

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-Jun-2014 RM'000	30-Jun-2013 RM'000	30-Jun-2014 RM'000	30-Jun-2013 RM'000
REVENUE	6,594	13,111	14,474	19,558
Cost of sales	(4,206)	(10,922)	(9,930)	(15,111)
GROSS PROFIT	<u>2,388</u>	<u>2,189</u>	<u>4,544</u>	<u>4,447</u>
Other operating Income	24	4	107	11
Administrative expenses	(701)	(365)	(1,222)	(1,022)
Other operating expenses	(1,507)	(1,363)	(2,760)	(2,941)
OPERATING PROFIT	<u>204</u>	<u>465</u>	<u>669</u>	<u>495</u>
Finance costs	(144)	(106)	(257)	(222)
PROFIT BEFORE TAXATION	<u>60</u>	<u>359</u>	<u>412</u>	<u>273</u>
Taxation	(76)	(131)	(230)	(236)
PROFIT FOR THE PERIOD	<u>(16)</u>	<u>228</u>	<u>182</u>	<u>37</u>
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE FINANCIAL PERIOD	<u>(16)</u>	<u>228</u>	<u>182</u>	<u>37</u>
Attributable to:				
Equity holders of the Company	(16)	228	182	37
Minority interests	-	-	-	-
	<u>(16)</u>	<u>228</u>	<u>182</u>	<u>37</u>
Earnings per share				
- Basic (sen)	(0.01)	0.20	0.17	0.03
- Diluted (sen)	0.03	0.18	0.19	0.11
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 June 2014. The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim 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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30-Jun-2014

(The figures have not being audited)

	30-Jun-2014 RM'000 UNAUDITED	31-Dec-2013 RM'000 AUDITED
ASSETS		
Non Current Assets		
Property, plant and equipment	1,662	1,392
Intangible assets	36	49
Other investment	94	94
Investment in associates	5	5
Investment in jointly controlled entities	410	410
Other receivables	7,260	6,811
	9,467	8,761
Current Assets		
Inventories	1,632	1,402
Amount due from customers for contract works	14,430	14,942
Trade receivables	6,380	8,867
Other receivables, deposits and prepayments	5,448	5,606
Fixed deposits placed with licensed banks	6,421	5,682
Cash and bank balance	93	67
	34,404	36,566
Current Liabilities		
Trade payables	10,325	12,259
Other payables, deposits and accruals	1,907	1,106
Amount owing to associates	82	82
Hire purchase - within 12 months	560	591
Redeemable preference shares	1,600	1,600
Bank borrowings	6,366	6,380
Tax liabilities	315	394
	21,156	22,411
Net Current Assets	13,249	14,155
	22,716	22,916
Represented by:		
Issued capital	11,450	11,000
Reserves	6,053	5,557
Shareholders' Equity	17,503	16,557
Deferred tax liabilities		
Redeemable preference shares	3,467	4,267
Hire-purchase payables	1,645	1,991
	5,213	6,359
	22,716	22,916
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 2013 and the accompanying explanatory notes attached to the interim 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 2nd Quarter Ended

30 June, 2014

(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 January 2014	11,000	6,040	(483)	16,557
Issuance of shares	450	314	-	764
Total comprehensive income for the period	-	-	182	182
Balance as of 30 June 2014	<u>11,450</u>	<u>6,354</u>	<u>(301)</u>	<u>17,503</u>
Balance as of 1 January 2013	11,000	6,040	(1,190)	15,850
Total comprehensive income for the period	-	-	228	228
Balance as of 30 June 2013	<u>11,000</u>	<u>6,040</u>	<u>(962)</u>	<u>16,078</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 2013 and the accompanying explanatory notes attached to the interim financial statements

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the 2nd Quarter Ended

30-Jun-14

(The figures have not being audited)

	Unaudited 30-Jun-14 (RM'000)	Unaudited 30-Jun-13 (RM'000)
Cash Flows From Operating Activities		
Profit before tax	412	273
Adjustment for :-		
Amortisation of intangible assets	13	13
Depreciation of property, plant and equipments	204	154
Gain on disposal of property, plant and equipment	(21)	-
Interest expense	257	197
Interest income	(5)	(5)
Operating Profit Before Working Capital Changes	<u>860</u>	<u>632</u>
Changes in working capital		
Inventories	(230)	3,534
Receivables	2,707	3,682
Payables	(1,132)	(2,116)
Amount owing by Associates	-	(5)
Cash Generated From Operations	<u>2,205</u>	<u>5,727</u>
Income tax paid	(309)	(535)
Net Cash From Operating Activities	<u>1,896</u>	<u>5,192</u>
Cash Flows From Investing Activities		
Fixed deposits placed as security value	(738)	(645)
Proceed from disposal of plant & equipment	21	-
Interest received	5	5
Acquisition of property, plan & equipment	(115)	-
Net Cash Used In Investing Activities	<u>(827)</u>	<u>(640)</u>
Cash Flow From Financing Activities		
Interest paid	(257)	(197)
Proceeds from issuance of shares	763	-
Redemption of redeemable preference shares	(800)	(1,173)
Repayment of short term borrowings	-	(1,502)
Repayment of hire purchase	(735)	(233)
Net Cash Used In Financing Activity	<u>(1,029)</u>	<u>(3,105)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	40	1,447
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	(5,014)	(5,170)
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>(4,974)</u>	<u>(3,723)</u>
Cash and Cash Equivalents Comprises:		
Cash In Hand and At Banks	93	2,517
Deposits With Licensed Banks	6,421	5,739
Bank overdraft	(6,366)	(6,240)
	148	2,016
Deposits With Licensed Banks as Security for Bank Facilities	(5,123)	(5,739)
	<u>(4,974)</u>	<u>(3,723)</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 2013 and the accompanying explanatory notes attached to the financial statements for the current quarter.

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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.

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.

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.

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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.

Notes on the quarterly report – 30th June 2014

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of the Group results for the current quarter ended 30 June 2014

For the current quarter ended 30 June 2014 under review, the Group recorded a total revenue of RM6.59 million and a pre-tax profit of RM0.06 million as compared to RM13.11 million and pre-tax profit of RM0.36 million respectively for the preceding year's corresponding quarter ended 30 June 2013.

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

The main telecommunication projects that were 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

For the current quarter under review, the Group recorded revenue of RM6.59 million as compared to revenue of RM7.88 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 RM0.06 million in the current quarter compared to a pre-tax profit of RM0.35 million 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 second phase of HSBB project shall be implemented in collaboration with private sector which involve approximately RM1.8 billion investment.

Moreover, as announced previously, the Group had secured two (2) projects from Telekom Malaysia Berhad with contract values of RM49.5 million (contract period of three (3) years) and RM10.5 million (contract period of five (5) years), which are expected to contribute positively to the Group. Both projects have only recently commenced and started contributing to the Group from the second half of year 2014.

In this connection, barring any unforeseen circumstances, the management foresees continued growth in this sector for year 2014.

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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 June 2014 RM'000	6 months cumulative to date RM'000
In respect of the current period		
Income tax	76	230
Deferred tax	-	-
	<u>76</u>	<u>230</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

There was no corporate proposal announced but not completed at the date of issuance of the interim financial statements.

B8. Borrowings

The Group's borrowings are as follows:-

	30 June 2014 RM'000
Payable within 12 months:	
Overdraft	6,366
Hire purchase	560
	<u>6,926</u>
Payable after 12 months:	
Hire purchase	1,645
	<u>8,571</u>

The Group does not have any foreign currency borrowings for the quarter ended 30 June 2014.

B9. Off balance sheet financial instruments

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

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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 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. In view of this above, SRSB do not foresee any recovery of the amounts owed by Izzinet Sdn Bhd, which had been fully provided in the audited accounts for the financial year ended 31 December 2012.
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

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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/ (Loss) per Ordinary Share

i) Basic Earnings Per share

	2014 Current Quarter ended 30 June	2013 Comparative Quarter ended 30 June	2014 6 months Cumulative to date	2013 6 months Cumulative to date
a) (Loss)/Profit attributable to ordinary shareholders (RM'000)	(16)	228	182	37
b) Weighted average number of ordinary shares ('000)				
No. of ordinary shares at beginning of period	110,000	110,000	110,000	110,000
Shares issued during period	4,500	-	4,500	-
No. of ordinary shares at end of period	114,500	110,000	114,500	110,000
c) Earnings/(Losses) per ordinary share (sen)				
- Basic	(0.01)	0.20	0.17	0.03

ii) Diluted Earnings Per share

	2014 Current Quarter ended 30 June	2013 Comparative Quarter ended 30 June	2014 6 months Cumulative to date	2013 6 months Cumulative to date
a) (Loss)/Profit attributable to ordinary shareholders (RM'000)	(16)	228	182	37
Effects from exercise of warrants	74	74	149	149
Profit attributable to ordinary shareholders (RM'000)	58	302	331	186

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b) Weighted average number of ordinary shares ('000)				
No. of ordinary shares at beginning of period	114,500	110,000	114,500	110,000
Shares issued during period	55,000	55,000	55,000	55,000
No. of ordinary shares at end of period	169,500	165,000	169,500	165,000
c) Earnings/(Losses) per ordinary share (sen)				
- Diluted	0.03	0.18	0.19	0.11

B13. Realised and Unrealised Profits/ (Losses) Disclosure

	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000
Total accumulated profit/(losses) of the Company and its subsidiaries:		
- Realised	(402)	(1,055)
- Unrealised	101	93
Total Group accumulated losses	(301)	(962)

B14. Profit for the Period

This is arrived at after crediting / (charging):

	Current Quarter RM'000	Year To Date RM'000
Interest income	(2)	(5)
Gain on disposal of Property, Plant & Equipment	(21)	(21)
Interest expense	144	257
Depreciation of Property, Plant & Equipment	102	204
Amortisation of Intangible Asset	6	13

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.