



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

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NEWS RELEASE (Final)

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SILK HOLDINGS INCURS PRE-TAX LOSS
OF RM 8.8 MILLION FOR 2-MONTH ENDED 31 DECEMBER 2015
CUMULATIVE LOSS FOR 17 MONTH PERIOD CAPPED AT RM 20.7 MILLION

KUALA LUMPUR, 26 FEBRUARY 2016 – SILK Holdings Berhad (“SILK Holdings” or “the Group”) announced its results for the 2-months ended 31 December 2015 by reporting a revenue of RM 58.8 million and a loss before tax (“LBT”) of RM 8.8 million.

On a cumulative basis, SILK Holdings recorded a revenue of RM 596 million for the 17-month period to 31 December 2015. However, pursuant to the one-off charge of RM 24.5 million associated with the distribution of the employee trust shares incurred during the period as well as a vessel impairment charge of RM 11.8 million, SILK Holdings registered a pre-tax loss of RM 20.7 million for the 17-month period ended 31 December 2015.

Oil & Gas Support Services Division

Despite the continued negative sentiment in the industry, the Oil and Gas Support Services Division remained SILK Holdings’ main source of revenue, contributing 63% of its revenue in the two (2) months period (“current period”) and 70% in the seventeen (17) months period (“cumulative period”) ended 31 December 2015.

During the current period, the Oil & Gas Support Services Division recorded a revenue of RM 36.3 million. On a cumulative 17-month basis, the Oil & Gas Support Services Division registered a revenue performance of RM 400.8 million, amidst an industry-wide consolidation in utilization as well as charter rates due to the continuing price pressures on crude oil and its consequential impact on oil and gas activity.



The Division recorded loss before taxation of RM 14 million in the current period mainly due to RM 11.8 million vessel impairment charge and the prevailing weak sentiment in the industry. Despite the above, the Division recorded profit before taxation of RM 18.4 million for the 17 months cumulative period.

Highway Division

Revenue from toll collection as well as compensation from the Government for the 2-month period under review, stands at RM 21.6 million. Cumulatively, the Division recorded a revenue of RM 175 million for the 17-month period ended 31 December 2015.

The Highway Division recorded profit before tax of RM 4.2 million for the current period following a RM 4.6 million cost adjustment arising from reduction in the Division's effective financing cost. For the 17 months cumulative period, the Highway Division recorded RM 22.3 million loss in line with the significant additional finance charge pursuant to the applicable accounting standards, and the highway concession amortisation charge.

The new toll rate structure implemented on 15 October 2015 for the Kajang Traffic Dispersal Ring Road ("Kajang SILK Highway") did not materially affect results of the current period as the Highway Division has been accruing the toll compensation from the Government once it falls due. Going forward, the new toll rate structure is expected to moderate traffic volume and growth rates in the near term although the Board expects the new rate structure to contribute positively to the Division's revenue in the medium to longer term.



Concluding remarks

Dato' Mohd Azlan commented, "The economic and competitive landscape for the Group's businesses is becoming increasingly competitive and challenging. The Board expects this to continue for several quarters going forward. Having said that, the Board is particularly pleased with the relative resilience showed by both Divisions thus far."

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

"In addition, it is also of the view that the Highway Division will continue to enjoy further long-term 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.



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.

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.

Issued on behalf of: **SILK Holdings Berhad** By: **acorn communications sdn bhd**
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