

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 31st MARCH, 2014

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.

This is the first quarterly financial statements on the consolidated results for the financial period ended 31 March, 2014 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 2013 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.

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

During the current quarter under review, the Company issued a total of four million five hundred thousand (4,500,000) million ordinary shares of RM0.10 each via private placements.

The net proceeds from the above mentioned private placements available for utilisation of the Group are as follows –

				<u>RM</u>
Placement	6 Feb., 2014	4,500,000	RM0.180	810,000

There were no other 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	253
Fixed deposits placed with licensed banks	5,686
	<hr/> 5,969
Fixed deposits pledged to licensed banks as security	(4,387)
Bank overdraft	(5,606)
	<hr/> (4,024) <hr/>

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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, 2014**

For the current quarter ended 31 March 2014 under review, the Group recorded a total revenue of RM7.88million and a pre-tax profit of RM198,000 as compared to RM6.45million and pre-tax loss of RM191,000 million respectively for the preceding year's corresponding quarter ended 31 March, 2013.

During the current quarter 31 March 2014, the net increase in revenue and pre-tax profit of the Group is mainly contributed by commencement of additional engineering services provided by the main subsidiary and after taking into account projects which were completed in the preceding year.

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	7,880	14,367
Profit before tax	352	1,334
Profit after tax	198	486

For the current quarter under review, the Group recorded revenue of RM7.880 million as compared to revenue of RM14.367 million recorded in the immediate preceding quarter.

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

The Group achieved a pre-tax profit of RM198,000 in the current quarter compared to a pre-tax profit of RM486,000 in the immediate preceding quarter resulting from higher operating and administration costs during the current 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

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second phase of HSBB project shall be implemented in collaboration with private sector which involve approximately RM1.8 billion investment.

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 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 31 March, 2014 RM'000	Current year-to-date 31 March, 2014 RM'000
In respect of the current period		
Income tax	154	154
Deferred tax	-	-
	<hr/> <u>154</u>	<hr/> <u>154</u>

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:-

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- (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;
- (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 totaling 4.5million shares were issued at RM0.18 per share and listed on 10 February 2014.

B8. Borrowings

The Group’s borrowings are as follows:-

	31 December 2013 RM’000
Payable within 12 months:	
Overdraft	5,869
Hire purchase	560
	<hr/> 6,429
Payable after 12 months:	
Hire purchase	1,589
	<hr/> <hr/> 8,018

The Group does not have any foreign currency borrowings for the quarter ended 31 December 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 pad 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

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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 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. The Liquidator has notified that certain assets has been auctioned and successfully sold to a bidder for a total consideration of RM142,500 and, after paying for storage and incidental costs, the Liquidator secured a majority vote from the Committee of Inspection to pay the remaining monies towards the Liquidators fees totalling RM81,375. The Liquidator has proposed to surrender the remaining base station equipment located at 47 sites to the relevant landlords as settlement of the amounts owing to these landlords.

2. 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 for full trial 30 and 31 October 2014..

B11. Dividends

There were no dividends declared during the quarter under review.

B12. Earnings per share

	Current quarter ended 31 March 2014	Current year to date 31 March 2013
Basic earnings per share		
Profit / (loss) for the period (RM'000)	198	(191)
Number of shares in issue ('000)	114,500	110,000
Basic profit per share (sen)	0.17	(0.17)
Diluted profit per share (sen)	0.16	(0.17)

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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 March, 2014 RM'000
Total retained profits/(accumulated losses) of Silver Ridge Holdings Bhd and its subsidiaries	
- realised	198
- unrealised	0
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Total retained profits/(accumulated losses) as per Statement of Financial Position	198
	<hr/>

B15. Profit for the Period

This is arrived at after crediting / (charging):

	Current Quarter RM'000	Year To Date RM'000
Interest income	1	1
Interest expense	(96)	(96)
Depreciation & Amortisation	(40)	(40)
Foreign Exchange Loss - Realised	-	-
Foreign Exchange Gain - Realised	-	-

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.