

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 30 SEPTEMBER 2010

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 2010 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 method.

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	3,578
Deposits with licensed banks	5,733
	<hr/>
Cash and Cash Equivalents	9,311
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A15. Provision for financial assistance

The financial assistance provided to Bernama TV Synergy Sdn Bhd as at 30 September 2010 is RM4,969,836.89 for its capital expenditure and working capital purposes. Nevertheless, the Company has ceased to provide any financial assistance to BTV since the date of the Annual General Meeting held on 29 June 2010.

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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 2010**

For the quarter under review, the Group recorded revenue of RM12.727 million and pre-tax profit of RM3.817 million as compared to revenue of RM26.100 million and pre-tax profit of RM0.798 million respectively for the preceding year's corresponding quarter ended 30 September 2009. The decrease in revenue is mainly due to overall general market conditions

The main telecommunication projects that SRSB is undertaking in the current quarter are Multi Service Access Network ("MSAN"), Digital Subscriber Line System ("DSLAM") and Small Capacity Multiplexer ("MINIMUX") and High-Speed Broadband ("HSBB") projects which were awarded by Telekom Malaysia Berhad and Alcatel-Lucent Malaysia Sdn Bhd.

B2. Variation of results against immediate preceding quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000
Revenue	12,727	8,696
Profit before tax	3,817	298
Profit after tax	2,859	28

For the quarter under review, the Group recorded revenue of RM12.727 million representing an increase of 46% compared with RM8.696 million recorded in the immediate preceding quarter.

The Group achieved pre-tax profit of RM3.817 million in the current quarter as compared to pre-tax profit of RM0.298 million in the immediate preceding quarter. The substantial increase in pre-tax profit is contributed by the higher gross margins projects currently being undertaken by the Group. The Group is continuing with its cost cutting measures in view of the lower revenue from the projects.

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 for this year, especially from the rollout of HSBB and WiMax services nationwide, as Malaysia aims to achieve 50 percent broadband penetration of households by 2010. In 2011, Management foresees continuing prospects with the extension of the tax incentives for broadband network facilities providers and import duty and sales tax exemption on broadband and consumer access devices.

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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 2010 RM'000	Current year-to-date 30 September 2010 RM'000
In respect of the current period		
Income tax	958	1,223
Deferred tax	-	-
	<hr/> 958 <hr/>	<hr/> 1,223 <hr/>

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 2010 RM'000
Payable within 12 months:	
Borrowings – Project financing	-
Hire purchase and leasing	1,330
	<hr/> 1,330 <hr/>
Payable after 12 months:	
Hire purchase	405
	<hr/> 1,735 <hr/>

The Group does not have any foreign currency borrowings for the second quarter ended 30 September 2010.

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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. Material litigation

There was no material litigation during the quarter under review, save for the following on-going case:-

1. Silver Ridge Sdn Bhd (“SRSB”) has through its solicitors filed the Writ of Summon and Statement of Claim on 26 August 2009. On 6 October 2009, Izzinet Sdn Bhd filed their Statement of Defence and Counter Claim. Thereafter, on 11 November 2009, SRSB submitted a Reply to the Statement of Defence and Counter Claim. On 11 May 2010, SRSB obtained consent judgement whereby Izzinet Sdn Bhd was required to deposit with their solicitors, 12 post dated cheques of RM100,000 each, to be paid to SRSB commencing on 30 July 2010. To date, only the first payment of RM100,000 was received by SRSB. In view of the breach of the terms of the Consent Judgement, SRSB through its solicitors filed an application for Summary Judgement pursuant to Order 14 of the High Court Rules 1980 to demand for full settlement of the balance the judgement sums due on 22 November 2010. The hearing for the said Order 14 application has been scheduled for 21 December 2010.

B12. Dividends

There were no dividends declared during the quarter under review.

B13. Earnings per share

	Current quarter ended	Current year to date
	30 September 2010	30 September 2010
Basic earnings per share		
Net earnings for the year (RM'000)	2,859	2,722
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share (sen)	<u>2.86</u>	<u>2.72</u>