



KEJURUTERAAN SAMUDRA TIMUR BERHAD

**Interim Financial Report for
3rd Quarter Ended 31st March 2013
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
THIRD FINANCIAL QUARTER ENDED 31 MARCH 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIODS ENDED 31 MARCH 2013 AND 2012**

		Third Quarter ended		Cumulative Nine Months ended	
		31 March	31 March	31 March	31 March
		2013	2012	2013	2012
	Note	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
<u>Continuing Operations</u>					
Revenue		31,507	17,237	77,121	68,211
Cost of sales		(26,352)	(14,849)	(59,636)	(51,786)
Gross profit		5,155	2,388	17,485	16,425
Other income		80	52	8,256	104
Administrative expenses		(1,347)	(646)	(3,733)	(5,813)
Other operating expenses		(1,448)	(1,498)	(4,438)	(4,590)
Finance cost		(606)	(1,017)	(1,718)	(3,364)
Profit/(Loss) before taxation		1,834	(721)	15,852	2,762
Income tax expense	A12	(1,518)	(439)	(5,099)	(3,262)
Profit/(Loss) for the period from continuing operation		316	(1,160)	10,753	(500)
<u>Discontinued Operations</u>					
Profit for the period from discontinued operation		-	535	-	1,431
Total profit/(loss) for the period		316	(625)	10,753	931
Attributable to equity holders of the Company:					
- From continuing operations		331	(1,120)	10,816	(419)
- From discontinued operation		-	283	-	733
		331	(837)	10,816	314
Non-controlling interests / Minority interests		(15)	212	(63)	617
		316	(625)	10,753	931
Basic earnings/(loss) per Share attributable to equity holders of the Company (sen)					
- From continuing operations	A13	0.23	(0.79)	7.56	(0.29)
- From discontinued operation	A13	-	0.20	-	0.51
		0.23	(0.59)	7.56	0.22
Diluted earnings/(loss) Per Share attributable to equity holders of the Company (sen)					
	A13	0.22	N/A	6.65	N/A

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE FINANCIAL PERIODS ENDED 31 MARCH 2013 AND 2012**



	Third Quarter ended		Cumulative Nine Months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	316	(625)	10,753	931
Other Comprehensive Income:				
Currency translation differences	(268)	764	812	(416)
Total other comprehensive income / (loss)	<u>(268)</u>	<u>764</u>	<u>812</u>	<u>(416)</u>
Total comprehensive profit	<u>48</u>	<u>139</u>	<u>11,565</u>	<u>515</u>
Attributable to:				
Equity holders of the Company	65	(77)	11,622	(100)
Non-controlling interests / Minority interests	(17)	216	(57)	615
	<u>48</u>	<u>139</u>	<u>11,565</u>	<u>515</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013**



		31 March 2013	30 June 2012	1 July 2011
		Unaudited	Unaudited	Unaudited
		RM'000	(restated)	(restated)
	Note	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	A14	79,954	86,784	112,550
Investment in associated company		226	-	-
Investment securities		35	35	35
Goodwill on consolidation		-	-	5,242
Deferred tax assets		-	-	600
		<u>80,215</u>	<u>86,819</u>	<u>118,427</u>
Current assets				
Inventories	A15	4,068	4,024	4,763
Trade receivables		46,528	28,026	18,318
Other receivables		6,775	5,473	5,978
Tax recoverable		21	216	1,088
Cash and bank balances (including fixed deposits)	A16	1,182	1,713	2,365
		<u>58,574</u>	<u>39,452</u>	<u>32,512</u>
Assets of disposal subsidiary classified as held for sale		-	-	-
		<u>58,574</u>	<u>39,452</u>	<u>32,512</u>
TOTAL ASSETS		<u>138,789</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	7,849	8,412	8,412
Warrant reserve	A9	3,576	-	-
Other reserves	A9	(573)	(1,379)	-
Accumulated losses		(12,842)	(23,658)	(24,847)
		<u>40,918</u>	<u>26,283</u>	<u>26,473</u>
Non-controlling interests / Minority interests		<u>(258)</u>	<u>(201)</u>	<u>7,158</u>
Total equity		<u>40,660</u>	<u>26,082</u>	<u>33,631</u>
Non-current liabilities				
Loans and borrowings	A18	15,717	20,371	26,265
Deferred tax liabilities		3,458	3,458	3,702
		<u>19,175</u>	<u>23,829</u>	<u>29,967</u>
Current liabilities				
Trade payables		26,583	13,796	10,458
Other payables		17,856	18,265	14,266
Loans and borrowings	A18	31,692	43,285	62,351
Tax payable		2,823	1,014	266
		<u>78,954</u>	<u>76,360</u>	<u>87,341</u>
Liabilities of disposal subsidiary classified as held for sale		-	-	-
		<u>78,954</u>	<u>76,360</u>	<u>87,341</u>
Total liabilities		<u>98,129</u>	<u>100,189</u>	<u>117,308</u>
TOTAL EQUITY AND LIABILITIES		<u>138,789</u>	<u>126,271</u>	<u>150,939</u>
NET ASSETS PER SHARE (SEN)		<u>28.4</u>	<u>18.2</u>	<u>23.5</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTH FINANCIAL PERIOD ENDED 31 MARCH 2013**

	Attributable to equity holders of the Company						Minority interest	Total equity	
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
At 1 July 2012	42,908	8,412	-	-	(1,379)	(23,658)	26,283	(201)	26,082
Profit/(Loss) for the period	-	-	-	-	-	10,816	10,816	(63)	10,753
Other comprehensive income / (loss)	-	-	-	-	806	-	806	6	812
Total comprehensive profit / (loss) for the period	-	-	-	-	806	10,816	11,622	(57)	11,565
Transactions with owners in their capacity as owners:									
Rights Issue of Warrants	-	-	3,576	-	-	-	3,576	-	3,576
Corporate expenses for Rights Issue of Warrants	-	(563)	-	-	-	-	(563)	-	(563)
	-	(563)	3,576	-	-	-	3,013	-	3,013
At 31 March 2013 (Unaudited)	42,908	7,849	3,576	-	(573)	(12,842)	40,918	(258)	40,660

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTH FINANCIAL PERIOD ENDED 31 MARCH 2012**

	Attributable to equity holders of the Company						Minority interest	Total equity	
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
At 1 July 2011	42,908	8,412	-	-	-	(24,847)	26,473	7,158	33,631
Profit for the period	-	-	-	-	-	314	314	617	931
Other comprehensive income / (loss)	-	-	-	-	(414)	-	(414)	(2)	(416)
Total comprehensive profit / (loss) for the period	-	-	-	-	(414)	314	(100)	615	515
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 March 2012 (Unaudited)	42,908	8,412	-	-	(414)	(24,533)	26,373	6,627	33,000

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 AND 2012**



	9 months ended	
	31 March 2013	31 March 2012
	Unaudited RM'000	Unaudited RM'000
Cash Flows From Operating Activities		
Profit before taxation		
- From continuing operations	15,852	2,762
- From discontinued operations	-	1,918
	15,852	4,680
Adjustments for non-cash and non-operating items:		
- Depreciation of property, plant and equipment	9,775	13,359
- Interest expense	1,718	3,612
- Unrealised loss / (gain) on foreign exchange	(265)	301
- Others	(115)	822
	26,965	22,774
Operating profit before changes in working capital	26,965	22,774
Changes in working capital:		
- Increase in inventories	(44)	(735)
- Increase in trade and other receivables	(19,804)	(16,060)
- Increase in trade and other payables	13,525	9,918
Interest paid and waived	(2,855)	(2,786)
Interest received	36	4
Net change in taxation	(3,095)	(1,703)
	14,728	11,412
Net cash from operating activities	14,728	11,412
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	(2,966)	(5,115)
Investment in associated company	(226)	-
	(3,102)	(4,726)
Net cash used in investing activities	(3,102)	(4,726)
Cash Flows From Financing Activities		
Proceeds from issuance of warrants net of warrant issuance expenses	3,013	-
Non-controlling interest arising from dissolution of a subsidiary company	-	(1,146)
(Decrease) / Increase in loans and borrowings	(21,454)	2,016
	(18,441)	870
Net cash (used in) / from financing activities	(18,441)	870
Net Change in Cash and Cash Equivalents	(6,815)	7,556
Cash and Cash Equivalents at Beginning of Period	1,713	(5,608)
Effects of exchange rate changes	1,077	(714)
Cash and Cash Equivalents at End of Period	(4,025)	1,234
Analysis of Cash and Cash Equivalents:		
Cash and bank balances	712	2,757
Deposits with licensed financial institutions	470	348
Bank overdrafts	(5,207)	(1,871)
	(4,025)	1,234
Cash and Cash Equivalents	(4,025)	1,234

A1 Corporate information

Kejuruteraan Samudra Timur Berhad is a public limited liability company incorporated and domiciled 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 28 May 2013.

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

These condensed consolidated interim financial statements, for the period ended 31 March 2013, 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 Interim 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 statements are consistent with those of the audited financial statements for the 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 March 2012: 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 March 2012: 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 March 2012 RM'000	Adjustments RM'000	MFRS as at 31 March 2012 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	89,084		89,084	86,784		86,784
Investment securities		35		35	35		35	35		35
Goodwill on consolidation		5,242		5,242	-		-	-		-
Deferred tax assets		600		600	-		-	-		-
		<u>118,427</u>		<u>118,427</u>	<u>89,119</u>		<u>89,119</u>	<u>86,819</u>		<u>86,819</u>
Current assets										
Inventories		4,763		4,763	3,348		3,348	4,024		4,024
Trade receivables		18,318		18,318	23,721		23,721	28,026		28,026
Other receivables		5,978		5,978	4,940		4,940	5,473		5,473
Tax recoverable		1,088		1,088	238		238	216		216
Cash and bank balances		2,365		2,365	2,471		2,471	1,713		1,713
		<u>32,512</u>		<u>32,512</u>	<u>34,718</u>		<u>34,718</u>	<u>39,452</u>		<u>39,452</u>
Assets of disposal subsidiary classified as held for sale		-		-	34,699		34,699	-		-
		<u>32,512</u>		<u>32,512</u>	<u>69,417</u>		<u>69,417</u>	<u>39,452</u>		<u>39,452</u>
TOTAL ASSETS		<u>150,939</u>		<u>150,939</u>	<u>158,536</u>		<u>158,536</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	42,908
Share premium	8,412		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)	-	297	(711)	(414)	(668)	(711)	(1,379)
Accumulated losses	(30,027)	5,180	(24,847)	(29,713)	5,180	(24,533)	(28,838)	5,180	(23,658)
Equity attributable to owners of the parent	26,473		26,473	26,373		26,373	26,283		26,283
Non-controlling interest	7,158		7,158	6,627		6,627	(201)		(201)
	<u>33,631</u>		<u>33,631</u>	<u>33,000</u>		<u>33,000</u>	<u>26,082</u>		<u>26,082</u>

Non-current liabilities

Loans and borrowings	26,265		26,265	20,561		20,561	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>24,427</u>		<u>24,427</u>	<u>23,829</u>		<u>23,829</u>

Current liabilities

Trade payables	10,458		10,458	11,778		11,778	13,796		13,796
Other payables	14,266		14,266	19,042		19,042	18,265		18,265
Loans and borrowings	62,351		62,351	53,536		53,536	43,285		43,285
Tax payable	266		266	1,179		1,179	1,014		1,014
	<u>87,341</u>		<u>87,341</u>	<u>85,535</u>		<u>85,535</u>	<u>76,360</u>		<u>76,360</u>

Liabilities of disposal subsidiary classified as held for sale

	-		-	15,574		15,574			-
	<u>87,341</u>		<u>87,341</u>	<u>101,109</u>		<u>101,109</u>	<u>76,360</u>		<u>76,360</u>

Total liabilities

	<u>117,308</u>		<u>117,308</u>	<u>125,536</u>		<u>125,536</u>	<u>100,189</u>		<u>100,189</u>
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TOTAL EQUITY AND LIABILITIES	<u>150,939</u>		<u>150,939</u>	<u>158,536</u>		<u>158,536</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 March 2012 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 Comparative for Unaudited Condensed Consolidated Statements of Comprehensive Income - Discontinued Operation and Disposal Subsidiary Classified as Held for Sale

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 financial quarter ended 30 June 2012.

In accordance with MFRS Non-current Assets Held For Sale and Discontinued Operation, Sobena is classified as Disposal subsidiary held for sale / discontinued operation for the corresponding financial quarter and cumulative nine-month period ended 31 March 2012.

As at 31 March 2012, the assets and liabilities related to Sobena have been presented in the unaudited statement of financial position of the Group as "Assets of disposal subsidiary classified as held for sale" and "Liabilities of disposal subsidiary classified as held for sale" and its results are presented separately on the unaudited condensed consolidated statements of comprehensive income as "Profit for the period from discontinued operation"

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.

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 other than the issuance of 71,513,250 warrants ("Warrants") pursuant to the Rights Issue of Warrants elaborated in Note B5 below.

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.

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 9-MONTH PERIOD ENDED 31.3.2013	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	67,895	7,500	1,726	-	-	77,121	-	77,121
- Inter-segment	7	581	-	-	(588)	-	-	-
Total revenue	<u>67,902</u>	<u>8,081</u>	<u>1,726</u>	<u>-</u>	<u>(588)</u>	<u>77,121</u>	<u>-</u>	<u>77,121</u>
Results								
- Segment results	23,281	696	(6,405)	(2)	-	17,570	-	17,570
- Finance cost	(391)	(1)	(1,326)	-	-	(1,718)	-	(1,718)
Profit before taxation						15,852	-	15,852
- Taxation						(5,099)	-	(5,099)
Profit after taxation						10,753	-	10,753
Non-controlling interests / Minority interest						63	-	63
Profit for the period attributable to equity holders of the Company						<u>10,816</u>	<u>-</u>	<u>10,816</u>
Assets								
Segment assets	144,165	14,948	73,597	182	(94,126)	138,766	-	138,766
Unallocated corporate assets								23
Consolidated Assets								<u>138,789</u>
Liabilities								
Segment liabilities	58,261	1,440	120,873	7,034	(91,028)	96,580	-	96,580
Unallocated corporate liabilities								1,549
Consolidated Liabilities								<u>98,129</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 9-MONTH PERIOD ENDED 31.3.2013	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	67,895	7,500	-	-	-	75,395	-	75,395
- Indonesia	-	-	1,726	-	-	1,726	-	1,726
Total revenue	<u>67,895</u>	<u>7,500</u>	<u>1,726</u>	<u>-</u>	<u>-</u>	<u>77,121</u>	<u>-</u>	<u>77,121</u>
Non-current Assets								
- Malaysia	21,021	1,460	-	2	-	22,483	-	22,483
- Indonesia	-	-	57,732	-	-	57,732	-	57,732
	<u>21,021</u>	<u>1,460</u>	<u>57,732</u>	<u>2</u>	<u>-</u>	<u>80,215</u>	<u>-</u>	<u>80,215</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 9-MONTH PERIOD ENDED 31.3.2012	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	
D) BUSINESS SEGMENT								
Revenue								
- External	47,964	6,753	13,494	-	-	68,211	21,220	89,431
- Inter-segment	822	514	-	-	(1,336)	-	1	1
- Elimination at Discontinued operation	-	-	-	-	-	-	-	(1)
Total revenue	<u>48,786</u>	<u>7,267</u>	<u>13,494</u>	<u>-</u>	<u>(1,336)</u>	<u>68,211</u>	<u>21,221</u>	<u>89,431</u>
Results								
- Segment results	8,436	287	(2,592)	(5)	-	6,126	2,166	8,292
- Finance cost	(2,164)	-	(1,200)	-	-	(3,364)	(248)	(3,612)
Profit before taxation						2,762	1,918	4,680
- Taxation						(3,262)	(487)	(3,749)
(Loss)/Profit after taxation						(500)	1,431	931
Non-controlling interests / Minority interest						81	(698)	(617)
(Loss)/Profit for the period attributable to equity holders of the Company						<u>(419)</u>	<u>733</u>	<u>314</u>
Assets								
Segment assets	124,129	13,496	82,866	172	(91,610)	129,053	29,457	158,510
Unallocated corporate assets								26
Consolidated Assets								<u>158,536</u>
Liabilities								
Segment liabilities	64,549	1,305	117,700	7,024	(82,149)	108,429	15,574	124,003
Unallocated corporate liabilities								1,533
Consolidated Liabilities								<u>125,536</u>

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Segmental Information (Cont'd)

UNAUDITED RESULTS FOR FOR 9-MONTH PERIOD ENDED 31.3.2012	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	47,964	6,753	-	-	-	54,717	19,669	74,386
- Indonesia	-	-	13,494	-	-	13,494	-	13,494
- Singapore	-	-	-	-	-	-	1,551	1,551
Total revenue	<u>47,964</u>	<u>6,753</u>	<u>13,494</u>	<u>-</u>	<u>-</u>	<u>68,211</u>	<u>21,220</u>	<u>89,431</u>
Non-current Assets								
- Malaysia	23,233	1,325	-	20	-	24,578	14,577	39,155
- Indonesia	-	-	64,541	-	-	64,541	-	64,541
	<u>23,233</u>	<u>1,325</u>	<u>64,541</u>	<u>20</u>	<u>-</u>	<u>89,119</u>	<u>14,577</u>	<u>103,696</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 RM31.51 million an increase of about 83% when compared to the corresponding financial quarter due mainly to higher turnover and volume of work were reported by its tubular handling services. This improved revenue has translated into a 116% rise in gross profit to approximately RM5.16 million with better gross profit margin of about 16% as compared to RM2.39 million and 14% recorded in the corresponding financial quarter. The Group's Continuing operations however reported a higher administrative due to recognition of a net loss on foreign exchange of approximately RM0.05 million while a net gain on foreign exchange of about RM0.76 million was recorded in the corresponding financial quarter. Nonetheless, the Group's Continuing operations continued to produce for the current quarter profit before taxation of approximately RM1.83 million as compared to a pre-tax loss position of approximately RM0.72 million posted in the corresponding financial quarter. It recorded a profit attributable to equity holders of the Company of approximately RM0.33 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 March 2013 to approximately RM15.85 million, about 4.7 times higher when compared to RM2.76 million reported in the corresponding year-to-date period. The profit attributable to equity holders of the Company stood at approximately RM10.82 million, as compared to about RM0.31 million achieved in the corresponding year-to-date period.

For the current financial quarter, the tubular handling services unit recorded a 104% increase in revenue to approximately RM28.44 million compared the turnover of about RM13.94 million reported in the corresponding financial quarter principally due to substantial sales was recorded for 3rd party specialist services. This has translated into better gross profit of approximately RM6.73 million, an increase of about 152% from RM2.67 million reported in the corresponding financial quarter. The substantially improved gross profit coupled with no material hike in administrative and other operating expenses have enabled the tubular handling services unit to report about 467% rise in its segment result before interest to approximately RM4.80 million compared to RM0.85 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 RM23.28 million, an increase of about 176% when compared to about RM8.44 million registered in the corresponding year-to-date period.

The inspection and maintenance services recorded a segment loss before interest of approximately RM0.16 million, a reduction of about 47% when compared to about RM0.30 million suffered in the corresponding financial quarter due principally to higher gross profit of approximately RM0.47 million was earned with the increase in gross profit margin while there was little change in revenue. For the current year-to-date period, its segment profit before interest has shown a rise of approximately 142% to RM0.70 million from a segment profit before interest of RM0.29 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 RM7.50 million, an increase of about 11% when compared to RM6.75 million achieved in the corresponding year-to-date period.

The land rig services unit reported a greater segment loss before interest of RM2.20 million as compared to RM0.25 million incurred in the corresponding financial quarter due mainly to provision of delay moving charges by the client as well as lower revenue, a reduction of about 14% when compared to the corresponding financial quarter, was earned during the current financial quarter. For the current year-to-date period, it reported higher segment loss before interest of approximately RM6.41 million, an increase of about 147% over RM2.59 million segment loss before interest incurred in the corresponding year-to-date period. This was principally due to approximately 87% reduction in revenue earned in the corresponding year-to-date period of RM13.49 million to RM1.73 million though the adverse effect thereof was moderated by recognition of net gain on foreign exchange of about RM0.42 million during the current year-to-date period as compared to a net loss on foreign exchange position of RM0.36 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:-

	Third Quarter ended		Cumulative Nine Months ended	
	31 March 2013 Unaudited RM'000	31 March 2012* Unaudited RM'000	31 March 2013 Unaudited RM'000	31 March 2012* Unaudited RM'000
a) Interest income	4	-	36	4
b) Other income (excluding (a) and (g))	75	365	235	1,050
c) Interest expense	(606)	(1,107)	(1,718)	(3,364)
d) Depreciation and amortisation of property plant and equipment	(3,234)	(4,238)	(9,775)	(13,359)
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	-
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)	93	188	21	292
l) Unrealised foreign exchange gain/(loss)	(139)	568	265	(300)
m) Gain/(loss) on derivatives	-	-	-	-
n) Exceptional items	-	-	-	-

* - Includes amount in respect of the discontinued operation

A12 Income tax expense

	Third Quarter ended		Cumulative Nine Months ended	
	31 March 2013 Unaudited RM'000	31 March 2012 Unaudited RM'000	31 March 2013 Unaudited RM'000	31 March 2012 Unaudited RM'000
Based on financial period's profit				
<u>Continuing operations</u>				
Taxation				
- Current financial period	1,219	439	4,800	3,057
- Under/(Over) provision in the previous years	299	-	299	41
Deferred taxation				
- Current financial period	-	-	-	-
- Under/(Over) provision in the previous years	-	-	-	164
	<u>1,518</u>	<u>439</u>	<u>5,099</u>	<u>3,262</u>
<u>Discontinued operation</u>				
Taxation				
Deferred taxation				
	-	170	-	487
	-	-	-	-
	<u>-</u>	<u>170</u>	<u>-</u>	<u>487</u>
Total tax expenses for the period	<u>1,518</u>	<u>609</u>	<u>5,099</u>	<u>3,749</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 March 2012 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 earnings/(loss) per share**

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

	Third Quarter ended		Cumulative Nine Months ended	
	31 March 2013 Unaudited	31 March 2012 Unaudited	31 March 2013 Unaudited	31 March 2012 Unaudited
Profit/(Loss) for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	331	(1,120)	10,816	(419)
- From discontinued operation	-	283	-	733
	<u>331</u>	<u>(837)</u>	<u>10,816</u>	<u>314</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 earnings/(loss) per share attributable to equity holders of the Company (sen)				
- From continuing operations	0.23	(0.79)	7.56	(0.29)
- From discontinued operation	-	0.20	-	0.51
	<u>0.23</u>	<u>(0.59)</u>	<u>7.56</u>	<u>0.22</u>

Diluted earnings/(loss) per share

The diluted earnings per share for the current financial quarter and current year-to-date are computed based on the Group's net profit attributable to equity holders of the Company after adjusting for interest income from cash proceeds on assumed full exercise of warrants at the date of issue of the warrants, divided by the weighted average number of ordinary shares for the current financial quarter and current year-to-date assuming full exercise of warrants at the date of issue of warrants as follows:

	Third Quarter ended		Cumulative Nine Months ended	
	31 March 2013 Unaudited	31 March 2012 Unaudited	31 March 2013 Unaudited	31 March 2012 Unaudited
Profit/(Loss) for the period attributable to equity holders of the Company (RM'000)				
- From continuing operations	331	(1,120)	10,816	(419)
- From discontinued operation	-	283	-	733
	<u>331</u>	<u>(837)</u>	<u>10,816</u>	<u>314</u>
Net adjustment for interest income from cash proceeds on exercise of warrants	132	-	132	-
	<u>463</u>	<u>(837)</u>	<u>10,948</u>	<u>314</u>

A13 Earnings Per Share (Cont'd)**Diluted earnings/(loss) per share (Cont'd)****Weighted average number of ordinary shares (diluted) ('000)**

Issued ordinary shares at the beginning of	143,027	143,027	143,027	143,027
Weighted average number of new ordinary shares assuming full exercise of warrants	65,951	-	21,663	-
Weighted average number of ordinary shares	<u>208,978</u>	<u>143,027</u>	<u>164,689</u>	<u>143,027</u>
Diluted earnings/(loss) per share attributable to equity holders of the Company (sen)	<u>0.22</u>	<u>N/A</u>	<u>6.65</u>	<u>N/A</u>

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 RM2,966,000 while no disposal was undertaken.

A15 Inventories

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

A16 Cash and cash equivalent

	As at 31 March 2013 Unaudited RM'000	As at 30 June 2012 Unaudited RM'000	As at 1 July 2011 Unaudited RM'000
Cash and bank balances	1,182	1,713	2,365
Bank overdrafts	(5,207)	-	(7,973)
Total cash and cash equivalent	<u>(4,025)</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

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 March 2013</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

A17 Fair value hierarchy (Cont'd)

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 March 2013 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	26,485	23,285	21,962
- Unsecured	5,207	20,000	40,389
	<u>31,692</u>	<u>43,285</u>	<u>62,351</u>
b) Long term borrowings			
Repayable after twelve months			
- Secured	15,717	20,371	26,265
- Unsecured	-	-	-
Portion repayable after one year	<u>15,717</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>41,720</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 earlier 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 in the preceding financial quarter.

A19 Contingencies

	As at 31 March 2013 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	<u>4,149</u>	<u>3,819</u>	<u>3,997</u>

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 March 2013 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	2,109	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 nine-month period ended 31 March 2013 and 31 March 2012 as well as the balances with the related parties as at 31 March 2013 and 30 June 2012.

	Third Quarter ended		Cumulative Nine Months ended	
	31 March 2013 Unaudited RM'000	31 March 2012 Unaudited RM'000	31 March 2013 Unaudited RM'000	31 March 2012 Unaudited RM'000
Transactions with Director and companies in which certain Directors have interest :-				
a) Purchase of air ticket from a company	154	178	574	453
b) IT related services	38	33	111	92
c) Transportation, freight and handling services	279	303	886	1,068
d) Interest payable to a former director	50	28	153	161

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

	31 March 2013 Unaudited RM'000	30 June 2012 Unaudited RM'000
Gem Travel & Tour Sdn Bhd	242	184
IQ Works Sdn Bhd	32	33
Safeguards Oceanic Sdn Bhd	341	426
Airoceanic Express Sdn Bhd	333	283
Safeguards Records management Sdn Bhd *	3	31
Dato' Chee Peck Kiat @ Chee Peck Jan - former director of the Company effective from 1 July 2012 (includes interest payable)	3,255	3,151

Note * - *Subsidiary of Safeguards Corporation Sdn Bhd*

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 RM2.91 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 March 2013 up to 28 May 2013.

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 RM31.51 million an increase of about 14% over the revenue of RM27.56 million reported in the preceding financial quarter. Despite of the aforesaid revenue improvement, it recorded a lower gross profit of about RM5.16 million as both its tubular handling services and inspection and maintenance services units experienced declining gross profit margin due higher composition of low margin sales or revenue earned during the current financial quarter. On overall basis, the Group's Continuing operations registered a gross profit margin of about 16% as compared to approximately 21% with gross profit of approximately RM5.74 million enjoyed in the preceding quarter. With no material one-off other income such as the preceding financial quarter's waiver of principal sum and other amounts due totaled to RM7.99 million, during the current financial quarter and no material fluctuation in administrative and other operating expenses the Group's Continuing operations reported about 77% decline in segment result before interest to approximately RM2.44 million from RM10.83 million registered in the preceding financial quarter. It reported a pre-tax profit of approximately RM1.83 million as compared to RM10.70 million reported 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").

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



B5 Corporate proposals (Cont'd)

The Rights Issue of Warrants was completed on 8 January 2013 and proceeds raised from the Rights Issue of Warrants were fully utilised during the current financial quarter.

Proposed Disposal

The Company has on 20 May 2013 announced that its wholly-owned subsidiary, KST Drilling Technologies Sdn. Bhd ("KSTD" or "the Vendor") had on 20 May 2013 entered into a Asset Sale Agreement ("ASA") for the proposed disposal of the rig known as Ikhlas #3 to PT Duta Adhikarya Negeri for a total cash consideration of USD6.30 million (equivalent to RM19.017 million based on the exchange rate of USD1.00: RM3.0185 as at 20 May 2013) ("Proposed Disposal"). The proceeds to be raised from the Proposed Disposal will be utilised as follows:

(All in RM'000)	<u>Proposed Utilisation</u>
Repayment of Borrowings	18,797
Estimated expenses	220
	19,017

The Proposed Disposal is subject to the following being obtained:

- approval of the shareholders of the Company at the forthcoming extraordinary general meeting; and
- any other approvals, waivers and/or consents from any other relevant authorities, body and/or persons, where required.

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

As at 31 March 2013, the proceeds raised from the Sobena Disposal have been fully utilised in accordance with the revised utilisation plan announced to Bursa Securities on 28 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 March 2013 and 30 June 2012.

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



B11 Realised and Unrealised profits / (losses)

	31 March 2013	31 December 2012
	Unaudited	Unaudited
	RM'000	RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries		
- Realised	(7,071)	(7,208)
- Unrealised	(5,771)	(5,965)
Total retained profits / (accumulated losses) as per consolidated accounts	<u>(12,842)</u>	<u>(13,173)</u>

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
28 May 2013