

**SILVER RIDGE HOLDINGS BHD**

*(Company No.: 667785-W)*

Incorporated in Malaysia

Notes on the quarterly report – 30<sup>th</sup> June 2017

**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 2016 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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For the current quarter ended 30 June 2017, the Group recorded revenue of RM4.55 million and pre-tax loss of RM0.59 million compared to revenue of RM5.57 million and pre-tax loss of RM1.10 million respectively, for the preceding year's corresponding quarter ended 30 June 2016.

The lower revenue recorded in the quarter was attributed to lower progress billing of for installation and commissioning projects. The lower pre-tax loss albeit lower revenue was due to higher profit margin for recurring maintenance project & better cost control in the current quarter.

**B2. Variation of results against immediate preceding quarter**

For the current quarter ended 30 June 2017, the Group recorded revenue of RM4.55 million as compared to revenue of RM4.46 million recorded in the immediate preceding quarter.

The Group recorded a pre-tax loss of RM0.59 million in the current quarter compared to a pre-tax loss of RM0.18 million in the immediate preceding quarter mainly due to one off higher administrative expenses in the quarter.

**B3. Prospects**

The Group's business segments are expected to operate in a challenging environment in 2017. However, the Group will strive to continue to improve its efficiency and focus on better margin product mix to improve the Group's profitability.

**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**

	<b>2017</b>	<b>2017</b>
	<b>Current</b>	<b>6 months</b>
	<b>period</b>	<b>Cumulative</b>
	<b>ended</b>	<b>to date</b>
	<b>30 June</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
Estimated current tax payable	25	54
Deferred tax	-	-
	<hr/> 25	<hr/> 54

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The effective tax rate on the Group's profit for the current quarter is higher than the statutory rate mainly due to operating profits of certain companies, which, for tax purposes, cannot be offset against operating losses of other companies in the Group.

**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:-

	<b>30 June 2017</b>
	<b>RM'000</b>
Payable within 12 months:	
Overdraft	4,378
Hire purchase	267
	<hr/>
	4,645
Payable after 12 months:	
Hire purchase	410
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	5,055

The Group does not have any foreign currency borrowings for the quarter ended 30 June 2017.

**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.

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	<b>2017 Current Quarter ended 30 June</b>	<b>2016 Comparative Quarter ended 30 June</b>	<b>2017 6 months Cumulative to date</b>	<b>2016 6 months Cumulative to date</b>
Loss attributable to ordinary shareholders (RM'000)	(212)	(1,103)	(212)	(1,964)
Weighted average number of ordinary shares on issue ('000)	121,000	121,000	121,000	121,000
Earnings/(Loss) per ordinary share (sen) - Basic	<b>(0.17)</b>	<b>(0.91)</b>	<b>(0.17)</b>	<b>(1.62)</b>

**b) Diluted Loss per share**

	<b>2017 Current Quarter ended 30 June</b>	<b>2016 Comparative Quarter ended 30 June</b>	<b>2017 6 months Cumulative to date</b>	<b>2016 6 months Cumulative to date</b>
Loss attributable to ordinary shareholders (RM'000)	(611)	(1,103)	(823)	(1,964)
Weighted average number of ordinary shares ('000)				
No. of ordinary shares at beginning of period	121,000	121,000	121,000	121,000
Shares issued during period	55,000	-	55,000	-
No. of ordinary shares at end of period	<b>176,000</b>	<b>121,000</b>	<b>176,000</b>	<b>121,000</b>
Earnings/(Loss) per ordinary share (sen)				

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- Basic	<b>(0.35)</b>	<b>(0.91)</b>	<b>(0.47)</b>	<b>(1.62)</b>
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**B13. Realised and Unrealised Profits/(Losses) Disclosure**

	<b>As at 30 June 2017 RM'000</b>	<b>As at 30 June 2016 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(4,190)	(7,744)
- Unrealised	-	(20)
	<u>(4,190)</u>	<u>(7,764)</u>
Less: Consolidation adjustments	-	(154)
Total Group accumulated losses	<u><u>(4,190)</u></u>	<u><u>(7,919)</u></u>

**B14. Profit for the Period**

This is arrived at after crediting / (charging):

	<b>Current Quarter RM'000</b>	<b>Year To Date RM'000</b>
Interest income	34	87
Interest expenses	(82)	(194)
Depreciation of Property, Plant & Equipment	(135)	(261)
Amortisation of Intangible Asset	(1)	(2)

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.