				
Malaysian income tax	429	-	429	-
Deferred income tax:				
Relating to origination and reversal of temporary difference	1,996	981	1,996	981
	<u>2,425</u>	<u>981</u>	<u>2,425</u>	<u>981</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.

## A10. EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, excluding employee trust shares held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, plus the number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	<b>Current Year (3 months) 31-Oct-2012 RM '000</b>	<b>Preceding Year (3 months) 31-Oct-2011 RM '000</b>
<b>Basic earnings per share:</b>		
Profit/(loss) net of tax attributable to owners of the parent (RM '000)	2,819	(2,187)
Weighted average number of ordinary shares in issue ('000)	382,259	381,849
<b>Basic earnings/(loss) per share (sen)</b>	<b>0.74</b>	<b>(0.57)</b>
<b>Diluted earnings per share:</b>		
Profit/(loss) for the period attributable to owners of the parent (RM '000)	3,115	(1,926)
Weighted average number of ordinary shares in issue at beginning of the period ('000)	381,849	381,849
Effects of dilution:		
- Convertible loan stocks	190,246	184,421
- Convertible preference shares	70,956	69,750
Total number of ordinary shares for diluted earnings per share computation ('000)	643,051	636,020
<b>Diluted earnings/(loss) per share (sen)</b>	<b>0.48</b>	<b>(0.30)</b>

## A11. 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.

#### **A12. NON-CURRENT ASSETS HELD FOR SALE**

Assets with a carrying value of RM189,000 were disposed of by the Group during the three months ended 31 October 2012 (31 October 2011: RM2,000), resulting in a gain on disposal of RM30,000 (31 October 2011: RM80,000), recognized and included in other income in the statement of comprehensive income.

#### **A13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprised the following amounts:

	<b>31-Oct-12</b>	<b>31-Jul-12</b>	<b>1-Aug-11</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Cash and bank balances	5,789	19,669	12,198
Short term deposits	59,316	51,746	52,546
Total cash and cash equivalents	<u>65,105</u>	<u>71,415</u>	<u>64,744</u>

#### **A14. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES**

During the financial period ended 31 October 2012, the Company issued 2,357,369 ordinary shares of RM0.25 each pursuant to conversion of the Company's Cumulative Convertible-Redeemable Preference Shares ("CC-RPS") at the rate of four (4) new ordinary shares of RM0.25 each for every RM1.00 of CC-RPS and its attendant coupon payable.

## A15. GROUP BORROWINGS AND DEBT SECURITIES

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

	31-Oct-12 RM '000	31-Jul-12 RM '000	1-Aug-11 RM '000
Secured short term borrowings:			
Sukuk Mudharabah	15,354	15,354	15,207
Term and revolving loans	86,545	76,860	66,544
Hire purchase financings	272	252	264
Total short term borrowings	<u>102,171</u>	<u>92,466</u>	<u>82,015</u>
Secured long term borrowings:			
Sukuk Mudharabah	710,140	710,140	725,494
Term and revolving loans	636,908	664,595	622,665
Hire purchase financings	488	380	535
Total long term borrowings	<u>1,347,536</u>	<u>1,375,115</u>	<u>1,348,694</u>
Total borrowings	<u>1,449,707</u>	<u>1,467,581</u>	<u>1,430,709</u>

Included in other payables in the consolidated statement of financial position as at 31 October 2012 is RM146.6 million (31 October 2011: RM127.1 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.

## A16. 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 2012 except as disclosed in Note A14.

## A17. DIVIDEND

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

## A18. COMMITMENTS

	31-Oct-12 RM '000	31-Jul-12 RM '000	1-Aug-11 RM '000
<b>Capital expenditure</b>			
Approved and contracted for:			
Property, vessel and equipment	235,778	2,429	65,315
Approved but not contracted for:			
Property, vessel and equipment	230,944	127,060	-
Highway lane expansion	18,800	18,800	-

## A19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise of the followings:-

	31-Oct-12 RM '000	31-Jul-12 RM '000	1-Aug-11 RM '000
Performance bond for expressway maintenance cost	1,500	1,500	1,500
Bank guarantee to charterers and suppliers	11,243	8,569	7,467

## A20. RELATED PARTY TRANSACTIONS

The following table provides information on the transactions which have been entered into with a related party during the three-month period ended 31 October 2012 and 31 October 2011 as well as the balance with the related party as at those dates.

		Purchases from related party RM '000	Amounts owed to related party RM '000
Tajul Green Sdn Bhd	2012	240	160
(formerly known as Dekon Tajul Nursery & Landscaping Sdn Bhd)	2011	240	80

The outstanding balance with the related party is unsecured and is to be settled in cash within 30 days of the reporting date.

## A21. 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.

**A22. EVENTS AFTER THE REPORTING PERIOD**

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

**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
<b>Current quarter (August - October 2012):</b>					
Revenue	428	18,477	79,476	(428)	97,953
Profit/(loss) before taxation	(96)	(4,729)	15,496	8	10,679
<b>Preceding year corresponding quarter (August - October 2011):</b>					
Revenue	338	17,790	46,862	(338)	64,652
Profit/(loss) before taxation	(235)	(3,669)	2,790	7	(1,107)

For the current quarter under review (“Q1 2013”), the Group recorded 51.5% higher revenue of RM98 million and profit before taxation of RM10.7 million compared to revenue of RM64.7 million and loss before taxation of RM1.1 million in the preceding year corresponding quarter (“Q1 2012”). Details of the key factors driving the performance of each segment are provided as follows:

**a. Oil and Gas Division**

Oil and Gas Division remained the Group main source of revenue and operating profit, contributing 81% (Q1 2012: 72%) of Group revenue.

During the current period, Oil and Gas Division recorded 69.6% or RM32.6 million higher revenue to RM79.5 million from RM46.9 million in Q1 2012 and achieved higher profit before taxation of RM15.5 million compared to RM2.8 million from the deployment of seven additional vessels together with improved vessel charter rates.

**b. Highway Division**

Highway Division contributed 19% (Q1 2012: 28%) of the Group revenue, and recorded RM0.7 million higher revenue in the current period from higher traffic volume.

The Highway Division recorded RM1 million higher loss before taxation of RM4.7 million in the current quarter compared to RM3.7 million in Q1 2012 mainly due to additional provision for pavement heavy repairs and higher amortization of concession intangible assets.



**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
<b>Current quarter (August - October 2012):</b>					
Revenue	428	18,477	79,476	(428)	97,953
Profit/(loss) before taxation	(96)	(4,729)	15,496	8	10,679
<b>Immediate preceding quarter (May - July 2012):</b>					
Revenue	2,138	16,398	70,422	(2,138)	86,820
Profit/(loss) before taxation	1,514	(6,330)	11,166	(1,425)	4,925

For the quarter under review, the Group recorded 117% higher profit before taxation of RM10.7 million compared to RM4.9 million in the immediate preceding quarter (“Q4 2012”).

The improved performance was principally due to:

- Oil and Gas Division recording higher vessel charter days from deployment of additional vessel and better overall vessel utilization, combined with improved vessel charter rates, and
- better performance by Highway Division due to higher revenue from improving traffic volume and higher toll compensation from Government.

**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
- 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 due to the existing high finance and amortization costs.

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. 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.

**B6. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B7. 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' claims for 2 cases were undetermined. Out of the 240 cases, 9 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.

**B8. REALISED AND UNREALISED PROFITS OF THE GROUP**

	<b>Current quarter ended <u>31 Oct 2012</u> RM '000</b>	<b>Previous financial year ended <u>31 July 2012</u> RM '000</b>
Total retained profits of the Company and its subsidiaries:		
- realised loss	(47,864)	(54,468)
- unrealised loss	(43,440)	(40,717)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(91,304)	(95,185)
Less consolidation adjustments	128,980	130,042
Total Group retained profits as per consolidated accounts	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	37,676	34,857

**B9. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the Group's financial statements for the year ended 31 July 2012 was not subject to any qualification.

**BY ORDER OF THE BOARD  
SECRETARIES**