



KEJURUTERAAN SAMUDRA TIMUR BERHAD

**Interim Financial Report for
2nd Quarter Ended 31st December 2012
Pursuant to MFRS 134 and Selected sections of Appendix 9B
of the Listing Requirements**



KEJURUTERAAN SAMUDRA TIMUR BERHAD

(Company No. 142241-X)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2012**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2012 AND 2011**

		Second Quarter ended		Cumulative Six Months ended	
		31 December	31 December	31 December	31 December
		2012	2011	2012	2011
	Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
<u>Continuing Operations</u>					
Revenue		27,556	21,815	45,614	50,974
Cost of sales		(21,820)	(16,032)	(33,284)	(36,937)
Gross profit		5,736	5,783	12,330	14,037
Other income		8,081	27	8,176	52
Administrative expenses		(1,522)	(1,486)	(2,386)	(5,167)
Other operating expenses		(1,463)	(1,619)	(2,990)	(3,092)
Finance cost		(134)	(1,285)	(1,112)	(2,347)
Profit before taxation		10,698	1,420	14,018	3,483
Income tax expense	A12	(1,857)	(1,078)	(3,581)	(2,823)
Profit for the period from continuing operation		8,841	342	10,437	660
<u>Discontinued Operations</u>					
Profit for the period from discontinued operation		-	1,562	-	896
Total profit for the period		8,841	1,904	10,437	1,556
Attributable to equity holders of the Company:					
- From continuing operations		8,859	351	10,485	701
- From discontinued operation		-	797	-	450
		8,859	1,148	10,485	1,151
Non-controlling interests / Minority interests		(18)	756	(48)	405
		8,841	1,904	10,437	1,556
Basic earnings per Share attributable to equity holders of the Company (sen)					
- From continuing operations	A13	6.19	0.24	7.33	0.49
- From discontinued operation	A13	-	0.56	-	0.31
		6.19	0.80	7.33	0.80
Diluted earnings/(loss) Per Share attributable to equity holders of the Company (sen)					
		N/A	N/A	N/A	N/A

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2012 AND 2011**



	Second Quarter ended		Cumulative Six Months ended	
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit for the period	8,841	1,904	10,437	1,556
Other Comprehensive Income:				
Currency translation differences	58	65	1,080	(1,180)
Total other comprehensive income / (loss)	<u>58</u>	<u>65</u>	<u>1,080</u>	<u>(1,180)</u>
Total comprehensive profit	<u><u>8,899</u></u>	<u><u>1,969</u></u>	<u><u>11,517</u></u>	<u><u>376</u></u>
Attributable to:				
Equity holders of the Company	8,917	1,212	11,557	(23)
Non-controlling interests / Minority interests	(18)	757	(40)	399
	<u><u>8,899</u></u>	<u><u>1,969</u></u>	<u><u>11,517</u></u>	<u><u>376</u></u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER ("DEC") 2012



		31 Dec 2012	30 June 2012	1 July 2011
		Unaudited	Unaudited	Unaudited
		RM'000	(restated)	(restated)
ASSETS	Note		RM'000	RM'000
Non-current assets				
Property, plant and equipment	A14	81,991	86,784	112,550
Investment in associated company		226	-	-
Investment securities		35	35	35
Goodwill on consolidation		-	-	5,242
Deferred tax assets		-	-	600
		<u>82,252</u>	<u>86,819</u>	<u>118,427</u>
Current assets				
Inventories	A15	4,381	4,024	4,763
Trade receivables		37,878	28,026	18,318
Other receivables		5,595	5,473	5,978
Tax recoverable		-	216	1,088
Cash and bank balances (including fixed deposits)	A16	8,224	1,713	2,365
		<u>56,078</u>	<u>39,452</u>	<u>32,512</u>
Assets of disposal subsidiary classified as held for sale		-	-	-
		<u>56,078</u>	<u>39,452</u>	<u>32,512</u>
TOTAL ASSETS		<u>138,330</u>	<u>126,271</u>	<u>150,939</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	A9	42,908	42,908	42,908
Share premium	A9	8,412	8,412	8,412
Other reserves	A9	(307)	(1,379)	-
Accumulated losses		(13,173)	(23,658)	(24,847)
		<u>37,840</u>	<u>26,283</u>	<u>26,473</u>
Non-controlling interests / Minority interests		<u>(241)</u>	<u>(201)</u>	<u>7,158</u>
Total equity		<u>37,599</u>	<u>26,082</u>	<u>33,631</u>
Non-current liabilities				
Loans and borrowings	A18	16,935	20,371	26,265
Deferred tax liabilities		3,458	3,458	3,702
		<u>20,393</u>	<u>23,829</u>	<u>29,967</u>
Current liabilities				
Trade payables		19,776	13,796	10,458
Other payables		26,246	18,265	14,266
Loans and borrowings	A18	31,250	43,285	62,351
Tax payable		3,066	1,014	266
		<u>80,338</u>	<u>76,360</u>	<u>87,341</u>
Liabilities of disposal subsidiary classified as held for sale		-	-	-
		<u>80,338</u>	<u>76,360</u>	<u>87,341</u>
Total liabilities		<u>100,731</u>	<u>100,189</u>	<u>117,308</u>
TOTAL EQUITY AND LIABILITIES		<u>138,330</u>	<u>126,271</u>	<u>150,939</u>
NET ASSETS PER SHARE (SEN)		<u>26.3</u>	<u>18.2</u>	<u>23.5</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

	Attributable to equity holders of the Company					Minority interest	Total equity	
	Non-distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000		
At 1 July 2012	42,908	8,412	-	(1,379)	(23,658)	26,283	(201)	26,082
Profit/(Loss) for the period	-	-	-	-	10,485	10,485	(48)	10,437
Other comprehensive income / (loss)	-	-	-	1,072	-	1,072	8	1,080
Total comprehensive profit / (loss) for the period	-	-	-	1,072	10,485	11,557	(40)	11,517
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-
At 31 December 2012 (Unaudited)	42,908	8,412	-	(307)	(13,173)	37,840	(241)	37,599

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

	Attributable to equity holders of the Company					Minority interest	Total equity	
	Non-distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	
At 1 July 2011	42,908	8,412	-	-	(24,847)	26,473	7,158	33,631
Profit for the period	-	-	-	-	1,151	1,151	405	1,556
Other comprehensive income / (loss)	-	-	-	(1,174)	-	(1,174)	(6)	(1,180)
Total comprehensive profit / (loss) for the period	-	-	-	(1,174)	1,151	(23)	399	376
Transactions with owners in their capacity as owners:								
Dissolution of a subsidiary	-	-	-	-	-	-	(1,146)	(1,146)
Total transactions with owners	-	-	-	-	-	-	(1,146)	(1,146)
At 31 December 2011 (Unaudited)	42,908	8,412	-	(1,174)	(23,696)	26,450	6,411	32,861

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012 AND 2011**



	6 months ended	
	31 Dec 2012 Unaudited RM'000	31 Dec 2011 Unaudited RM'000
Cash Flows From Operating Activities		
Profit before taxation		
- From continuing operations	14,018	3,483
- From discontinued operations	-	1,213
	14,018	4,696
Adjustments for non-cash and non-operating items:		
- Depreciation of property, plant and equipment	6,541	9,121
- Interest expense	1,112	2,505
- Unrealised loss / (gain) on foreign exchange	(404)	868
- Others	(111)	826
	21,156	18,016
Operating profit before changes in working capital		
Changes in working capital:		
- Increase in inventories	(357)	(562)
- Increase in trade and other receivables	(9,974)	(14,024)
- Increase in trade and other payables	14,948	10,014
Interest paid	(2,091)	(933)
Interest received	32	-
Net change in taxation	(1,312)	(578)
Net cash from operating activities	22,402	11,933
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment and/or assets held for sale	90	389
Purchase of property, plant and equipment	(1,768)	(3,369)
Investment in associated company	(226)	-
Net cash used in investing activities	(1,904)	(2,980)
Cash Flows From Financing Activities		
Proceeds from issue of ordinary shares net of share issuance expenses	-	-
Non-controlling interest arising from dissolution of a subsidiary company	-	(1,146)
(Decrease) / Increase in loans and borrowings	(21,963)	2,033
Net cash (used in) / from financing activities	(21,963)	887
Net Change in Cash and Cash Equivalents	(1,465)	9,840
Cash and Cash Equivalents at Beginning of Period	1,713	(5,608)
Effects of exchange rate changes	1,484	(2,047)
Cash and Cash Equivalents at End of Period	1,732	2,185
Analysis of Cash and Cash Equivalents:		
Cash and bank balances	7,724	7,202
Deposits with licensed financial institutions	500	348
Bank overdrafts	(6,492)	(5,365)
Cash and Cash Equivalents	1,732	2,185

A1 Corporate information

Kejuruteraan Samudra Timur Berhad is a public limited liability company incorporated and doiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad ("Bursa Securities").

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 February 2013.

A2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 December 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Securities. These condensed consolidated interim financial statements also comply with IAS 34 Inetrim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 30 June 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 30 June 2013. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note A3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods (if any) and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

A3 Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 30 June 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial staements are consistent with those of the audited financial statements for trhe year ended 30 June 2012 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combination prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisition prior to the date of transition,

- (i) The classification of former business combination under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition): and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standards IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded certain equipment and accessories at revalued amounts but had not adopted a policy of revaluation and continue to carry the equipment and accessories on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

A3 Significant accounting policies and application of MFRS 1 (Cont'd)

(b) Property, plant and equipment (Cont'd)

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to:

- regard the revalued amounts of equipment and accessories as at 1 December 2001 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM4,469,000 (31 December 2011: RM4,469,000; 30 June 2012: RM4,469,000) was transferred to retained earnings on date of transition to MFRS.

(c) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign translation differences of RM711,000 (31 December 2011: RM711,000; 30 June 2012: RM711,000) were adjusted to retained earnings.

(d) Estimates

The estimates at 1 July 2011 and at 30 June 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present the amounts in accordance with MFRS reflect conditions at 1 July 2011, the date of transition to MFRS and as at 30 June 2012.

The reconciliations of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-

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A3 Significant accounting policies and application of MFRS 1 (Cont'd)

(i) Reconciliations of equity

	Note	FRS as at 1 July 2011 RM'000	Adjustments RM'000	MFRS as at 1 July 2011 RM'000	FRS as at 31 Dec 2011 RM'000	Adjustments RM'000	MFRS as at 31 Dec 2011 RM'000	FRS as at 30 June 2012 RM'000	Adjustments RM'000	MFRS as at 30 June 2012 RM'000
ASSETS										
Non-current assets										
Property, plant and equipment		112,550		112,550	105,563		105,563	86,784		86,784
Investment securities		35		35	35		35	35		35
Goodwill on consolidation		5,242		5,242	5,242		5,242	-		-
Deferred tax assets		600		600	600		600	-		-
		<u>118,427</u>		<u>118,427</u>	<u>111,440</u>		<u>111,440</u>	<u>86,819</u>		<u>86,819</u>
Current assets										
Inventories		4,763		4,763	5,325		5,325	4,024		4,024
Trade receivables		18,318		18,318	30,667		30,667	28,026		28,026
Other receivables		5,978		5,978	7,653		7,653	5,473		5,473
Tax recoverable		1,088		1,088	631		631	216		216
Cash and bank balances		2,365		2,365	7,550		7,550	1,713		1,713
		<u>32,512</u>		<u>32,512</u>	<u>51,826</u>		<u>51,826</u>	<u>39,452</u>		<u>39,452</u>
TOTAL ASSETS		<u>150,939</u>		<u>150,939</u>	<u>163,266</u>		<u>163,266</u>	<u>126,271</u>		<u>126,271</u>

A3 Significant accounting policies and application of MFRS 1 (Cont'd)

(i) Reconciliations of equity (Cont'd)

EQUITY AND LIABILITIES

Equity

Share capital	42,908		42,908	42,908		42,908	42,908		42,908
Share premium	8,412		8,412	8,412		8,412	8,412		8,412
Revaluation reserve	4,469	(4,469)	-	4,469	(4,469)	-	4,469	(4,469)	-
Exchange Translation reserve	711	(711)	-	(463)	(711)	(1,174)	(668)	(711)	(1,379)
Accumulated losses	(30,027)	5,180	(24,847)	(28,876)	5,180	(23,696)	(28,838)	5,180	(23,658)
Equity attributable to owners of the parent	26,473		26,473	26,450		26,450	26,283		26,283
Non-controlling interest	7,158		7,158	6,411		6,411	(201)		(201)
	<u>33,631</u>		<u>33,631</u>	<u>32,861</u>		<u>32,861</u>	<u>26,082</u>		<u>26,082</u>

Non-current liabilities

Loans and borrowings	26,265		26,265	24,390		24,390	20,371		20,371
Deferred tax liabilities	3,702		3,702	3,866		3,866	3,458		3,458
	<u>29,967</u>		<u>29,967</u>	<u>28,256</u>		<u>28,256</u>	<u>23,829</u>		<u>23,829</u>

Current liabilities

Trade payables	10,458		10,458	16,039		16,039	13,796		13,796
Other payables	14,266		14,266	20,252		20,252	18,265		18,265
Loans and borrowings	62,351		62,351	63,652		63,652	43,285		43,285
Tax payable	266		266	2,206		2,206	1,014		1,014
	<u>87,341</u>		<u>87,341</u>	<u>102,149</u>		<u>102,149</u>	<u>76,360</u>		<u>76,360</u>
Total liabilities	<u>117,308</u>		<u>117,308</u>	<u>130,405</u>		<u>130,405</u>	<u>100,189</u>		<u>100,189</u>

TOTAL EQUITY AND LIABILITIES	<u>150,939</u>		<u>150,939</u>	<u>163,266</u>		<u>163,266</u>	<u>126,271</u>		<u>126,271</u>
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A3 Significant accounting policies and application of MFRS 1 (Cont'd)

	Note	1 July 2011 RM'000	31 Dec 2011 RM'000	30 June 2012 RM'000
<u>Accumulated losses</u>				
The changes which affected the accumulated losses are as follows:				
Property, plant and equipment	A3(b)	4,469	4,469	4,469
Foreign currency translation reserve	A3(c)	711	711	711
		<u>5,180</u>	<u>5,180</u>	<u>5,180</u>
<u>Revaluation reserve</u>				
Property, plant and equipment	A3(b)	4,469	4,469	4,469

A4 Comparatibe for Unaudited Condensed Consolidated Statements of Comprehensive Income

On 31 January 2012, the Company had entered into a conditional shares sale agreement (“SSA”) with Marubeni-Itochu Tubulars Asia Pte Ltd and Hendroff Holdings Sdn Bhd (“Purchasers”) to dispose of its 51% equity interest comprising 4,335,000 ordinary shares of RM1.00 each in Sobena Inc Offshore Sdn Bhd ("Sobena") for a total cash consideration of RM14 million ("Sobena Disposal"). The Sobena Disposal was completed on 25 June 2012 and Sobena has ceased to be a subsidiary in the preceding financial quarter.

In accordance with MFRS Non-current Assets Held For Sale and Discontinued Operation, Sobena is classified as Disposal subsidiary held for sale / discontinued operation. The comparative of the Discontinued operation in the corresponding financial quarter and cumulative six-month period have been reclassified and presented as follows:

Condensed consolidated statement of comprehensive income:-

(All in RM'000)	Corresponding Quarter ended 31 Dec 2011		
	As previously reported	Disposal Subsidiary	As reclassified
Revenue	30,658	8,843	21,815
Cost of sales	(22,873)	(6,841)	(16,032)
Gross profit	<u>7,785</u>	<u>2,002</u>	<u>5,783</u>
Other income	414	387	27
Administrative expenses	(1,620)	(134)	(1,486)
Other operating expenses	(1,916)	(297)	(1,619)
Finance cost	(1,364)	(79)	(1,285)
Profit before taxation	<u>3,299</u>	<u>1,879</u>	<u>1,420</u>
Income tax expense	(1,395)	(317)	(1,078)
Profit for the period from continuing operations	<u>1,904</u>	<u>1,562</u>	<u>342</u>
Profit for the period from discontinued operation	<u>-</u>		<u>1,562</u>

A4 Comparative for Unaudited Condensed Consolidated Statements of Comprehensive Income (Cont'd)Condensed consolidated statement of comprehensive income (Cont'd):-

(All in RM'000)	Cumulative Six Months ended 31 Dec 2011		
	As previously reported	Disposal Subsidiary	As reclassified
Revenue	65,078	14,104	50,974
Cost of sales	(49,501)	(12,564)	(36,937)
Gross profit	15,577	1,540	14,037
Other income	689	637	52
Administrative expenses	(5,319)	(152)	(5,167)
Other operating expenses	(3,746)	(654)	(3,092)
Finance cost	(2,505)	(158)	(2,347)
Profit before taxation	4,696	1,213	3,483
Income tax expense	(3,140)	(317)	(2,823)
Profit for the period from continuing operations	1,556	896	660
Profit for the period from discontinued operation	-		896

A5 Changes in Accounting Estimates

During the financial period under review, there was no change in accounting estimates adopted by the Group.

A6 Seasonal or Cyclical Factors

Overall, the business operations of the Group were not affected by any seasonal or cyclical factor.

A7 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A8 Changes to Composition of the Group

There was no change in the composition of the Group for the current financial period under review including business combination, acquisition or disposal of subsidiary and long term investments, restructuring and discontinuing operations other than the formation or incorporation of an associated company, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. in Emirates of Abu Dhabi following the issuance of Commercial License by the Department of Economic Development of Abu Dhabi as mentioned in Note B5 below.

A9 Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

A10 Segment Information

For the current financial period under review, the Group is organised into business units based on the products and services, and has three reportable operating segments as follows:

- (i) Tubular handling services - provision of tubular handling equipment and running services to the oil and gas industry;
- (ii) Tubular inspection and maintenance services - provision of tubular inspection and maintenance services for oil and gas industry; and
- (iii) Land rig services - provision of land rig and drilling services to the oil and gas industry.

The oil and gas pipes threading services segment which provides threading services for Oil Country Tubular Goods such as pipes and couplings for oil and gas industry has ceased following the completion of the Sobena Disposal in the preceding financial year. This segment has been classified as a discontinued operation for the corresponding financial quarter / period.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 6-MONTH PERIOD ENDED 31.12.2012	Continuing Operations						Discontinued Operation	Consolidated RM'000
	Tubular handling services RM'000	Inspection & maintenance services RM'000	Land rig services RM'000	Oilfield fishing & others RM'000	Adjustments and Elimination RM'000	Total RM'000	Oil & gas pipes threading services RM'000	
I) BUSINESS SEGMENT								
Revenue								
- External	39,454	5,587	573	-	-	45,614	-	45,614
- Inter-segment	4	410	-	-	(414)	-	-	-
Total revenue	<u>39,458</u>	<u>5,997</u>	<u>573</u>	<u>-</u>	<u>(414)</u>	<u>45,614</u>	<u>-</u>	<u>45,614</u>
Results								
- Segment results	18,486	855	(4,210)	(1)	-	15,130	-	15,130
- Finance cost	(276)	-	(836)	-	-	(1,112)	-	(1,112)
Profit before taxation						14,018	-	14,018
- Taxation						(3,581)	-	(3,581)
Profit after taxation						10,437	-	10,437
Non-controlling interests / Minority interest						48	-	48
Profit for the period attributable to equity holders of the Company						<u>10,485</u>	<u>-</u>	<u>10,485</u>
Assets								
Segment assets	135,678	15,194	75,299	171	(88,034)	138,308	-	138,308
Unallocated corporate assets								22
Consolidated Assets								<u>138,330</u>
Liabilities								
Segment liabilities	55,655	1,589	118,534	7,023	(83,603)	99,198	-	99,198
Unallocated corporate liabilities								1,533
Consolidated Liabilities								<u>100,731</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 6-MONTH PERIOD ENDED 31.12.2012	Continuing Operations						Discontinued Operation	Consolidated RM'000
	Tubular handling services RM'000	Inspection & maintenance services RM'000	Land rig services RM'000	Oilfield fishing & others RM'000	Elimination RM'000	Total RM'000	Oil & gas pipes threading services RM'000	
II) GEOGRAPHICAL SEGMENT								
Revenue from External Customers								
- Malaysia	39,454	5,587	-	-	-	45,041	-	45,041
- Indonesia	-	-	573	-	-	573	-	573
Total revenue	<u>39,454</u>	<u>5,587</u>	<u>573</u>	<u>-</u>	<u>-</u>	<u>45,614</u>	<u>-</u>	<u>45,614</u>
Non-current Assets								
- Malaysia	21,429	1,386	-	3	-	22,818	-	22,818
- Indonesia	-	-	59,434	-	-	59,434	-	59,434
	<u>21,429</u>	<u>1,386</u>	<u>59,434</u>	<u>3</u>	<u>-</u>	<u>82,252</u>	<u>-</u>	<u>82,252</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 6-MONTH PERIOD ENDED 31.12.2011	Continuing Operations						Discontinued Operation	Consolidated RM'000
	Tubular handling services RM'000	Inspection & maintenance services RM'000	Land rig services RM'000	Oilfield fishing & others RM'000	Adjustments and Elimination RM'000	Total RM'000	Oil & gas pipes threading services RM'000	
D) BUSINESS SEGMENT								
Revenue								
- External	34,023	4,796	12,155	-	-	50,974	14,104	65,078
- Inter-segment	31	323	-	-	(354)	-	1	1
- Elimination at Discontinued operation	-	-	-	-	-	-	-	(1)
Total revenue	<u>34,054</u>	<u>5,119</u>	<u>12,155</u>	<u>-</u>	<u>(354)</u>	<u>50,974</u>	<u>14,105</u>	<u>65,078</u>
Results								
- Segment results	7,590	587	(2,344)	(3)	-	5,830	1,371	7,201
- Finance cost	(1,536)	-	(811)	-	-	(2,347)	(158)	(2,505)
Profit before taxation						3,483	1,213	4,696
- Taxation						(2,823)	(317)	(3,140)
Profit after taxation						660	896	1,556
Non-controlling interests / Minority interest						41	(446)	(405)
Profit for the period attributable to equity holders of the Company						<u>701</u>	<u>450</u>	<u>1,151</u>
Assets								
Segment assets	129,294	13,462	84,471	204	(89,975)	137,456	25,771	163,227
Unallocated corporate assets								39
Consolidated Assets								<u>163,266</u>
Liabilities								
Segment liabilities	70,686	1,144	117,963	7,056	(80,449)	116,400	12,407	128,807
Unallocated corporate liabilities								1,598
Consolidated Liabilities								<u>130,405</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 6-MONTH PERIOD ENDED 31.12.2011	Continuing Operations						Discontinued Operation	Consolidated RM'000
	Tubular handling services RM'000	Inspection & maintenance services RM'000	Land rig services RM'000	Oilfield fishing & others RM'000	Elimination RM'000	Total RM'000	Oil & gas pipes threading services RM'000	
II) GEOGRAPHICAL SEGMENT								
Revenue from External Customers								
- Malaysia	34,023	4,796	-	-	-	38,819	13,435	52,254
- Indonesia	-	-	12,155	-	-	12,155	-	12,155
- Singapore	-	-	-	-	-	-	669	669
Total revenue	<u>34,023</u>	<u>4,796</u>	<u>12,155</u>	<u>-</u>	<u>-</u>	<u>50,974</u>	<u>14,104</u>	<u>65,078</u>
Non-current Assets								
- Malaysia	29,404	1,424	-	30	-	30,858	14,284	45,142
- Indonesia	-	-	66,298	-	-	66,298	-	66,298
	<u>29,404</u>	<u>1,424</u>	<u>66,298</u>	<u>30</u>	<u>-</u>	<u>97,156</u>	<u>14,284</u>	<u>111,440</u>

A10 Segment Information (Cont'd)

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

For the current financial quarter under review, the Group's Continuing operations registered a total revenue of approximately RM27.56 million an increase of about 26% when compared to the corresponding financial quarter due mainly to higher turnover and volume of work were reported by its tubular handling services. Despite of the improved revenue it reported a gross profit of about RM5.74 million comparable with that of RM5.78 million achieved in the corresponding financial quarter as a result of higher composition of low margin sales or revenue and increased losses from its land rig services. The Group recorded a substantial surge in other income to RM8.08 million with the recognition of waiver of principal sum and other amounts due totaled to RM7.99 million pursuant to the Settlement Agreement as detailed in Note A18 following full settlement of the CLO Facility (as defined in Note A18) during the current financial quarter. The aforesaid other income and reduction in finance cost due to full settlement of the CLO Facility have enabled the Group's Continuing operations to report about 6.5 times rise in its profit before taxation to approximately RM10.70 million when compared to the pre-tax profit of about RM1.42 million registered in the corresponding financial quarter. It recorded a profit attributable to equity holders of the Company of approximately RM8.86 million for the current financial quarter.

The financial improvement as elaborated above has further improved the profit before taxation of the Group's continuing operation for the year-to-date period ended 31 December 2012 to approximately RM14.02 million, about 3-fold increase when compared to RM3.48 million reported in the corresponding year-to-date period. The profit attributable to equity holders of the Company stood at approximately RM10.49 million, as compared to RM1.15 million achieved in the corresponding year-to-date period.

For the current financial quarter, the tubular handling services unit recorded a 78% increase in revenue to approximately RM25.30 million compared the turnover of about RM14.19 million reported in the corresponding financial quarter principally due to higher sales was recorded for 3rd party specialist services. This has translated into better gross profit of approximately RM7.74 million for the current financial quarter. The improved gross profit as well as higher other income arising from recognition of waiver of principal sum and other amounts due totaled to RM7.99 million mentioned above have enabled the tubular handling services unit to report a 4-fold rise in segment result before interest to approximately RM13.69 million compared to RM2.69 million achieved in the corresponding financial quarter. These improvements have also assisted the unit to further boost its segment profit before interest for the current year-to-date period to approximately RM18.49 million, an increase of about 144% when compared to about RM7.59 million registered in the corresponding year-to-date period.

The inspection and maintenance services recorded a segment profit before interest of approximately RM0.12 million, a reduction of about 71% when compared to about RM0.35 million registered in the corresponding financial quarter due principally to lower volume of work/service orders received and completed during the current financial quarter which has observed a decline in revenue by approximately 14% to RM2.28 million. For the current year-to-date period, its segment profit before interest has shown a rise of approximately 46% to RM0.86 million from a segment profit before interest of RM0.59 million registered in the corresponding year-to-date period, which was due mainly to better volume of work and sale value recorded during the current year-to-date period. Revenue rose to RM5.59 million, an increase of about 16% when compared to RM4.80 million achieved in the corresponding year-to-date period.

The land rig services unit reported a greater segment loss before interest of RM2.96 million as compared to RM0.33 million incurred in the corresponding financial quarter due mainly to no revenue was earned and recorded during the current financial quarter as its rigs were basically not in revenue-generating stage for most part of the current financial quarter while limited work performed in December 2012 was pending verification and certification. For the current year-to-date period, it reported higher segment loss before interest of approximately RM4.21 million, an increase of about 80% over RM2.34 million segment loss before interest incurred in the corresponding year-to-date period. This was principally due to approximately 95% reduction in revenue earned in the corresponding year-to-date period of RM12.16 million to RM0.57 million though the adverse effect thereof was moderated by recognition of net gain on foreign exchange of about RM0.46 million during the current year-to-date period as compared to a net loss on foreign exchange position of RM0.94 million recorded in the corresponding year-to-date period.

A11 Profit before tax

Included in the profit before/(loss) before taxation are the following items:-

	Second Quarter ended 31 December 2012 Unaudited RM'000	31 December 2011* Unaudited RM'000	Cumulative Six Months ended 31 December 2012 Unaudited RM'000	31 December 2011* Unaudited RM'000
a) Interest income	21	-	32	4
b) Other income (excluding (a) and (g))	76	414	160	685
c) Interest expense	(134)	(1,364)	(1,112)	(2,505)
d) Depreciation and amortisation of property plant and equipment	(3,261)	(4,489)	(6,541)	(9,121)
e) Recognition of waiver of principal sum and other amounts due of the CLO Facility under Other Income following full settlement on 26 December 2012 as disclosed in Note A18 below	7,985	-	7,985	-
f) Amortisation of intangible assets	-	-	-	-
g) Impairment and/or write off of receivables	-	-	-	-
h) Impairment and/or write off of inventories	-	-	-	-
i) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
j) Impairment of assets	-	-	-	-
k) Realised foreign exchange gain/(loss)	(67)	137	(72)	104
l) Unrealised foreign exchange gain/(loss)	(166)	63	404	(868)
m) Gain/(loss) on derivatives	-	-	-	-
n) Exceptional items	-	-	-	-

* - Includes amount in respect of the discontinued operation

A12 Income tax expense

	Second Quarter ended 31 December 2012 Unaudited RM'000	31 December 2011 Unaudited RM'000	Cumulative Six Months ended 31 December 2012 Unaudited RM'000	31 December 2011 Unaudited RM'000
Based on financial period's profit				
<u>Continuing operations</u>				
Taxation				
- Current financial period	1,857	1,078	3,581	2,618
- Under/(Over) provision in the previous years	-	-	-	41
Deferred taxation				
- Current financial period	-	-	-	-
- Under/(Over) provision in the previous years	-	-	-	164
	<u>1,857</u>	<u>1,078</u>	<u>3,581</u>	<u>2,823</u>
<u>Discontinued operation</u>				
Taxation				
	-	317	-	317
Deferred taxation				
	-	-	-	-
	<u>-</u>	<u>317</u>	<u>-</u>	<u>317</u>
Total tax expenses for the period	<u>1,858</u>	<u>1,395</u>	<u>3,581</u>	<u>3,140</u>

A12 Income tax expense (Cont'd)

Income tax expense is recognised in each financial period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate for the current financial period was slightly higher than the statutory tax rate principally due to the losses of certain subsidiaries and certain expenses which are not deductible for tax purposes while certain income are not subject to tax.

The Group's effective tax rate for the corresponding financial period ended 31 December 2011 was higher than the statutory tax rate mainly due to the losses of certain subsidiaries, and certain expenses which are not deductible for tax purposes.

A13 Earnings Per Share

Basic earning per share is calculated by dividing profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial periods as follows:

	Second Quarter ended		Cumulative Six Months ended	
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period attributable to equity holders of the parent (RM'000)				
- From continuing operations	8,859	351	10,485	701
- From discontinued operation	-	797	-	450
	<u>8,859</u>	<u>1,148</u>	<u>10,485</u>	<u>1,151</u>
Weighted average number of ordinary shares in issue ('000)	<u>143,027</u>	<u>143,027</u>	<u>143,027</u>	<u>143,027</u>
Basic earning per share attributable to equity holders of the parent (sen)				
- From continuing operations	6.19	0.24	7.33	0.49
- From discontinued operation	-	0.56	-	0.31
	<u>6.19</u>	<u>0.80</u>	<u>7.33</u>	<u>0.80</u>

The calculations of diluted earnings per share is not applicable as the Company does not have any share option in issue.

A14 Property, Plant and Equipment and Non-Current Assets Held for Sale

During the financial period under review, the Group has acquired / purchased additional plant, equipment, tools and office accessories with a combined cost of approximately RM997,000 while it disposed off asset with carrying value of about RM10,000 resulting in a gain on disposal of approximately RM77,000.

A15 Inventories

There were no write down of inventories during the current financial period under review.

A16 Cash and cash equivalent

	As at	As at	As at
	31 Dec 2012	30 June 2012	1 July 2011
	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000
Cash and bank balances	8,224	1,713	2,365
Bank overdrafts	(6,492)	-	(7,973)
Total cash and cash equivalent	<u>1,732</u>	<u>1,713</u>	<u>(5,608)</u>

A17 Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs that are based on observable market data, either directly or indirectly

A17 Fair value hierarchy (Cont'd)

Level 3 - Inputs that are not based on observable market data

As at end of the reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 3 RM'000	Level 3 RM'000	Level 3 RM'000
<u>31 December 2012</u>				
Available-for-sale financial assets				
Equity shares	35	-	-	35
<u>30 June 2012</u>				
Available-for-sale financial assets				
Equity shares	35	-	-	35
<u>1 July 2011</u>				
Available-for-sale financial assets				
Equity shares	35	-	-	35

No transfers between any levels of the fair value hierarchy took place during the current financial period under review and the comparative periods. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore present the potential risk.

A18 Loans and borrowings

	As at 31 Dec 2012 Unaudited RM'000	As at 30 June 2012 Unaudited RM'000	As at 1 July 2011 Unaudited RM'000
a) Short term borrowings			
Repayable within twelve months			
- Secured	24,758	23,285	21,962
- Unsecured	6,492	20,000	40,389
	<u>31,250</u>	<u>43,285</u>	<u>62,351</u>
b) Long term borrowings			
Repayable after twelve months			
- Secured	16,935	20,371	26,265
- Unsecured	-	-	-
Portion repayable after one year	<u>16,935</u>	<u>20,371</u>	<u>26,265</u>
United States Dollars (USD'000)	13,584	13,740	14,840
Ringgit Malaysia equivalent (RM'000)	<u>41,310</u>	<u>43,589</u>	<u>44,824</u>

Included in the unsecured short term borrowings as at 30 June 2012 was the RM30.0 million unsecured fixed term loan facility under a Primary Collateralised Loan Obligation programme ("CLO Facility") arranged by a licensed financial institution with balance outstanding of RM20.0 million. The CLO Facility was fully settled on 26 December 2012 in accordance with the terms and conditions stipulated in the Settlement Agreement as announced by the Company on 28 June 2012 and as reported in the preceding interim financial reports. The aforesaid full settlement of CLO Facility resulted in waiver of principal sum and other amounts due pursuant to the Settlement Agreement which were recognised and included in Other Income.

A19 Contingencies

	As at 31 Dec 2012 Unaudited RM'000	As at 30 June 2012 Unaudited RM'000	As at 1 July 2011 Unaudited RM'000
<u>Unsecured</u>			
Bank guarantees in favour of third parties	4,096	3,819	3,997

The bank guarantees in favour of third parties of the Group are mainly related to performance guarantees for oil and gas support services undertaken by the Group

There is no significant litigation against the Group except for the outstanding arbitration and cases pertaining to the jointly controlled entities as reported in the interim financial report of the preceding financial periods and disclosed in Note B7.

A20 Capital Commitments

	As at 31 Dec 2012 Unaudited RM'000	As at 30 June 2012 Unaudited RM'000	As at 1 July 2011 Unaudited RM'000
<u>Capital expenditure</u>			
Approved and contracted for:			
- Property, plant and equipment	4,154	3,113	526

A21 Related Party Transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period and six-month period ended 31 December 2012 and 31 December 2011 as well as the balances with the related parties as at 31 December 2012 and 30 June 2012.

	Second Quarter ended		Cumulative Six Months ended	
	31 December 2012 Unaudited RM'000	31 December 2011 Unaudited RM'000	31 December 2012 Unaudited RM'000	31 December 2011 Unaudited RM'000
Transactions with Director and companies in which certain Directors have interest :-				
a) Purchase of air ticket from a company	203	105	420	275
b) IT related services	50	29	73	59
c) Transportation, freight and handling services	392	403	607	765
d) Interest payable to a former director	64	133	103	133

Balances with related parties pertaining to the related parties transactions, as at:

	31 Dec 2012 Unaudited RM'000	30 June 2012 Unaudited RM'000
Gem Travel & Tour Sdn Bhd	249	184
IQ Works Sdn Bhd	22	33
Safeguards Oceanic Sdn Bhd	399	426
Airoceanic Express Sdn Bhd	413	283
Safeguards Records management Sdn Bhd *	3	31
Darmendran Kunaretnam - director of the Company	1,000	-
Dato' Chee Peck Kiat @ Chee Peck Jan - former director of the Company effective from 1 July 2012	5,554	3,151

Note * - Subsidiary of Safeguards Corporation Sdn Bhd

A21 Related Party Transactions (Cont'd)

All outstanding balances with these related parties other than certain advances made by a former director Dato' Chee Peck Kiat @ Chee Peck Jan, are unsecured and are to be settled in accordance with credit period normally granted by its creditors/vendors. The advances from a former director Dato' Chee Peck Kiat @ Chee Peck Jan amounted to approximately RM3.25 million are unsecured, bear interest at prevailing bank overdraft's rate per annum and had no fixed term of repayment.

A22 Dividend Paid

There were no dividends paid or declared during the financial period under review.

A23 Events Subsequent to the Balance Sheet Date

In the opinion of the Directors, no transaction or event of a material or unusual nature had occurred between 31 December 2012 up to 25 February 2013.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



B1 Review of Performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note A10.

B2 Comment on material change in profit before taxation

For the current financial quarter under review, the Group's Continuing operations registered a total revenue of approximately RM27.56 million an increase of about 53% over the revenue of RM18.06 million reported in the preceding financial quarter. Despite of the aforesaid revenue improvement, it recorded a lower gross profit of about RM5.74 million as there were higher composition of low margin sales or revenue earned and greater gross loss contributed by the land rig services during the current financial quarter. On overall basis, the Group's Continuing operations registered a gross profit margin of about 21% as compared to approximately 37% with gross profit of approximately RM6.59 million enjoyed in the preceding quarter. Nonetheless the Group's Continuing operations managed to turn-in approximately 152% higher segment result before interest of about RM10.83 million with the recognition of waiver of principal sum and other amounts due totaled to RM7.99 million pursuant to the Settlement Agreement as detailed in Note A18 following full settlement of the CLO Facility during the current financial quarter. It reported a pre-tax profit of approximately RM10.70 million as compared to RM3.32 million registered in the preceding financial quarter.

B3 Commentary on the prospects

The Group currently has three principal activities namely (i) provision of tubular handling equipment and running services ("Tubular Handling Services"); (ii) provision of OCTG inspection and maintenance services ("Inspection & Maintenance Services"); and (iii) provision of land rig and drilling services ("Land Drilling Services") which are all directly or indirectly in support of upstream oil and gas drilling activities (in particular the exploration, development and workover activities).

The Board is cautiously optimistic on a sustainable improvement in the domestic and global oil and gas exploration and development activities which are directly related to the Group's operations. Such cautious views were taken after considering the on-going European sovereign debt crisis which remains unresolved and signs of slowing growth in China and India, the combination of which poses threats to the world economy.

The Group will continue its efforts to maintain and extend the existing stream of service orders, to maintain existing contract(s) due for extension or renewal and to secure new contracts from its existing clients for those contract(s) or scope of works due for re-tender or bidding and with new players operating in the domestic market and Asia Pacific region which will translate into better utilisation of its existing core revenue equipment and tools as well as its pool of technicians and specialists. Nonetheless, the Group will be cautious in expanding its core revenue equipment and tools to meet any short term service requirement of its existing and prospective clients and expand regionally. More importantly, the Group will accelerate its efforts while exercising due care to consider all options to address the challenges facing Land Drilling Services such as incompatibility of the rigs with the specification requirement of prospective customers which reduces the availability of potential projects, short term nature of work orders or contracts and high gearing level of the rigs assets as well as considering investment options for the Land Drilling Services division including time charter of the land rigs and/or joint venture with oil contractors / operators to enhance utilisation of the land rigs and related assets as well as looking for suitable investors to invest in its Land Drilling Services or to buy out its Land Drilling Services business together with its assets.

B4 Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

B5 Corporate proposals

Fund Raising Exercise

On 24 September 2012, HwangDBS, on behalf of the Board, announced that the Board has revised the earlier proposals and proposed to implement the renounceable rights issue of up to 71,513,250 warrants ("Warrant(s)") at an issue price of RM0.05 for each Warrant on the basis of one (1) Warrant for every two (2) existing KSTB Shares held at an entitlement date ("Rights Issue of Warrants").

B5 Corporate proposals (Cont'd)

The exercise price of the Warrant and entitlement date have been fixed at RM0.30 each and 5.00 p.m. on 7 December 2012 respectively (as announced on 23 November 2012). The Abridged Prospectus ("AP") was despatched on 11 December 2012 with the last date of acceptance of provisional allotment and excess Warrants application on 24 December 2012.

At the close of acceptance and payment of the Rights Issue of Warrants, the total acceptance and excess applications received for the Rights Issue of Warrants was for 114,587,690 Warrants, representing approximately 160.23% of the Warrants available for acceptances under the Rights Issue of Warrants. The Jumbo Certificate for Warrants (to Bursa Malaysia Depository Sdn Bhd) was issued on 2 January 2013 while Notice of Allotments were despatched on 3 January 2013. The Warrants were listed in the Main Market of the Bursa Securities on 8 January 2013.

The Rights Issue of Warrants was completed on 8 January 2013.

Formation of joint venture in United Arab Emirates

On 6 September 2012, the Board announced that the Company had, on 5 September 2012 entered into a memorandum of association with Mohamed Abdulla Al-Otaiba Group Est., license no. CN-1000730 of Abu Dhabi, United Arab Emirates ("Otaiba") ("MoA") to form a limited liability company to be named "Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C." ("EKSTB") in the Emirates of Abu Dhabi with a capital of Five Hundred Thousand Dirhams (AED500,000) divided into One Hundred (100) shares of Dirhams Five Thousand (AED5,000) each, which would be held by the parties in the following proportion; Otaiba (51%) and KSTB (49%) ("Joint Venture"). On 11 October 2012, the Company announced that it had on 8 October 2012, obtained the Commercial License issued by the Department of Economic Development of Abu Dhabi for the formation of EKSTB.

The principle activities of EKSTB would be the installation and maintenance of natural gas and oil equipment and on-shore and off-shore oil and gas fields services.

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



B6 Utilisation of proceeds from disposal of 51% equity interest in Sobena

The status of utilisation of proceeds raised from the Sobena Disposal as at 31 December 2012 was as follows:

i) Sobena Disposal

	Note (a) As reported RM'000	Utilisation as at 31 Dec 2012 RM'000	Balance unutilised RM'000
Working capital	1,994	1,994	-
Purchase of equipment and tools	1,907	1,476	431
Estimated expenses to be incurred for the Disposal of Sobena	99	99	-
Settlement of CLO Facility	10,000	10,000	-
	14,000	13,569	431

Note a) Circular to Shareholders dated 9 May 2012 and interim financial report of the Group for the financial year ended 30 June 2012.

B7 Changes in material litigation

There was no material changes to the status of material litigation as disclosed in the interim financial report of the preceding financial period and there was no new material litigation for the current financial period under review.

B8 Dividend payable

Please refer to Note A22.

B9 Disclosure relating to derivatives

The Group did not enter into any derivatives during the financial period under review or there were no outstanding derivatives as at end of the financial period under review.

B10 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 December 2012 and 30 June 2012.

B11 Realised and Unrealised profits / (losses)

	31 Dec 2012 Unaudited RM'000	30 Sept 2012 Unaudited RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries		
- Realised	(7,208)	(15,972)
- Unrealised	(5,965)	(6,060)
Total retained profits / (accumulated losses) as per consolidated accounts	(13,173)	(22,032)

B12 Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report of the financial statements for the financial year ended 30 June 2012 was not qualified

BY ORDER OF THE BOARD

Darmendran Kunaretnam
Executive Director
Kuala Lumpur
25 February 2013