

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2011

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the investment properties which are stated at fair value, in accordance with Financial Reporting Standards (“FRS”) 140.

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

2. Accounting Policies

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2010 except for the adoption of new FRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2011. The adoption of these FRSs, amendments and interpretations do not have a material impact on the interim financial information of the Group.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2010 was not subjected to any qualification.

4. Segmental Information

3 months ended		6 months ended	
30.06.2011	30.06.2010	30.06.2011	30.06.2010
RM'000	RM'000	RM'000	RM'000

Segment Revenue

Energy Sector	31,269	31,856	74,955	75,686
F&B and Tourism Sector	5,772	5,930	11,661	13,162
Manufacturing Sector	5,966	5,947	11,309	10,813
Investment Sector	1,021	2,514	2,136	3,743
Total revenue including inter-segment sales	44,028	46,247	100,061	103,404
Elimination of inter-segment sales	(1,035)	(2,532)	(2,153)	(3,804)
Total	42,993	43,715	97,908	99,600

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4. Segmental Information (cont'd.)

	3 months ended		6 months ended	
	30.06.2011 RM'000	30.06.2010 RM'000	30.06.2011 RM'000	30.06.2010 RM'000
Segment Results				
Energy Sector	969	1,789	3,306	5,355
F&B and Tourism Sector	196	694	490	1,203
Manufacturing Sector	81	133	129	71
Investment Sector	(2,465)	(1,538)	(4,977)	(4,295)
Others	-	-	-	(6)
	(1,219)	1,078	(1,052)	2,328
Eliminations	19	(350)	87	(195)
Total	(1,200)	728	(965)	2,133

5. 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 ended 30 June 2011.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Comments about Seasonal or Cyclical Factors

There is no seasonal or cyclical effect for the Energy and Manufacturing Sector. However, the performance of Food & Beverages and Tourism Sector is affected positively by major festivals and school holidays.

8. Dividends Paid

There was no dividend paid to the shareholders for the current financial period to date.

9. Carrying Amount of Revalued Assets

The carrying amount of property, plant and equipment is recorded at cost and has been brought forward without amendment from the financial statements for the year ended 31 December 2010.

10. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury in the current quarter.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

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12. Disposal Group and Assets Classified as Held for Sale

The disposal group and assets classified as held for sale as at balance sheet date are as follows:

	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000
Assets		
Property, plant and equipment	1,804	2,440
Investment properties	1,000	1,000
Trade and other receivables	27	27
Cash and bank balances	0.03	0.03
Assets of disposal group classified as held for sale	2,831	3,467
Liabilities		
Borrowings	1	1
Trade and other payables	11,975	11,975
Liabilities directly associated with disposal group classified as held for sale	11,976	11,976

(a) Disposal group classified as held for sale

The Group is in the midst of disposing its subsidiary namely Green Electric (Private) Limited ("GEL").

(b) Assets classified as held for sale

The Group had entered into a Sale and Purchase Agreement with third party for the disposal of a freehold building at Seberang Perai for a total cash consideration of RM1,000,000. The land was previously classified as investment property with the same carrying value. The disposal is expected to be completed in 2011.

13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2011 amounted to RM21,000.

14. Changes in Contingent Liabilities

The total contingent liabilities of the Group as at 30 June 2011 is RM30.58 million consisting of corporate guarantees to banks to secure general banking facilities granted to the subsidiaries.

15. Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the end of the interim period reported which have not been reflected in the financial statements.

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

16. Performance Review

For the quarter under review, the Group registered revenue of RM42.99 million, a decrease of 2% against the corresponding quarter ended 30 June 2010. This was primarily due to the lower capacity payment received by the Energy Sector effective from 1 January 2011 in accordance with the Power Purchase Agreement.

The Group recorded an LBT of RM1.20 million compared to a PBT of RM0.73 million recorded in the corresponding quarter ended 30 June 2010. The negative variance was primarily due to the reason stated above.

17. Comment on Material Change in Profit Before Taxation (“PBT”)

The Group recorded an LBT of RM1.20 million for the quarter under review, compared to the PBT of RM0.24 million for the preceding quarter ended 31 March 2011. This was primarily due to the lower revenue recorded by the Energy Sector.

18. Commentary on Prospects

Despite the challenging economic landscape forecasted in second half of the year (2H2011), the Food, Beverage and Tourism as well as the Manufacturing Sector is expected to increase their contribution to the Group via their increased sales and marketing efforts.

19. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter under review.

20. Income Tax Expense

	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(122)	(83)	(210)	(195)
Deferred tax	(428)	(572)	(811)	(1,521)
Total income tax expense	<u>(550)</u>	<u>(655)</u>	<u>(1,021)</u>	<u>(1,716)</u>

The effective tax rates for the year was higher than the statutory tax rate of 25% principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

21. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties in the current quarter under review.

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22. Quoted Securities

There was no purchase or disposal of quoted securities in the current quarter under review.

23. Corporate Proposals

There were no corporate proposals in the current quarter under review.

24. Borrowings

Group borrowings and debt securities as at 30 June 2011 denominated in Ringgit Malaysia were:

	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000
Short term borrowings		
Secured	70,315	72,559
	<u>70,315</u>	<u>72,559</u>
Long term borrowings		
Secured	142,304	184,737
	<u>142,304</u>	<u>184,737</u>
Total borrowings	<u>212,619</u>	<u>257,296</u>

Included in the short term borrowings are bank overdrafts amounting to RM4.94 million (2010: RM5.17 million).

25. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk in the current quarter under review.

26. Changes in Material Litigations

As at the reporting date, there were no changes in material litigations, except for the following pending material litigations since the last annual balance sheet date of 31 December 2010:

- i) A suit by Eden Inc. Berhad ("EDEN") against Sriwani Duty Free Centre (Langkawi) Sdn. Bhd. ("SDFC") as the First Defendant, Dato' Chuan Hooi Huat (who is the former director of EDEN and Sriwani Holdings Berhad ("SHB") as the Second Defendant and Mr. Terry Wong Soo Teng, (who is the former Director of EDEN and the present director of SHB) as the Third Defendant, for Tort of Conspiracy in respect of a lease agreement entered into between EDEN and SDFC on 20 August 2002 ("Lease Agreement") for RM52,657,920.00. A consent judgement has been endorsed by the Court on the 17th March 2011.

In relation to the term of the consent judgement endorsed by the court on the 17th March 2011, SDFC now known as DFZ Duty Free (Langkawi) Sdn Bhd ("DFZ") has vide Alor Setar High Court Suit No. 22-158-2011 filed a statement of claim to the Court stating that the basis of valuation used by the Company's valuer is not justified.

In light of the above statement of claim, DFZ has filed an application for an interim injunction against the Company from obtaining vacant possession/evicting DFZ and that DFZ shall enjoy possession, occupation and quiet enjoyment in respect of the lease until the conclusion

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of the proceedings. The Company has filed an application for the striking out of the suit. To date, matters are still at Case Management Stage.

- ii) Two (2) former employees of the Company have initiated a claim for constructive dismissal against the Company.
 - (a) Goh Hoe Kong ("Plaintiff") has referred the award of the Industrial Court case dated 22 April 2008 to the High Court. During the decision on 25 February 2010, the High Court had dismissed the Plaintiff's application for judicial review. The Plaintiff has filed an appeal on this matter at the Court of Appeal against the decision of the High Court. No date has been fixed yet.
 - (b) Meanwhile, Thum Soon Yin's ("TSY") claim was for compensation amounting to RM1,284,118.82 was dismissed by the Industrial Court. TSY has referred the case to the High Court. High Court dismissed TSY application on 17 December 2010. TSY filed Notice of Appeal on 14 January 2011 on the High Court's decision. No date has been fixed yet.

27. Dividend Payable

No dividend has been declared for the quarter under review.

28. Earnings/ (Loss) Per Share

(a) Basic

The basic earnings/(loss) per share of the Group was calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue to the public as follows:

	3 months ended		6 months ended	
	30.06.2011 RM'000	30.06.2010 RM'000	30.06.2011 RM'000	30.06.2010 RM'000
Profit/(Loss) attributable to ordinary equity holders of the parent	(1,773)	2	(2,024)	367
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,362
Basic EPS (sen):	(0.569)	0.001	(0.650)	0.118

(b) Diluted

There is no dilution in earnings/(loss) per share.

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29. Realised and Unrealised Profits/(Losses)

The breakdown of the retained earnings of the Group as at the reporting date, into realised and unrealised profits is tabulated below:

	Group 30.06.2011 RM'000	Group 31.12.2010 RM'000
Total retained earnings/(accumulated losses) of the Group		
Realised	(102,887)	(99,723)
Unrealised	141,808	141,808
	<u>38,921</u>	<u>42,085</u>
Total shares of retained earnings of associates		
Realised	509	509
Unrealised	(7)	(7)
	<u>39,423</u>	<u>42,587</u>
Consolidation adjustments	<u>(33,725)</u>	<u>(34,865)</u>
	<u>5,698</u>	<u>7,722</u>

30. Authorisation for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 23 August 2011.

By order of the Board.

Date: 23 August 2011