

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 30 September 2009

A. EXPLANATORY NOTES AS PER FRS134-INTERIM FINANCIAL REPORTING

A1. Basis of preparation

This third 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 ACE Market (“Listing Requirements”).

This is the third quarterly financial statements on the consolidated results for the financial period ended 30 September 2009 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 were no dividends 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 and whereas the associated companies are consolidated using the equity.

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 has not been reflected in the financial statements.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

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.

A14. Cash and cash equivalents

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

	RM'000
Cash and bank balances	10,240
Deposits with licensed banks	6,727
Bank overdraft	(2,570)
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Cash and Cash Equivalents	14,397
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A15. Provision for financial assistance

The financial assistance provided to Bernama TV Synergy Sdn Bhd as at 30 September 2009 is RM4,904.401.33 for its capital expenditure and working capital purposes.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**B1. Review of the Group results for the current quarter ended 30 September 2009**

For the quarter under review, the Group recorded revenue of RM26.10 million and pre-tax profit of RM1.79 million as compared to revenue of RM28.64 million and pre-tax profit of RM2.65 million respectively for the preceding year's corresponding quarter ended 30 September 2008.

The main telecommunication projects that SRSB is undertaking in the current quarter are Multi Service Access Network ("MSAN"), Asymmetric Digital Subscriber Line System ("DSLAM") and Small Capacity Multiplexer ("MINIMUX") which were awarded by Telekom Malaysia.

The Company had on 15 September 2009 received a letter of award from Telekom Malaysia Berhad for RM5.48 million for the supply of remote digital subscriber line access multiplexer and provision of works.

B2. Variation of results against immediate preceding quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000
Revenue	26,100	39,846
Profit before tax	1,798	1,185
Profit after tax	1,048	525

For the quarter under review, the Group recorded revenue of RM26.10 million representing a decrease of 35% compared with RM39.86 million recorded in the immediate preceding quarter.

The Group achieved pre-tax profit of RM1.79 million in the current quarter as compared to pre-tax profit of RM1.18 million in the immediate preceding quarter. The improvement in the profit is mainly due to billing on maintenance work in the current quarter.

B3. Prospects

The management foresees that the prospects of the Telecommunication Infrastructure Industry will focus mainly on cellular coverage and optimization, broadband as well as high speed data packet access.

The National ICT association Pikom, sees ICT growth in 2009 at 5 percent, compared to its forecast of 7 percent in 2008, also it views that public and telecommunications sectors will continue to lead in ICT investment and consumption activities through the rollout of High-Speed Broadband (HSBB) and WiMax services nationwide, as Malaysia aims to achieve 50 percent broadband penetration of households by 2010.

Despite the current economy condition, the Management believes that the Company can leverage on current projects and explores new opportunities, such as the Broadband

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Project announced by High Speed Broadband Technology Sdn Bhd with a projected investment of RM10 billion.

B4. Profit forecast

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

B5. Tax expense

Income tax expense comprises the following:-

	Current quarter ended 30 September 2009 RM'000	Current year-to-date 30 September 2009 RM'000
In respect of the current period		
Income tax	750	1,980
Deferred tax	-	-
	<u>750</u>	<u>1,980</u>

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 were 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 announcement.

B9. Borrowings

The Group's unsecured borrowings are as follows:-

	30 September 2009 RM'000
Payable within 12 months:	
Borrowings – Project financing	6,761
Hire purchase	1,319
	<u>8,080</u>
Payable after 12 months:	
Hire purchase	2,535
	<u>10,615</u>

The Group does not have any foreign currency borrowings for the third quarter ended 30 September 2009.

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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**Listing and quotation**

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 ACE 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 30.09.2009		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	500	-	-	Fully utilised	-
Expansion of R&D activities and facilities	3,500	2,400	-	-	Fully utilised	-
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	-
	9,567	8,467	-	-		

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B12. Material litigation

SRSB, a wholly owned subsidiary company through its solicitors has issued a statutory notice pursuant to Section 218(1)(e) of the Companies Act 1965 to Izzinet Sdn. Bhd. (Company No. 732916-D) dated 7 November 2008 claiming therewith a sum of RM1,555,322.22 being the outstanding sum for goods sold and delivered and services rendered to Izzinet Sdn. Bhd. Failing to comply to the notice within twenty-one (21) days, SRSB reserves its right(s) to present to court a Winding-up Petition against Izzinet Sdn. Bhd.

Izzinet Sdn. Bhd. in its effort to refrain and/or restrict SRSB from presenting the Winding-up petition, had filed to court an Injunction application in which an Ex-Parte Interim Injunction has been allowed by a court order dated 28 November 2008. The matter has fixed for Inter-Parte Hearing and due for decision by court on 4 March 2009 and subsequently postponed to 11 June 2009 for decision by the court. The Court has on 11 June 2009 allowed Izzinet's application for the Injunction. It is noted here however that the injunction does not restrict SRSB from filing a writ of summons against Izzinet in an attempt to obtain a court judgment in SRSB's favour. SRSB through its solicitors is currently pursuing the said matter vide writ of summons.

SRSB, upon being advised by its solicitors, is of the belief that it has a good case and/or claim against Izzinet Sdn. Bhd.

B13. Dividends

There were no dividends declared during the quarter under review.

B14. Earnings per share

	Current quarter ended	Current year to date
	30 September 2009	30 September 2009
Basic profit per share		
Net profit for the year (RM'000)	1,048	2,133
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share (sen)	<u>1.05</u>	<u>2.13</u>

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