



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

Plaza Tol Sungai Balak, KM28.3A Lebuhraya KAJANG SILK 43000 Kajang, Selangor Darul Ehsan
Tel : 603-8921 0000 Fax : 8921 0001

NEWS RELEASE (Final Draft)

EMBARGO
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BROADCAST UNTIL 5.30PM,
MAY 30, 2016

**SILK HOLDINGS INCURS PRE-TAX LOSS
OF RM 10 MILLION FOR QUARTER ENDED 31 MARCH 2016**

KUALA LUMPUR, 30 May 2016 - SILK Holdings Berhad ("SILK Holdings" or "the Group") announced its results for the quarter ended 31 March 2016 by reporting a revenue of RM 80.7 million and a loss before tax ("LBT") of RM 10 million.

Oil & Gas Support Services Division

As a direct consequence of the prevalent weak sentiment throughout the oil and gas industry, Jasa Merin (Malaysia) Sdn Bhd's ("Jasa Merin") revenue for the quarter stands at RM 46.9 million. This translated into a loss before taxation of RM 8.8 million.

Despite the continued negative sentiment in the industry, the Oil and Gas Support Services Division remained SILK Holdings' main source of revenue, contributing 59% of its revenue during the quarter.

Highway Division

Following the implementation of the new toll rate structure in October 2015, there has been an easing in the traffic volume plying the Kajang Traffic Dispersal Ring Road ("Kajang SILK Highway"). This trend has remained since with Average Daily Traffic Volume ("ADTV") for the period recorded at 194,000 vehicles per day. However, there are signs of improvement over the levels recorded immediately after the implementation of the new toll rate structure, as road-users gradually return to the highway due to its excellent connectivity and convenience it provides to road users.



The Highway Division's revenue for the quarter under review, stands at RM 33.1 million, contributing 41% to the overall Group revenue. Nevertheless, the Highway Division recorded loss before tax of RM 2.8 million for the current period. This is in-line with the significant additional finance charge pursuant to the applicable accounting standards and the highway concession amortization charge.

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."

"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. In view of the weak market conditions, the Division's immediate term prospects will continue to be challenging. The Board will continue to monitor developments in this sector closely, and take proactive measure to mitigate the challenges" explained Dato' Mohd Azlan.

"Given the prevalent weak sentiment mentioned earlier, the Group took the decision to venture into the marine logistics sector for liquid bulk products, which is a different business activity from the offshore support vessel ("OSV business") that Jasa Merin currently operates in. This business services mainly the downstream oil and gas and palm oil producers/buyers, compared to OSV which services mainly the upstream oil and gas activities", added Dato' Azlan.

"In addition, the Board 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



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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.

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**
For further information, please call: **Natalia Ghani** at 012 231 4782 or **Aaren Azhar** at 03 7958 8348
Or email: acorncommunications@acornco.com.my