

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 31 March 2008

A. EXPLANATORY NOTES AS PER FRS134-INTERIM FINANCIAL REPORTING

A1. Basis of preparation

This first quarter financial statements are unaudited and have been prepared in accordance with FRS134-Interim Financial Reporting, and the requirements of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market (“Listing Requirements”).

This is the first quarterly financial statements on the consolidated results for the financial period ended 31 March 2008 announced by the Company.

There are no changes in the accounting policies and methods of computation adopted in this quarterly report.

A2. Audit report

The preceding year’s annual audited financial statements were not subject to any qualification.

A3. Seasonal or cyclical factors

The Group’s operations were not affected by any seasonal or cyclical factors.

A4. Unusual items

During the current quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the current quarter under review.

A6. Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter under review.

A7. Dividends paid

There was no dividend paid during the current quarter under review.

A8. Segmental information

The Group currently operates predominantly in one industry, which is in the Information, Communication and Technology (“ICT”) Industry and accordingly, there is no segmental reporting to be presented.

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A9. Basis of consolidation

The subsidiary companies are consolidated using the merger accounting principles.

A10. Valuation of property, plant and equipment

The property, plant and equipment of the Group have not been revalued for the current quarter under review.

A11. Materials events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

A12. Changes in the composition of the Group

For the current quarter under review, the composition of the Group changed due to the following:-

- (i) Silver Ridge Holdings Bhd (“SRHB”) had on 18 January 2008 entered into a Sale and Purchase of Shares Agreement with Dato' Mohd Suhaimi Bin Abdullah (“Dato' Mohd Suhaimi Abdullah”) and Puan Zakhirah @ Zamariah Binti Mohd Zabidi (“Puan Zakhirah”) for the acquisition of 100,000 ordinary shares of RM1/- each in Silver Ridge (Multimedia) Sdn Bhd (“SRMSB”) representing the entire issued and paid-up capital of SRMSB from Dato' Mohd Suhaimi Abdullah and Puan Zakhirah at a nominal purchase consideration of RM2/-. Consequent thereto, SRMSB became a wholly-owned subsidiary of SRHB.
- (ii) SRHB's wholly-owned subsidiary, SRMSB, had on 15 February 2008 entered into a Joint Venture Agreement (“JV Agreement”) with Bernama Bhd, Standard Code Sdn Bhd and Hallmax Entertainment Sdn Bhd to form a joint venture company with a business of providing a 24 hour 7 days week news and lifestyle channel and its related activities. The joint venture company was duly registered as Bernama TV Synergy Sdn Bhd.

As per the JV Agreement, SRMSB agreed to an equity interest of 27% for an outlay of investment amounting to RM1,330,000 which shall be paid-up within 30 days from the date of the JV Agreement. Bernama TV Synergy Sdn Bhd is an associated company of SRHB.

A13. Changes in contingent liabilities or contingent assets

As at the date of this report, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

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A14. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement consist of:

	31 March 2008 RM'000
Cash and bank balances	1,882
Deposits with licensed banks	7,636
Bank overdraft	(1,518)
	<hr/>
Cash and Cash Equivalents	8,000
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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of the Group results for the current quarter ended 31 March 2008

For the quarter under review, the Group recorded revenue of RM21.35 million and a pre-tax loss of RM0.437 million as compared to a revenue of RM20.21 million and a pre-tax loss of RM0.362 million respectively for the preceding year's corresponding quarter ended 31 March 2007.

The Group's revenue for the first quarter of 2008 was contributed mainly from Silver Ridge Sdn Bhd ("SRSB") which is undertaking Telecommunication projects. However the losses suffered by the Group is from two (2) subsidiaries, namely Silver Ridge Technologies Sdn Bhd ("SRT") and Silver Ridge Secure Sdn Bhd ("SRC") which recorded a combined loss of approximately RM467,000 for the first quarter. These subsidiaries have yet to achieve economies of scale in its product/services offering to breakeven on operation overheads.

B2. Variation of results against immediate preceding quarter

	Current Quarter 31 March 2008 RM'000	Immediate Preceding Quarter 31 Dec 2007 RM'000
Revenue	21,355	20,968
(Loss)/Profit before tax	(437)	1,065
Loss after tax	(437)	(28)

For the quarter under review, the Group recorded revenue of RM21.35 million representing an increase of 1.8% compared with RM20.97 million recorded in the immediate preceding quarter. The Group achieved a pre-tax loss of RM0.437 million in the current quarter as compared to a pre-tax profit of RM1.065 million in the immediate preceding quarter.

The main reason of the Group's pre-tax losses for the first quarter of 2008 arises from the operation losses from its business in COMPASS location based solutions products which still yet to achieve the economic scale to breakeven.

B3. Prospects

The management foresees that the prospects of the Telecommunication Infrastructure Industry will focus mainly on cellular coverage, wireless broadband and worldwide interoperability for microwave access as well as high speed data packet access ("HSDPA"). The wider spectrum of the ICT will see more media content to be created for the cellular user via 3G and HSDPA.

Management feels that the Group is in the position to capitalise on this new wave of technologies since the Group have the expertise and are able to provide Telecommunication operators new and improved network solutions for them to provide the users better access and reliability. The Group also conducted research into providing solutions for worldwide interoperability for microwave access ("WIMAX") technology in order to capitalize the current deployment by corporation that intends to roll out this new platform for connectivity through WIMAX.

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The management secured a new source of income through media content sales and procurement of airtime commercial. With the joint venture with BERNAMA, a government news agency of Malaysia, SRMSB carries out media advertisement and sales of News content. This new business involved the creation of the Malaysian first 24 hours News channel. The management foresees the need and growing demand of the public for up to date News and this business is expected to capture a sizeable market share in the News industry.

B4. Profit forecast

There were no profit forecast or profit guarantee issued by the Group and the Company for the current quarter.

B5. Tax expense

There were no tax expense in the current quarter and current year to date as the Group was loss making.

B6. Sale of unquoted investments and/or properties

There was no disposal of unquoted investments or properties during the current quarter under review and the current financial year to date.

B7. Quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the current quarter under review.

B8. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9. Borrowings

The Group's unsecured borrowings are as follows:-

	31 March 2008
	RM'000
<u>Payable within 12 months:</u>	
Borrowings – Project financing	4,716
Hire purchase	103
	<hr/> 4,819
<u>Payable after 12 months:</u>	
Hire purchase	317
	<hr/> <hr/> 5,136

The Group does not have any foreign currency borrowings for the first quarter ended 31 March 2008.

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B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Status of utilisation of proceeds

On 21 July 2006, the entire enlarged and paid up share capital of the Company, comprising 100,000,000 ordinary shares of RM0.10 each, was listed and quoted on the MESDAQ Market of Bursa Securities. The gross proceeds raised from the Public Issue of RM9.567 million is to be utilised in the following manner:-

Purpose	Proposed Utilisation	Actual Utilisation	Balance Unutilized as at 31.3.2008		Intended Timeframe for Utilisation	Explanations
	RM'000	RM'000	RM'000	%		
Upgrading of information technology systems	250	250	-	-	Fully utilised	-
Marketing campaigns in promoting products	500	304	196	39%	To be utilised by July 2008	On schedule to be fully utilized by July 2008
Expansion of R&D activities and facilities	3,500	978	1,100	31%	To be utilised by July 2009	On schedule to be fully utilized by July 2009
Repayment of loans	1,500	1,500	-	-	Fully utilised	-
Estimated listing expenses	1,312	1,312	-	-	Fully utilised	-
Working capital	2,505	2,505	-	-	Fully utilised	-
	<u>9,567</u>	<u>6,849</u>	<u>1,296</u>	<u>13%</u>		

B12. Material litigation

As at the date of this report, the Group was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

B13. Dividends

There was no dividend declared during the quarter under review.

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B14. Loss per share

	Current quarter ended 31 March 2008	Current year to date 31 March 2008
Net loss for the period (RM'000)	(437)	(437)
Number of shares in issue ('000)	100,000	100,000
Basic loss per share (sen)	<u>(0.4)</u>	<u>(0.4)</u>

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