

TO: BURSA MALAYSIA SECURITIES BERHAD
FR: SILK HOLDINGS BERHAD (405897V)

1. ACCOUNTING POLICIES

The 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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008. The 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 financial year ended 30 June 2008.

2. CHANGE IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2008.

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

3. QUALIFICATION OF FINANCIAL STATEMENTS

The preceding annual financial statements were not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not materially affected by any seasonal or cyclical fluctuations.

5. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows for the current period and the financial year-to-date except for the realization of sales of shares pledged by a former guarantor to the lenders amounting to RM3.136 million which has been included as other income in the consolidated income statement for the financial period ended 31 January 2009.

6. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior interim periods of the current year and in the prior financial year that have material effect in the current period.

7. ISSUANCES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period except for RM3.136 million being contribution received from a shareholder as part of the BalDS settlement.

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8. DIVIDEND

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

9. SEGMENT REPORTING

There is no disclosure of Segmental Information as required by FRS 114 (2004): Segment Reporting, as the Group is exclusively involved in tolling operations conducted in Malaysia.

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There is no valuation of property, plant and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on property, plant and equipment.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD UNDER REVIEW

Pursuant to the Proposed Regularisation Scheme submitted on the 24 November 2008 to Securities Commission, the group has received Bank Negara approval on 2 March 2009 for the issuance of the RCULS-A to non-residents of Malaysia with condition as follows:

- i. the Group to obtain consent from and fulfill the conditions imposed by the relevant authorities in Malaysia;
- ii. SHB to redeem the RCULS-A in foreign currency or in Ringgit Malaysia into external accounts of the non-resident shareholders, whereby for each redemption and dividends exceeding RM200,000 respectively, SHB is required to provide information required by local licensed banks (commercial bank, Islamic bank or local licensed investment bank) to enable the banks to make payment on behalf of SHB; and
- iii. SHB to obtain prior consent from the Controller of Foreign Exchange for any changes to the terms of the RCULS-A and the proposed utilisation of proceeds raised from the issuance of RCULS-A by completing Form ECM10D.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

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13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise of the followings:-

| | As at 31.01.2009 RM'000 | As at 30.06.2008 RM'000 |
|------------------|--|--|
| Performance bond | <u>1,500</u> | <u>1,500</u> |
| Total | <u>1,500</u> | <u>1,500</u> |

14. CHANGE OF FINANCIAL YEAR

On 21 November 2008, the financial year of the Group has been changed from 30 June to 31 July commencing from financial period ending 31 July 2009, and thereafter to end on 31 July of every subsequent year.

Accordingly, there are no comparative figures for the current period ended 31 January 2009 against preceding year's corresponding quarter and period.

15. REVIEW OF PERFORMANCE

The Group recorded a decrease in revenue of RM2,716,000 to RM9,203,000 for the quarter under review from RM11,919,000 recorded in the preceding 4 months period.

The Group recorded a revenue of RM21,122,000 during the seven (7) months period ended 31 January 2009 derived wholly from its Kajang SILK Highway's toll collection and recorded a loss before taxation of RM21,697,000.

The traffic volume grew at an annualised rate of 10% during the period under review.

Due to the change in the financial year end as stated in Note 14, there are no comparative figures for the current period ended 31 January 2009 against preceding year's corresponding quarter and period. The quarterly results ended 31 December 2007 have been attached for illustration purposes only.

16. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

The Group recorded a decrease in revenue of RM2,716,000 to RM9,203,000 for the quarter under review from RM11,919,000 recorded in the preceding 4 months period.

The decrease in revenue was principally due to the current quarter comprises of 3 months results compared to 4 months in the preceding period.

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The Group recorded lower loss before taxation of RM8,146,000 for the quarter under review as compared to a loss of RM13,557,000 in the preceding 4 months period.

The lower losses before taxation was mainly due to higher traffic volume recorded and the realized capital gain from contribution received from a shareholder as part of the BAIDS settlement as mentioned in Note 7

17. FUTURE YEAR PROSPECTS

Barring unforeseen circumstances, the Board of Directors is of the view that the traffic plying the expressway will continue to grow in the near term as experienced in the current period under review.

The Group is expected to remain cashflow positive as a result of the restructuring of the debt whereby the Sukuk Mudharabah obligation payments until 25 January 2015 are now limited to the available cash flow generated from the Kajang SILK Highway.

18. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST

The company did not issue any quarterly profit forecast during the period.

19. INCOME TAX

Income tax comprises:

| | Current Period to 31 Jan 09 <u>RM'000</u> | Cumulative Period 31 Jan 09 <u>RM'000</u> |
|--|--|--|
| Reversal of overprovision in prior years | 0 | 6 |
| | <hr/> 0 <hr/> | <hr/> 6 <hr/> |

Deferred tax assets have not been recognised in unabsorbed tax losses and unutilised capital allowances carried forward. The unabsorbed tax losses and unutilised capital allowances on RM606 million and RM287 million respectively as at 31 January 2009 are available indefinitely for offset against future taxable profit of the subsidiary company.

20. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no profit/(loss) on sale of unquoted investments and/or properties for the current period.

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21. QUOTED SECURITIES

- (a) There is no purchase or disposal of quoted securities for the current quarter and financial period to date.
- (b) There is no investment in quoted securities as at the reporting period.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 12 December 2008, the company submitted the application to the Securities Commission for its approval for the Proposed Regularisation Scheme which comprises of:

- I. Proposed renounceable rights issue of up to RM10.0 million nominal value 3.00% Redeemable Convertible Unsecured Loan Stocks ("RCULS-A") at 100% of its nominal value of RM1.00 each on the basis of one (1) RCULS-A for every eighteen (18) existing ordinary shares of RM0.50 each in SHB ("SHB shares") held prior to the proposed par value reduction to be undertaken based on a minimum subscription level;
- II. Proposed reduction in the existing issued and paid-up share capital of SHB via the cancellation of RM0.25 of the par value of each existing SHB shares ("Proposed Par Value Reduction"); and
- III. Proposed acquisition of 4,706,000 ordinary shares of RM1.00 each representing the entire equity interest in AQL Aman Sdn Bhd ("AQL") for a purchase consideration of RM87.5 million to be satisfied by the issuance of 175 million new ordinary shares of RM0.25 each in SHB after the Proposed Par Value Reduction ("consideration shares") and RM43.75 million nominal value Redeemable Convertible Unsecured Loan Stocks-B ("RCULS-B") of RM1.00 each and assumption of liabilities owing by Jasa Merin Employee Trust to Jasa Merin Sdn Bhd, a 70% subsidiary of AQL amounting to RM6,530,500.

As mentioned in Note 11, the Group has received approval from Bank Negara for the issuance of the RCULS-A to non-residents of Malaysia with certain conditions.

The rest of the proposals are still pending for relevant authorities' approval.

23. GROUP BORROWINGS AND DEBT SECURITIES

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

| | <u>Current</u> <u>RM'000</u> | <u>Non Current</u> <u>RM'000</u> | <u>Total</u> <u>RM'000</u> |
|-------------------|---------------------------------|-------------------------------------|-------------------------------|
| <u>Borrowings</u> | | | |
| Secured | - | 769,100 | 769,100 |

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24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

25. MATERIAL LITIGATION

As a result of land being acquired by the Government for construction of the Highway which is undertaken by SILK pursuant to the Concession Agreement, some land owners [whose land have been acquired] have filed their objection in Court against the Land Administrator's award of compensation. In the SILK funded stretch alone, there are 230 cases comprising 200 cases with claims amounting to RM479.54 million while the land owners' claim for 30 cases are yet to be determined. Out of the 230 cases, 97 cases have been settled out of court while the other cases are still pending Court hearing.

The amount paid by SILK for the land use payments (including expenses and charges incurred for the acquisition of land and for removal or resettling of squatters or other occupants on the Ring Road) was contracted to Sunway Construction Sdn. Bhd. ("SunCon") under the Turnkey Contract at a lump sum of RM215.0 million. Consequent thereto, there will not be further liabilities to SILK should there be any amounts that may be awarded by the courts in relation to the above claims.

26. EARNINGS PER SHARE

| | Individual Period | Cumulative Period |
|--|------------------------------|------------------------------|
| Basic earnings per share | <u>31 Jan 2009</u> | <u>31 Jan 2009</u> |
| Net loss for the period (RM'000) | (8,146) | (21,697) |
| Number of ordinary shares issue ('000) | 180,000 | 180,000 |
| Loss per share (sen) | (4.53) | (12.05) |

27. COMMITMENTS

There were no capital commitments that have not been provided for in the financial statements as at 31 January 2009.

BY ORDER OF THE BOARD
SECRETARIES