

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 30th June 2016

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 annual audited accounts for the year ended 31 December 2015 of the Group’s was unqualified.

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.

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A8. Segmental information

The Group currently operates predominantly 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 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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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of the Group results for the current quarter ended 30 June 2016

For the current quarter ended 30 June 2016, the Group recorded revenue of RM5.57 million and pre-tax loss of RM1.10 million compared to revenue of RM7.69 million and pre-tax profit of RM0.32 million respectively, for the preceding year's corresponding quarter ended 30 June 2015.

The lower revenue recorded in the quarter was attributed to lower progress billing of certain projects and resulting in the pre-tax loss for the quarter.

B2. Variation of results against immediate preceding quarter

For the current quarter ended 30 June 2016, the Group recorded revenue of RM5.57 million as compared to revenue of RM6.69 million recorded in the immediate preceding quarter.

The Group recorded a pre-tax loss of RM1.10 million in the current quarter compared to a pre-tax loss of RM0.86 million in the immediate preceding quarter mainly due to lower revenue recognized in the quarter.

B3. Prospects

Despite challenging economic conditions, the Group remains optimistic of its future prospects due to its healthy order book from the telecommunication sector. The Group has also expanded its products and services offerings to the mobile application, education and SME sectors and is hopeful to start generating some recurring income from these segments.

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

There was no income tax expense during the quarter.

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.

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The Group's borrowings are as follows:-

	30 June 2016
	RM'000
Payable within 12 months:	
Overdraft	3,916
Hire purchase	647
	<hr/> 4,563
Payable after 12 months:	
Hire purchase	694
	<hr/> <hr/> 5,257

The Group does not have any foreign currency borrowings for the quarter ended 30 June 2016.

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.

B11. Dividends

There was no dividend declared during the quarter under review.

B12 Earnings/ (Loss) per Share**a) Basic Loss per share**

	2016	2015	2016	2015
	Current	Comparative	6 months	6 months
	Quarter	Quarter ended	Cumulative	Cumulative
	ended 30	30	to date	to date
	June	June		
Loss attributable to ordinary shareholders (RM'000)	(1,103)	320	(1,964)	(1,426)
	<hr/>			
Weighted average number of ordinary shares on issue ('000)	121,000	121,000	121,000	121,000
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Earnings/(Loss) per ordinary share (sen)				
- Basic	(0.91)	0.26	(1.62)	(1.18)
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Notes on the quarterly report – 30th June 2016**b) Diluted Loss per share**

Diluted earnings per share amounts are calculated by dividing the Group's (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The diluted earnings per share for the current financial year has not been disclosed as the average exercise price of the share options granted pursuant to the warrant is above the average fair value of the Company's shares during the financial year. The potential effect of the conversion of warrants would be anti-dilutive.

B13. Realised and Unrealised Profits/(Losses) Disclosure

	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(7,744)	(1,703)
- Unrealised	(20)	(91)
	<u>(7,764)</u>	<u>(1,794)</u>
Less: Consolidation adjustments	(154)	(617)
	<u>(7,919)</u>	<u>(2,411)</u>

B14. Profit for the Period

This is arrived at after crediting / (charging):

	Current Quarter RM'000	Year To Date RM'000
Interest income	33	65
Interest expenses	(84)	(211)
Depreciation of Property, Plant & Equipment	(146)	(291)
Amortisation of Intangible Asset	(14)	(29)

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.