

SILVER RIDGE HOLDINGS BHD. (667785-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

(The figures have not being audited)

	Sep-13	Dec-12
	RM'000	RM'000
	UNAUDITED	AUDITED
ASSETS		
Non Current Assets		
Property, plant and equipment	1,625	1,464
Intangible assets	298	355
Other investment	94	94
Investment in associates	17	17
Investment in jointly controlled entities	451	451
Other receivables	6,491	6,491
	8,976	8,872
Current Assets		
Inventories	3,924	8,251
Amount due from customers for contract works	12,211	12,130
Trade receivables	5,376	10,081
Other receivables, deposits and prepayments	4,510	3,322
Amount owing by associates & jointly controlled entities	-	2
Tax recoverable	336	-
Fixed deposits placed with licensed banks	5,624	5,094
Cash and bank balance	165	730
Other financial assets	9	9
	32,155	39,619
Current Liabilities		
Trade payables	9,559	13,826
Other payables, deposits and accruals	1,729	2,026
Amount owing to associates	82	89
Hire purchase - within 12 months	178	184
Redeemable preference shares	1,600	1,600
Bank borrowings	6,453	7,402
Tax liabilities	-	105
	19,601	25,232
Net Current Assets	12,554	14,387
	21,530	23,259
Represented by:		
Issued capital	11,000	11,000
Reserves	5,118	5,041
Shareholders' Equity	16,118	16,041
Deferred tax liabilities	93	93
Redeemable preference shares	4,667	6,400
Hire-purchase payables - more than 12 months	652	725
	5,412	7,218
Net Assets	21,530	23,259
Net assets per share (RM)	0.15	0.15

Note :

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim quarter financial statements.

(The accompanying notes form an integral part of, and should be read in conjunction with, this interim financial report)

SILVER RIDGE HOLDINGS BHD. (667785-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not being audited)

	CURRENT QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	30-Sep-13 RM'000	30-Sep-12 RM'000	30-Sep-13 RM'000	30-Sep-12 RM'000
REVENUE	8,637	7,915	28,195	27,682
Cost of sales	(6,483)	(5,152)	(21,594)	(20,204)
GROSS PROFIT	2,154	2,763	6,601	7,478
Other operating Income	109	48	120	245
Administrative expenses	(575)	(392)	(1,597)	(1,117)
Other operating expenses	(1,429)	(3,049)	(4,370)	(6,693)
OPERATING PROFIT/(LOSS)	259	(630)	754	(87)
Finance costs	(125)	(130)	(347)	(413)
Share of losses in associates	-	-	-	-
Share of losses in jointly controlled entity	-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION	134	(760)	407	(500)
Taxation	(94)	91	(330)	(132)
PROFIT / (LOSS) FOR THE PERIOD	40	(669)	77	(632)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	40	(669)	77	(632)
Attributable to:				
Equity holders of the Company	40	(669)	77	(632)
Minority interests	-	-	-	-
	40	(669)	77	(632)
Earnings per share				
- Basic (sen)	0.04	(0.61)	0.07	(0.57)
- Diluted (sen)	NA	NA	NA	NA
Dividend per share (sen)	NA	NA	NA	NA

Note:

This is prepared based on the consolidated results for the Group for the financial period ended 30 September 2013. The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim quarter financial statements.

(The accompanying notes form an integral part of, and should be read in conjunction with, this interim financial report.)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 3rd Quarter Ended 30-Sep-13
(The figures have not being audited)

	Issued Capital (RM'000)	Non-Distributable Share Premium (RM'000)	Distributable Unappropriated Profit/(Loss) (RM'000)	Total (RM'000)
Balance as of 1 June 2013	11,000	6,040	(962)	16,078
Total comprehensive income for the period	-	-	40	40
Balance as of 30 September 2013	<u>11,000</u>	<u>6,040</u>	<u>(922)</u>	<u>16,118</u>
Balance as of 1 June 2012	11,000	6,040	2,024	19,064
Total comprehensive income for the period	-	-	(669)	(669)
Balance as of 30 September 2012	<u>11,000</u>	<u>6,040</u>	<u>1,355</u>	<u>18,395</u>

Note:-

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim quarter financial statements

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the 3rd Quarter Ended 30-Sep-13
(The figures have not being audited)

	Unaudited 30-Sep-13 (RM'000)	Audited 31-Dec-12 (RM'000)
Cash Flows From Operating Activities		
Profit/(Loss) before tax	407	(1,833)
Adjustment for :-		
Impairment loss on jointly controlled entity	-	310
Impairment loss on amount owing by subsidiaries	-	2,488
Impairment of receivables	-	2,875
Goodwill written off	-	1,051
Reversal of impairment of receivables	-	(13)
(Gain) / Loss on disposal of subsidiary	-	(7,756)
Depreciation and amortisation of property, plant and equipment	318	521
Gain on disposal of property, plant and equipment	-	(200)
(Gain) / Loss - fair value on derivatives	-	(133)
Fair value loss on receivables	-	5,707
Inventory written off	-	43
Share of losses of associates	-	1
Share of losses of jointly controlled entities	-	88
Interest income	(14)	(117)
Interest expense	347	559
Operating Profit Before Working Capital Changes	<u>1,058</u>	<u>3,591</u>
Changes in working capital		
Inventories	4,327	(8,040)
Receivables	3,436	(21,491)
Payables	(4,564)	13,959
Amount owing by Associates	(5)	252
Amount owing by jointly controlled entity	-	343
Cash Generated From Operations	<u>4,252</u>	<u>(11,386)</u>
Finance costs paid	(347)	(559)
Income tax paid	(771)	(1,138)
Net Cash From Operating Activities	<u>3,134</u>	<u>(13,083)</u>
Cash Flows From Investing Activities		
Fixed deposits placed as security value	(529)	(561)
Decrease / (Increase) in Intangible assets	-	(17)
Interest received	14	117
Acquisition of property, plan & equipment	(421)	(381)
Net cash inflow on disposal of subsidiaries	-	125
Net cash inflow on acquisition of subsidiary	-	6
Proceeds from disposal of property, plant and equipment	-	273
Net Cash Used In Investing Activities	<u>(936)</u>	<u>(438)</u>
Cash Flow From Financing Activities		
Proceeds from issuance of shares	-	2,130
Proceeds from issuance of redeemable preference shares	-	8,000
Redemption of redeemable preference shares	(1,733)	-
Drawdown/(Repayment) of short term borrowings	(1,503)	1,502
Increase/Decrease in hire purchase obligation & lease financing	(80)	(411)
Net Cash (Used In)/ Generated From Financing Activity	<u>(3,316)</u>	<u>11,221</u>
NET DECREASE / (INCREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,118)</u>	<u>(2,300)</u>
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	<u>(3,879)</u>	<u>(1,579)</u>
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>(4,997)</u>	<u>(3,879)</u>
Cash and Cash Equivalents Comprises:		
Cash In Hand and At Banks	165	730
Deposits With Licensed Banks	5,624	5,094
Bank overdraft	(6,453)	(5,900)
Deposits With Licensed Banks as Security	(664)	(76)
	<u>(4,333)</u>	<u>(3,803)</u>
	<u>(4,997)</u>	<u>(3,879)</u>

The unaudited Condensed Cash Flow Statement should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements for the current quarter.

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report)

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Notes on the quarterly report – 30th SEPTEMBER 2013

A. EXPLANATORY NOTES AS PER FRS134-INTERIM FINANCIAL REPORTING

A1. Basis of preparation & Changes in Accounting Policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31st December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards has been applied.

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

This is the third quarterly financial statements on the consolidated results for the financial period ended 30 September, 2013 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 auditors' report of the Group's most recent annual audited financial statements for the financial year ended 31 December 2012 was not qualified.

A3. Seasonal or cyclical factors

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

A4. Material and unusual items affecting assets, liabilities, equity, net income or cash flow

There were no material and unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period.

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.

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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.

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 financial period under review that have not been reflected.

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. Capital commitments

There were no material capital commitments for the purchase of property, plant and equipment that were not provided for in the interim financial statements as at the end of the financial period.

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A15. Cash and cash equivalents

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

	RM'000
Cash and bank balances	165
Fixed deposits placed with licensed banks	<u>5,624</u>
	5,789
Bank overdraft	<u>(6,453)</u>
	<u>(664)</u>

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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 2013**

For the third quarter ended 30 September 2013 under review, the Group recorded cumulative revenue of RM28.20 million and a pre-tax profit of RM0.41 million as compared to RM27.68 million and pre-tax loss of RM0.50 million respectively for the preceding year's corresponding quarter ended 30 September 2012.

The Group managed to turnaround and achieve a pre-tax profit of RM0.41 million after the disposal of non performing subsidiaries which completed in the last quarter of 2012.

The main telecommunication projects that undertaken by the Group in the current quarter are Multi Service Access Network ("MSAN"), Digital Subscriber Line System ("DSLAM"), Rectifier System ("RECTIFIER"), High-Speed Broadband ("HSBB") and Next Generation Network ("NGN") projects. These projects were mainly secured from Telekom Malaysia Berhad, networking solution provider of multinational companies and other network service providers.

B2. Variation of results against immediate preceding quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000
Revenue	8,637	13,111
Profit before tax	134	359
Profit after tax	40	228

For the current quarter under review, the Group recorded revenue of RM8.64 million as compared to revenue of RM13.11 million recorded in the immediate preceding quarter.

Lower revenue recorded is due mainly to lower progress billings incurred during this current quarter.

The Group achieved a pre-tax profit of RM40,000 in the current quarter compared to a pre-tax profit of RM0.23 million in the immediate preceding quarter.

B3. Prospects

The management foresees that the prospects of the Telecommunication Industry will continue to grow attributed to strong expansion in the cellular, high speed broadband ("HSBB") and fourth-generation ("4G") segments.

Meanwhile, with the ongoing extension of UniFi coverage and government initiatives to provide broadband connectivity nationwide, we expect HSBB deployment to be extended beyond the Klang Valley area with strong interest from several other states in Malaysia. This was further endorsed by the recent 2014 budget announcement that second phase of HSBB project shall be implemented in collaboration with private sector which involve approximately RM1.8 billion investment.

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In this connection, barring any unforeseen circumstances, the management foresees continued growth in this sector for the ensuing quarter. In addition, the Group is making inroads into the Government and other business sectors, other than telecommunication 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 30 September 2013 RM'000	Current year-to-date 30 September 2013 RM'000
In respect of the current period		
Income tax	94	330
Deferred tax	-	-
	<hr/> 94	<hr/> 330

B6. Quoted and marketable securities

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

B7. Status of corporate proposals

On 26 September 2013, the Company announced to undertake the Proposed Private Placement of up to 16,500,000 new ordinary shares of RM0.10 in the Company ("SRHB Shares") ("Placement Shares"), representing up to ten percent (10%) of the enlarged issued and paid-up share capital of the Company (excluding treasury shares, if any) comprising 165,000,000 Shares as at 25 September 2013 after taking into consideration the following:

- (i) The Company existing issued and paid-up share capital of RM11,000,000 comprising 110,000,000 Shares as at the LPD; and
- (ii) assuming full exercise of 55,000,000 outstanding warrants in the Company ("Warrants 2013/2023") as at the LPD into 55,000,000 new Shares,

On 27 September 2013, the Company submitted the Listing Application to Bursa Securities and on 3 October 2013, Bursa Securities approved the listing of and quotation for up to 16,500,000 SRHB Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:-

- (i) The Company and TA Securities must fully comply with the relevant provisions under the ACE Market Listing Requirement ("Listing Requirements") pertaining to the implementation of the Proposed Private Placement;

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- (ii) The Company and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

The Proposed Private Placement has yet been completed as of the date of this report.

B8. Borrowings

The Group's borrowings are as follows:-

	30 September 2013 RM'000
Payable within 12 months:	
Overdraft	6,453
Hire purchase	178
	<hr/> 6,631
Payable after 12 months:	
Hire purchase	652
	<hr/> <hr/> 7,283

The Group does not have any foreign currency borrowings for the quarter ended 30 September 2013.

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

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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 2011, the Kuala Lumpur High Court granted the order to appoint the new liquidator and requires the new liquidator to call for a creditors and contributors meeting. As of today, Liquidator has held the meeting with the creditors and has established the Committee of Inspection. A tender exercise for the sale of the assets had been completed. Liquidator notified that certain assets has been auctioned and successfully sold to a bidder. Solicitor is in the midst of obtaining information as to the details of the transaction.

- On 13 March 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 March 2011 filed with the Industrial Court by Puan Haslinda binti Hamzah (“Claimant”). The Industrial Court hearing fixed 1 August 2011 and 2 August 2011 for a full trial on this matter was postponed to a later date which has yet to be fixed. Our Solicitors have filed a Disjoinder Application to disjoin the Company and SRM as defendants since the Claimant was employed by the associate company. The Disjoinder Application was subsequently dismissed and The Industrial Court has now fixed 3 March 2014 for Case Management and 14 to 16 April 2014 for full trial.

B11. Dividends

There were no dividends declared during the quarter under review.

B12. Earnings per share

	Current quarter ended 30 September 2013	Current year to date 30 September 2013
Basic earnings per share		
Profit/(Loss) for the year (RM'000)	40	77
Number of shares in issue ('000)	110,000	110,000
Basic earnings per share (sen)	0.04	0.07

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

- 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, in particular in the palm oil and iron ore industries. As of the date of this announcement, both parties

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have agreed not to pursue with this MoU and, as such, this MoU has considered lapsed.

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 30- September- 2013 RM'000
Total retained profits/(accumulated losses) of Silver Ridge Holdings Bhd and its subsidiaries	
- realised	(922)
- unrealised	0
Total retained profits/(accumulated losses) as per Statement of Financial Position	<u>(922)</u>

B15. Profit for the Period

This is arrived at after crediting / (charging):

	Current Quarter RM'000	Year To Date RM'000
Interest income	3	14
Interest expense	(125)	(347)
Depreciation & Amortisation	(151)	(318)
Foreign Exchange Loss - Realised	(24)	(36)
Foreign Exchange Gain - Realised	1	27

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.