

**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 realisation 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 30 April 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 arising from the realisation of shares pledged by a former guarantor as mentioned in Note 5.

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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 predominantly 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**

Save as disclosed in Note 22, there is no material event subsequent to the end of the period under review.

**12. CHANGES IN THE COMPOSITION OF THE GROUP**

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

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Contingent liabilities of the Group comprise of the followings:-

	<b>As at 30.04.2009 RM'000</b>	<b>As at 30.06.2008 RM'000</b>
Performance bond	<u>1,500</u>	<u>1,500</u>
<b>Total</b>	<u><b>1,500</b></u>	<u><b>1,500</b></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 30 April 2009 against preceding year's corresponding quarter and period.

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**15. REVIEW OF PERFORMANCE**

The Group recorded a revenue of RM30,526,000 and loss after taxation of RM30,741,000 during the ten (10) months period ended 30 April 2009.

The revenue was derived wholly from the toll collection of Kajang SILK Highway.

Traffic volume grew at 11% on a year-on-year basis.

Due to the change in the financial year end as stated in Note 14, there are no comparative figures for the current period ended 30 April 2009 against preceding year's corresponding quarter and period. The quarterly results ended 31 March 2008 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 an increase in revenue of RM440,000 to RM9,643,000 and loss after taxation of RM9,045,000 for the quarter under review.

There was no material changes in the quarterly results compared to the results of the preceding quarter except for RM3.136 million as other income, being realisation of shares pledged by a former guarantor to the lenders as reported in the previous quarter.

**17. FUTURE YEAR PROSPECTS**

Barring unforeseen circumstances, the Board of Directors expects the traffic plying the expressway to 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**

On 8 April 2009, the company issued a profit forecast for 13 months period ending 31 July 2009 via the issuance of Circular to Shareholders in relation to the Proposed Regularisation Scheme.

The consolidated profit after tax and minority interest of RM9.582 million was based on the assumption that the Proposed Regularisation Scheme is completed in May 2009.

However, consequent to the Extraordinary General Meeting on 30 April 2009 for shareholders to deliberate and vote for the Scheme was adjourned to a later date, the completion of the Scheme is now delayed to the next financial year.

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**19. INCOME TAX**

Income tax comprises:

	<b>Current Period to 30 Apr 09 <u>RM'000</u></b>	<b>Cumulative Period 30 Apr 09 <u>RM'000</u></b>
Reversal of overprovision in prior years	0	6
	<b>0</b>	<b>6</b>

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 RM625 million and RM262 million respectively as at 30 April 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.

**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 SILK Holdings Berhad ("SHB" and "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

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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 at the date of this announcement, SHB has obtained the following approvals:-

- i) The Securities Commission ("SC") for the Proposed Regularisation Scheme, the approval of which was obtained vide its letter dated 30 March 2009
- ii) The SC for the proposed Regularisation Scheme pursuant to the FIC Guidelines, of which the SC has stated that it has no objection on SHB's application vide its letter dated 30 March 2009.
- iii) BNM for the issuance of RCULS-A to non-residents of Malaysia pursuant to the Proposed Rights Issue, the approval of which was obtained vide its letter dated 24 February 2009.

In addition, the Proposed Regularisation Scheme is subject to the following approvals, which are currently pending:-

- i) Bursa Securities for the following:
  - a) admission of the RCULS-A to be issued pursuant to the Proposed Rights Issue to the Official List of Bursa Securities;
  - b) listing of and quotation for the RCULS-A and Consideration Shares on the Main Board of Bursa Securities; and
  - c) listing of and quotation for the new ordinary shares in SHB to be issued upon the conversion of RCULS-A, RCULS-B and RCULS (CR) on the Main Board of Bursa Securities;
- ii) The SC for the Proposed Exemptions to En. Johan Zainuddin bin Dzulkifli, Tuan Haji Abdul Rahman bin Ali and persons acting in-concert with them,
- iii) the ordinary shareholders of SHB for the Proposals at an Extraordinary General Meeting to be convened;
- iv) High Court of Malaya for the Proposed Par Value Reduction;
- v) the CN-RPS holders for the Proposed Par Value Reduction and Proposed Amendments at an EGM to be convened

The Company had called for an Extraordinary General Meeting on 30 April 2009 for shareholders to deliberate and vote for the Proposed Regularisation Scheme. However during the EGM, the shareholders voted in favour for the EGM to be adjourned to a later date to be decided upon by the Board.

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**23. GROUP BORROWINGS AND DEBT SECURITIES**

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

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

**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. LOSS PER SHARE**

	<u>Individual Period 30 Apr 2009</u>	<u>Cumulative Period 30 Apr 2009</u>
<b>Basic loss per share</b>		
Net loss for the period (RM'000)	(9,045)	(30,741)
Number of ordinary shares issue ('000)	180,000	180,000
Loss per share (sen)	(5.02)	(17.08)

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**27. COMMITMENTS**

There were no capital commitments that have not been provided for in the financial statements as at 30 April 2009.

**BY ORDER OF THE BOARD**  
**SECRETARIES**