

Notes on the quarterly report – 31 DECEMBER 2011

A. EXPLANATORY NOTES AS PER FRS134-INTERIM FINANCIAL REPORTING

A1. Basis of preparation

This fourth 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 fourth quarterly financial statements on the consolidated results for the financial period ended 31 December 2011 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.

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 31 DECEMBER 2011

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

Subsequent to the end of the current quarter under review, the Company issued four million (4,000,000) million ordinary shares of RM0.10 each via a private placement.

A12. Changes in the composition of the Group

During the current quarter under review, the Company incorporated a wholly owned subsidiary, Silver Ridge Capital Sdn Bhd ("SR Capital"), to acquire a fifty percent (50%) of the equity of Warrants Capital Limited ("WCL"), a company incorporated in New Zealand, who is the immediate holding company of Warrants Capital Sdn Bhd ("WCSB"), a company incorporated in Malaysia. There are no other changes in the composition of the Group during 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	(7,672)
Deposits with licensed banks	6,037
	<hr/>
Cash and Cash Equivalents	<u>(1,635)</u>

A15. Provision for financial assistance

The financial assistance provided to Bernama TV Synergy Sdn Bhd as at 31 December, 2011 is RM4,919,753 for its capital expenditure and working capital purposes. Nevertheless, the Company has ceased to provide any financial assistance to BTM since the date of the Annual General Meeting held on 29 June 2010.

SILVER RIDGE HOLDINGS BHD*(Company No.: 667785-W)*

Incorporated in Malaysia

Notes on the quarterly report – 31 DECEMBER 2011

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**B1. Review of the Group results for the current quarter and financial year ended****31 December 2011**

For the quarter under review, the Group recorded a total revenue of RM10.904 million and a pre-tax loss of RM2.097 million as compared to RM8.352 million and pre-tax loss of RM0.333 million respectively for the preceding year's corresponding quarter ended 31 December 2010. The increase in revenue is mainly due to the commencement of some of the new projects during this quarter under review. The increase in pre-tax loss for the current quarter is mainly due to a "one off" provision for write-off of receivables.

For the current financial year to 31 December 2011, the Group recorded a total revenue of RM40.174 million and a pre-tax profit RM3.056 million as compared to RM36.036 million and a pre-tax profit of RM3.815 million respectively for the preceding financial year to 31 December 2010. The increase in revenue is mainly due to the commencement of some of the new projects during this current financial year under review. The decrease in pre-tax profit for the current year under review is mainly due to a "one off" provision for write-off of receivables during the fourth quarter of the current year.

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 sub-contracting works by mobile service providers.

B2. Variation of results against immediate preceding quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000
Revenue	10,904	8,147
(Loss) / Profit before tax	(2,097)	2,758
(Loss) / Profit after tax	(2,843)	1,986

For the quarter under review, the Group recorded a total revenue of RM10.904 million representing an increase of 33.9% compared to RM8.147 million recorded in the immediate preceding quarter.

The Group achieved a pre-tax loss of RM2.097 million in the current quarter compared to a pre-tax profit of RM2.758 million in the immediate preceding quarter. The pre-tax loss for the current quarter is mainly due to the higher costs of operations for the current quarter arising from new projects currently undertaken by the Group and the "one off" provision for write-off of receivables. The Group is continuing to source for new projects whilst managing costs through optimization of resources.

SILVER RIDGE HOLDINGS BHD*(Company No.: 667785-W)*

Incorporated in Malaysia

Notes on the quarterly report – 31 DECEMBER 2011

B3. Prospects

The management foresees that the prospects of the Telecommunication Infrastructure Industry will focus mainly on cellular coverage, high speed broadband (HSBB) for this year as Malaysia continues with its aim to achieve 60 percent broadband penetration. Currently more than 17.5 percent of Malaysians are internet users while some 6.6 million use broadband services and these figures are expected to grow. In this connection, barring any unforeseen circumstances, the management foresees continued growth in this sector for the ensuring quarter. In addition, the Group is making inroads into the Government and other business sectors, other than telco providers, with our telecommunication solutions.

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 31 December 2011 RM'000	Current year-to-date 31 December 2011 RM'000
In respect of the current period		
Income tax	(746)	(1,504)
Deferred tax	-	-
	<u>(746)</u>	<u>(1,504)</u>

B6. Quoted and marketable securities

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

B7. Status of corporate proposals

On 22 November 2011, the Company announced a proposal to undertake a private placement of up to ten percent (10%) of the Company's issued and paid-up share capital to investors to be identified. On 13 January 2012, a total of four million (4,000,000) ordinary shares of RM0.10 were issued via a private placement. The private placement for the remaining 6% or 6,000,000 ordinary shares must be completed by 26 June 2012, which is six (6) months from the date of Bursa's approval letter dated 27 December 2011. There were no other corporate proposals that had been announced but not completed as at the date of this announcement.

SILVER RIDGE HOLDINGS BHD*(Company No.: 667785-W)*

Incorporated in Malaysia

Notes on the quarterly report – 31 DECEMBER 2011

B8. Borrowings

The Group's unsecured borrowings are as follows:-

	31 December 2011
	RM'000
Payable within 12 months:	
Borrowings – Project financing	-
Hire purchase and leasing	750
	<hr/> 750
Payable after 12 months:	
Hire purchase	269
	<hr/> <hr/> 1,019

The Group does not have any foreign currency borrowings for the first quarter ended 31 December 2011.

B9. Off balance sheet financial instruments

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

B10. 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 Kuala Lumpur High Court granted "Order in Terms" against the Defendant for the breach of Consent Judgement for the outstanding RM200,000 as at 22 November 2010 on 7 January 2011. The fair copy of the Order 14 has been filed on 22 January 2011 pending extraction of the same from the Kuala Lumpur High Court's registry. The full trial for the disputed amount of RM355,322.22 has been scheduled in the Kuala Lumpur High Court on 30 and 31 March 2011 respectively was rescheduled in view of the petition to wind-up the defendant by a third party. On 6 May 2011, SRSB through its solicitors, filed "the proof of debt" for the total sum of RM1,641,141.28. A letter was also sent to Insolvency Department on 23 May 2011 to petition for a creditors meeting. The creditors meeting was held on 13 October 2011 and agreed to appoint a new liquidator to replace the Official Assignee. On 18 October 2011, the appointment of the new liquidator was opposed via an Affidavit in Reply. On 6 January 2012, the Kuala Lumpur High Court granted the order to appoint the new liquidator and requires the new

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 31 DECEMBER 2011

liquidator to call for a creditors and contributors meeting. As of today, this meeting has not been held.

2. On 13 December 2011, the Company, its wholly-owned subsidiary, Silver Ridge (Multimedia) Sdn Bhd (“SRM”) and its associate company, Bernama TV Synergy Sdn Bhd (hereinafter referred to as the “Companies”) received a Statement of Case dated 9 December 2011 filed with the Industrial Court by Puan Haslinda binti Hamzah (“Claimant”). The Industrial Court has now fixed 1 August 2012 and 2 August 2012 for a full trial on this matter.

B11. Dividends

There were no dividends declared during the quarter under review.

B12. Earnings per share

	Current quarter ended 31 December 2011	Current year to date 31 December 2011
Basic earnings per share		
Net earnings for the year (RM'000)	(2,843)	1,552
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share (sen)	<u>(2.84)</u>	<u>1.55</u>

B13. Additional Disclosure Requirement – Update on Memorandum of Understanding (“MoU”) pursuant to Rule 9.29, Chapter 9 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The Company had on 12 July 2011 entered into a MoU with Qingjian International (South Pacific) Group Development Co. Pte. Ltd., a wholly-owned subsidiary of Qingjian Group Co. Ltd. (“CNQC”) (formerly known as “Qingdao Construction Group Corporation”). The objective of the initiative is to explore the potential synergy of working together to expand into a business covering property management, property development, project contracting, constructing and mechanical and electrical engineering, including telecommunication and building ICT infrastructure. This MoU has lapsed and the parties do not seek any further extension to this MoU.
2. The Company, through its jointly controlled company, Warrants Capital Sdn Bhd (“WCSB”), had on 30 November 2011 entered into a MoU with Huatai Financial Holdings (Hong Kong) Limited (“HTFH”) to foster closer cooperation in exploring business opportunities to invest in Greater China and in Malaysia. Matters concerning this MoU are ongoing.

SILVER RIDGE HOLDINGS BHD*(Company No.: 667785-W)*

Incorporated in Malaysia

Notes on the quarterly report – 31 DECEMBER 2011

B14. Disclosure of realised and unrealised profits / (losses)

The breakdown of the retained profits of the Group into realised and unrealised profits is as follows:

	Group 31-Dec-10 RM'000	Group 31-Dec-11 RM'000
Total retained profits of Silver Ridge Holdings Bhd and its subsidiaries		
- realised	372	1,181
- unrealised	237	4
	<u>609</u>	<u>1,185</u>
Total share of retained profits from associate		
- realised	(69)	-
- unrealised	-	-
	<u>540</u>	<u>1,185</u>
LESS : Consolidation adjustments	-	-
Total retained profits as per Statement of Financial Position	<u>540</u>	<u>1,185</u>

B15. Profit for the Period

This is arrived at after crediting / (charging) :

	Current Quarter RM'000	Year To Date RM'000
Interest income	18	87
Interest expense	(11)	(64)
Depreciation & amortisation	(222)	(880)
Provision for write off of receivables	(572)	(572)
Foreign Exchange Gain (realised / unrealised)	7	27
Foreign Exchange Loss (realised / unrealised)	(8)	(26)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements for the ACE Market of Bursa Malaysia Securities Bhd are not applicable.