

SILK HOLDINGS BERHAD (405897-V)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2011**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding	Date	Corresponding
	31-Jul-2011	Quarter 31-Jul-2010	31-Jul-2011	Period 31-Jul-2010
	RM '000	RM '000	RM '000	RM '000
Revenue	65,814	59,613	247,726	223,939
Direct costs	(24,420)	(27,093)	(99,982)	(106,100)
Gross profit	41,394	32,520	147,744	117,839
Other items of income				
Interest income	306	205	921	291
Other income	129	2,218	2,027	24,614
Other item of expenses				
Staff expenses	(3,681)	(4,646)	(15,252)	(13,045)
Administrative expenses	(1,422)	(1,552)	(4,899)	(4,047)
Professional fees	(439)	(512)	(1,147)	(1,325)
	(5,542)	(6,710)	(21,298)	(18,417)
EBITDA	36,287	28,233	129,394	124,327
Depreciation	(9,956)	(4,886)	(33,830)	(20,820)
Amortisation	(3,979)	(2,351)	(13,037)	(6,407)
Provision for heavy repairs	1,782	-	-	-
Finance costs	(23,965)	(18,370)	(88,252)	(65,251)
Negative goodwill on reverse acquisition	-	11,869	-	11,869
	(36,118)	(13,738)	(135,119)	(80,609)
(Loss)/profit before taxation	169	14,495	(5,725)	43,718
Taxation	(1,510)	(2,066)	(6,176)	(12,861)
Net (loss)/profit for the period	(1,341)	12,429	(11,901)	30,857
Net (loss)/profit and total comprehensive income attributable to:				
Owners of the parent	(1,912)	11,553	(11,236)	19,253
Non-controlling interests	(571)	876	665	11,604
	(1,341)	12,429	(11,901)	30,857
(Loss)/earnings per share (sen)				
- basic	(0.50)	3.02	(2.95)	5.96
- diluted	(0.26)	1.81	(1.62)	3.63

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

SILK HOLDINGS BERHAD (405897-V)
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2011
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31-Jul-2011 RM '000	Restated 31-Jul-2010 RM '000
Assets		
Non-current assets		
Concession intangible assets	901,648	912,242
Property, vessels and equipment	871,329	684,765
Other investments	600	600
Goodwill on consolidation	647	647
	<u>1,774,224</u>	<u>1,598,254</u>
Current assets		
Inventories	168	165
Trade and other receivables	56,380	89,236
Tax recoverable	1,743	1,677
Marketable securities	-	-
Deposits with licensed financial institutions	52,546	15,300
Cash and bank balances	12,198	12,538
	<u>123,035</u>	<u>118,916</u>
Non-current assets classified as held for sale	1,071	-
Total assets	<u>1,898,330</u>	<u>1,717,170</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	99,262	96,959
Share premium	53,670	53,649
Equity component of loan stocks	37,136	37,271
Equity component of preference shares	1,901	2,157
Employee trust shares	(6,688)	(6,688)
Retained earnings/(accumulated losses)	35,536	46,772
Reverse acquisition deficit	(92,791)	(92,791)
	<u>128,026</u>	<u>137,329</u>
Non-controlling interests	63,560	45,825
Total equity	<u>191,586</u>	<u>183,154</u>
Non-current liabilities		
Borrowings	1,380,874	1,191,300
Deferred tax liabilities	46,836	39,615
Retirement benefits obligation	3,334	2,176
Provision for heavy repairs	3,703	4,700
Deferred income	1,556	-
	<u>1,436,303</u>	<u>1,237,791</u>
Current liabilities		
Borrowings	68,808	44,444
Trade and other payables	89,402	170,485
Ijarah rental payable	112,195	80,443
Provision for taxation	36	853
	<u>270,441</u>	<u>296,225</u>
Total liabilities	<u>1,706,744</u>	<u>1,534,016</u>
Total equity and liabilities	<u>1,898,330</u>	<u>1,717,170</u>
Net assets per share attributable to equity holders of the Company	RM 0.32	RM 0.35

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SILK HOLDINGS BERHAD (Company No: 405897-V)

Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →						Distributable	Non-Controlling interests	Total
	← Non-distributable →			→					
	Share 901,648 RM'000	Share premium RM'000	Employee trust shares RM'000	Equity component of preference shares RM'000	Equity component of loan stocks RM'000	Reverse acquisition deficit RM'000	Retained earnings RM'000	RM'000	RM'000
At 1 August 2010	96,959	53,649	(6,688)	2,157	37,271	(92,791)	55,989	45,825	192,371
Effect of adopting IC Interpretation 12	-	-	-	-	-	-	(9,217)	-	(9,217)
At 1 August 2010 (restated)	96,959	53,649	(6,688)	2,157	37,271	(92,791)	46,772	45,825	183,154
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(11,236)	(665)	(11,901)
Transaction with Owners:									
Conversion of preference shares	2,303	21	-	(256)	-	-	-	-	2,068
Issuance of loan stocks	-	-	-	-	590	-	-	-	590
Effect of re-measurement of loan stocks	-	-	-	-	(725)	-	-	-	(725)
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	20,800	20,800
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(2,400)	(2,400)
	2,303	21	-	(256)	(135)	-	-	18,400	20,333
At 31 July 2011	99,262	53,670	(6,688)	1,901	37,136	(92,791)	35,536	63,560	191,586
At 1 August 2009	4,706	5,824	-	-	-	-	36,738	36,621	83,889
Total comprehensive income for the period	-	-	-	-	-	-	19,251	11,604	30,855
Transaction with Owners:									
Reverse acquisition of AQL	89,003	47,809	(6,688)	-	36,722	(92,791)	-	-	74,055
Variation of the terms of preference shares	-	-	-	2,519	-	-	-	-	2,519
Issue of loan stocks	-	-	-	-	549	-	-	-	549
Conversion of preference shares	3,250	16	-	(362)	-	-	-	-	2,904
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(2,400)	(2,400)
	92,253	47,825	(6,688)	2,157	37,271	(92,791)	-	(2,400)	77,627
At 31 July 2010	96,959	53,649	(6,688)	2,157	37,271	(92,791)	55,989	45,825	192,371

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2011**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	31-Jul-2011 RM '000	31-Jul-2010 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	250,600	212,527
Collection of other income	5,336	7,191
	<u>255,936</u>	<u>219,718</u>
Payment of expenses	(118,035)	(93,296)
Tax paid	(107)	(249)
Net cash generated from operating activities	<u>137,794</u>	<u>126,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, vessels and equipment	29,900	30,100
Minority shareholders investment in subsidiaries	20,800	-
Purchase of property, vessels and equipment	(298,413)	(232,396)
Payment of expressway heavy repairs	(1,441)	(940)
Proceeds from sale of marketable securities	-	256
Acquisition of subsidiaries	-	14,770
Payment of incidental expenses on acquisition of subsidiaries	-	(315)
Net cash used in investing activities	<u>(249,154)</u>	<u>(188,525)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	-	4,959
Drawdown of borrowings	256,639	181,090
Repayment of borrowings	(40,695)	(50,010)
Payment of finance costs	(63,370)	(51,458)
Dividends paid by a subsidiary to a minority shareholder	(2,400)	(3,000)
Payment of incidental expenses on variation of CN-RPS to CC-RPS	-	(60)
Net cash generated from financing activities	<u>150,174</u>	<u>81,521</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,814	19,169
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	25,930	6,761
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	64,744	25,930
Cash and cash equivalents at end of the financial period comprise the following:-		
	31-Jul-2011 RM '000	31-Jul-2010 RM '000
Short term deposits	52,546	15,300
Cash and bank balances	12,198	12,538
	<u>64,744</u>	<u>27,838</u>
Less bank overdrafts	-	(1,908)
	<u>64,744</u>	<u>25,930</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2010 and the accompanying explanatory notes attached to the interim financial statements.