



**SILK HOLDINGS BERHAD** (Co.No.405897-V)

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## **NEWS RELEASE (Final)**

**EMBARGO**  
**NOT FOR PUBLICATION OR**  
**BROADCAST UNTIL 5.30PM,**  
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### **SILK HOLDINGS RECORDS LOSS FOR QUARTER ARISING FROM ONE-OFF CHARGE**

*SILK HOLDINGS IMPROVES TOP-LINE PERFORMANCE FOR QUARTER ENDED 30 APRIL 2015 BUT RECORDS RM 18.1 MILLION PRE-TAX LOSS ARISING FROM A ONE-OFF CHARGE*

**KUALA LUMPUR, 29 June 2015** – SILK Holdings Berhad (“SILK Holdings” or “the Company”) announced its results for the third quarter ended 30 April 2015 by reporting a revenue of RM 115.6 million for the quarter compared to the RM 87.7 million recorded in the previous corresponding quarter. Despite the higher revenue performance, SILK Holdings recorded an earnings before interest, taxation, depreciation and amortisation (“EBITDA”) for the quarter of RM 48.3 million from the EBITDA of RM 66.9 million recorded previously. SILK Holdings also recorded a loss before tax (“LBT”) for the quarter of RM 18.1 million from a pre-tax profit of RM 0.9 million recorded in the previous year’s corresponding quarter.

The top-line performance of the Company was impacted by higher interest expense, depreciation and amortisation charges during the quarter. More significantly, SILK Holdings pursuant to MFRS 2, absorbed a one-off non-recurring charge arising from the distribution of shares by the employee trust created for the benefit of the employees of its subsidiary, Jasa Merin (M) Sdn Bhd (“Jasa Merin”), amounting to RM 24.5 million.

On a cumulative year-to-date (“YTD”) basis, SILK Holdings recorded a revenue of RM 326.7 million, a 22.3% improvement over the RM 267.1 million recorded in the previous corresponding period. Nevertheless, pursuant to the one-off charge incurred associated with the distribution of the employee trust shares, the pre-tax



loss position for the 9-month ended 30 April 2015 widened to RM 18.3 million compared to the pre-tax loss of RM 2.7 million recorded previously.

#### Oil & Gas Support Services Division

The Oil & Gas Support Services Division remained the Group's main contributor to the overall revenue, contributing 69.2% to the overall top-line performance. During the quarter under review, the Oil & Gas Support Services Division recorded a revenue of RM 74 million, 13.7% higher compared to the revenue of RM 65.1 million recorded in the previous corresponding quarter. This is mainly due to an increase in capacity following the acquisition of new vessels in the previous financial year. Notwithstanding this, the pre-tax profit performance for the quarter dropped by 29.2% to RM 6.8 million from the pre-tax profit of RM 9.6 million recorded previously. The drop is mainly brought about by higher depreciation and maintenance expenses in line with the Division's fleet expansion.

The Division's revenue performance for the YTD 9-months period ended 30 April 2015 improved comparative to the previous corresponding quarter as a result of increased capacity and robust fleet utilization during the 9-month period. As a result, revenue for the Oil & Gas Support Services Division improved by 14.5% to RM 231.9 million from RM 202.5 million previously. The Division's pre-tax profit however was offset by higher depreciation and finance costs following the Division's fleet expansion and therefore dipped by 2.3% to RM 26.4 million from RM 27.1 million recorded in the previous corresponding period.

#### Highway Division

During the quarter under review, the Highway Division recorded an average daily traffic volume ("ADTV") of over 221,000 vehicles per day, a 9% improvement over the 202,000 vehicles per day recorded in the previous year's corresponding quarter. Revenue for the quarter, in line with growth in traffic volume and increase in toll collection as well as compensation from the Government, increased to RM 32.9



million from RM 22.6 million recorded in the previous year's corresponding quarter. The increase in revenue resulted in the Highway Division recording a lower segment pre-tax loss of RM 2 million compared with a segment pre-tax loss of RM 9.9 million in the preceding corresponding quarter.

On a 9-month YTD basis, the Highway Division improved its revenue by 13.6% to RM 80.7 million from RM 64.6 million recorded in the previous corresponding period as a result of the continued growth in toll collection as well as toll compensation from the Government during the period. Consequently, the Division's LBT for the 9-month period reduced to RM 22.8 million from RM 32.5 million recorded previously.

#### Quarterly results overview

Commenting on the results, Dato' Mohd Azlan Hashim, Chairman of SILK Holdings said, "The Board takes note of the continued operational improvements made by the Highway and Oil & Gas Support Services divisions. It is pleased with the increase in traffic volume at its Highway Division and the revenue improvements that accrue from it. It also notes that the first phase of the Kajang SILK Highway's lane widening programme is also progressing as planned. It is expected that the completion of this phase later this calendar year will improve the user experience of commuters on the highway and translate to additional traffic growth in the future."

Dato' Mohd Azlan added, "The Board is also pleased with the revenue improvements at the Oil & Gas Support Services Division despite increasing challenges within the industry. The Board notes the increased competitiveness and rising challenges within the industry, but is pleased to note that utilisation rates for the Division remain sufficiently robust."

"The Board acknowledges the increasing cost pressures applicable across its business as well as the impact of charges (including the one-off charge associated with the distribution of shares by the employee trust) on the final performance. It is also



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cognizant of the challenges that lie ahead. All of these will be monitored closely going forward. However, barring any unforeseen circumstances, it remains confident that the overall long-term prospects for the Company remains positive," concluded Dato' Mohd Azlan.

#### Concluding remarks

"Oil prices have fallen significantly since June 2014 and there is a move towards cost rationalisation within the industry going forward which may result in weaker revenue performance ahead. Despite the challenging conditions, the Board of Directors is cautiously positive of the Division's prospects and is of the view that contributions from the Oil & Gas Support Services Division is expected to remain positive. The Board will continue to monitor developments in this sector closely," explained Dato' Mohd Azlan.

"In addition, it is also of the view that the Highway Division will continue to enjoy further growth in traffic volume due to the highway's excellent connectivity with other highways along its alignment together with the availability of installed capacity, and continuing and increasing development and urbanization in the surrounding vicinity of the highway. Although the Highway Division will continue to record accounting losses due to the existing high finance and amortization costs, it is expected to remain cash flow positive on an operational basis," concluded Dato' Mohd Azlan.

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SILK Holdings Bhd ("SILK Holdings") was incorporated as SILK Concessionaire Holdings Sdn Bhd on 14 October 1996, and subsequently changed its name to Sunway Infrastructure Berhad on 14 February 2002. It was initially incorporated to facilitate the listing of Sistem Lingkaran Lebuhraya Kajang Sdn Bhd ("SILK Highway"), which holds the concession for the 37 km Kajang Traffic Dispersal Ring Road until 2037.

SILK Holdings assumed its present name on 31 October 2008, after its successful regularisation scheme on 14 October 2009 which included the acquisition of AQL Aman Sdn Bhd, the holding company of the 70% owned Jasa Merin (Malaysia) Sdn Bhd ("Jasa Merin"), an offshore marine support services company. The Terengganu State Government holds the remaining 30% of JM via Terengganu Incorporated Sdn Bhd.

Jasa Merin was incorporated in December 1980 as Jackson Marine (Malaysia) Sdn Bhd. It commenced operations in October 1982. In 1986, the company name was subsequently changed to its present name. Jasa Merin's principal activity is the provision of offshore support vessels ("OSV") services on medium to long-term charters to several oil and gas companies. It currently operates a fleet size of 19 owned and multiple third-party vessels.

#### **Forward looking statements**

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of SILK Holdings Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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