



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

Plaza Tol Sungai Balak, KM28.3A Lebuhraya KAJANG SILK 43000 Kajang, Selangor Darul Ehsan  
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## ***NEWS RELEASE (Final)***

### **SILK HOLDINGS REDUCES PRE-TAX LOSS FOR QUARTER ENDED 31 JAN 2015**

*SILK HOLDINGS IMPROVES TOP-LINE PERFORMANCE FOR QUARTER ENDED  
31 JAN 2015 BUT RECORDS RM 1.3 MILLION PRE-TAX LOSS*

**KUALA LUMPUR, 27 March 2015** – SILK Holdings Berhad (“SILK Holdings” or “the Company”) ended its second quarter ended 31 January 2015 by reporting a revenue of RM 103.5 million, an improved revenue performance over the RM 85 million reported in the previous corresponding quarter. The improved revenue resulted in an improved earnings before interest, taxation, depreciation and amortisation (“EBITDA”) of RM 68.7 million for the quarter over the EBITDA of RM 60.9 million recorded in the previous corresponding quarter.

The top-line improvements were however offset by higher interest expense, depreciation and amortisation charges during the quarter. As a result, the Company recorded a loss before tax (“LBT”) for the quarter of RM 1.3 million. Notwithstanding, this compares favourably to the pre-tax loss of RM 3 million recorded in the corresponding quarter last year.

On a cumulative year-to-date (“YTD”) basis, SILK Holdings recorded a revenue of RM 211.1 million, a 17.7% improvement over the RM 179.4 million recorded in the previous corresponding period. The pre-tax loss position for the 6-month ended 31 January 2015 reduced to RM 0.2 million compared to the pre-tax loss of RM 3.6 million recorded previously.



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### Highway Division

During the quarter under review, the Highway Division recorded an average daily traffic volume ("ADTV") of over 213,000 vehicles per day, a 13% improvement over the 189,000 vehicles per day recorded in the previous year's corresponding quarter. Revenue for the quarter increased to RM 26.9 million from RM 21.2 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 10.9 million compared with a segment pre-tax loss of RM 11.1 million in the preceding corresponding quarter.

On a 6-month YTD basis, the Highway Division improved its revenue by 13.6% to RM 47.7 million from RM 42 million recorded in the previous corresponding period as a result of the continued organic growth in traffic volume. Consequently, the Division's LBT for the 6-month period reduced to RM 21.6 million from RM 22.5 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 76.2% to the overall top-line performance. During the quarter under review, the Oil & Gas Support Services Division recorded a revenue of RM 76.7 million, 20.4% higher compared to the revenue of RM 63.7 million recorded in the previous corresponding quarter. This is mainly due to an increase in capacity following the acquisition of 3 new vessels in the previous financial year, as well as improved fleet utilisation. The pre-tax profit performance for the quarter improved by 18.5% to RM 8.7 million from the pre-tax profit of RM 7.3 million recorded previously.



The Division's performance for the YTD 6-months period ended 31 January 2015 improved comparative to the previous corresponding quarter as a result of increased capacity and higher fleet utilization during the 6-month period. As a result, revenue for the Oil & Gas Support Services Division improved by 14.9% to RM 157.9 million from RM 137.4 million previously, while the profit before tax improved by 12.4% to RM 19.6 million from RM 17.5 million recorded in the previous corresponding period.

#### Quarterly results overview

Commenting on the results, Dato' Mohd Azlan Hashim, Chairman of SILK Holdings said, "The Board is pleased with the overall operational improvements made by the Highway and Oil & Gas Support Services divisions, despite the challenging business conditions affecting the Company's businesses at the moment. It takes note of the marginal loss recorded on a consolidated basis for the quarter and is cognizant of the challenges that lie ahead. However, it remains confident that the overall long-term prospects for the Company remains positive."

#### 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' 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



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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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