

SILVER RIDGE HOLDINGS BHD

(Company No.: 667785-W)

Incorporated in Malaysia

Notes on the quarterly report – 31st December 2018

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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018 and the accompanying notes attached to this interim financial statements.

There are no changes in the accounting policies and methods of computation adopted in this quarterly report.

The Board of Directors of the Company had on 17 January 2018 approved the change of financial year end from 31 December to 30 June. Due to the change, the financial period ended 31 December 2018 is made up of 6 months results from 1 July 2018 to 31 December 2018. As such, no comparative figures are presented for the Statements of Comprehensive Income as there are no comparable interim periods (current and year-to-date) of the immediate preceding financial year.

A2. Audit report

The audited financial statements for the year ended 30 June 2018 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

On 16 November 2018, Bursa Malaysia Securities Berhad approved the proposed private placement of up to 17,600,000 new ordinary shares of the Company, representing up to 10% of the total issued shares of the Company. Pursuant to this private placement, a total of 12,387,300 new ordinary shares was issued to Jonathan Chong Teik Cheh on 7 December 2018 and was listed on Bursa Malaysia Securities Berhad on 10 December 2018. As a result, the total shareholding of Jonathan Chong Teik Cheh as of the date of this quarterly results are as follows –

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Shareholder	31 October, 2018		12 February, 2019	
	No. Of Shares	% Shareholding	No. Of Shares	% Shareholding
Jonathan Chong	5,900,000	4.8100%	18,287,300	13.3600%

A7. Dividends paid

There were no dividends paid during the current quarter under review.

A8. Segmental information

The Group currently operates predominantly in the Information and Communication 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

On 16 November 2018, Bursa Malaysia Securities Berhad approved the proposed private placement of up to 17,600,000 new ordinary shares of the Company, representing up to 10% of the total issued shares of the Company. Pursuant to this private placement, a total of 12,387,300 new ordinary shares was issued to Jonathan Chong Teik Cheh on 7 December 2018 and was listed on Bursa Malaysia Securities Berhad on 10 December 2018. As a result, the total shareholding of Jonathan Chong Teik Cheh as of the date of this quarterly results are as follows –

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	No. Of Shares	% Shareholding	No. Of Shares	% Shareholding
Jonathan Chong	5,900,000	4.8100%	18,287,300	13.3600%

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.

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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 31 December 2018**

For the current quarter ended 31 December 2018, the Group recorded the revenue of RM5,632 million and pre-tax loss of RM1.272million.

The higher revenue recorded in the current quarter was attributed to works completed during the quarter. However, the lower margins from these works contributed to the pre-tax loss in the current quarter.

B2. Variation of results against immediate preceding quarter

For the current quarter ended 31 December 2018, the Group recorded the revenue of RM5,632million as compared to RM3.308million in the immediate preceding quarter.

The Group recorded a pre-tax loss of RM1.272million in the current quarter due to lower revenue. The compared to a pre-tax profit of RM0.934 in the immediate preceding quarter mainly due to the lower margins from the works completed and invoiced.

B3. Prospects

The Group's business segment are expected to operate in a challenging environment in 2018/2019. However, the Group will strive to continue to improve its efficiency and focus on better margin product mix within our existing tele-communications business 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

	2018 Current period ended 31 December RM'000	2018 6 months Cumulative to date RM'000
Estimated current tax payable	-	-
Deferred tax	-	-
	-	-

B6. Quoted and marketable securities

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

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B7. Status of corporate proposals

The proposed private placement of new ordinary shares was approved by Bursa Malaysia Securities Berhad on 16 November 2018 and completed on 10 December 2018.

B8. Borrowings

The Group's borrowings are as follows:-

	31 December 2018 RM'000
Payable within 12 months:	
Overdraft	8,617
Hire purchase	111
	<hr/> 8,728
Payable after 12 months:	
Hire purchase	486
	<hr/> 9,214

The Group does not have any foreign currency borrowings for the quarter ended 31 December 2018.

B9. Off balance sheet financial instruments

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

B10. Material litigation

A wholly owned subsidiary has filed Summons & Statement of Claims against Revenue Records Sdn Bhd for RM1,369,270.09, for rendered service of maintenance, support and engineering services as well as equipment and local materials for Maju Nusa projects. On 30 May 2018, the Court has awarded judgement in favour the plaintiff together with the judgement sum of RM1,369,270.09. The Board is considering further action to recover this amount in due course.

B11. Dividends

There was no dividend declared during the quarter under review.

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

	2018 Current Quarter ended 31 December	2018 6 month Cumulative to date
Profit attributable to ordinary shareholders (RM'000)	(1,272)	(2,206)
Weighted average number of ordinary shares on issue ('000)	136,391	136,391
Earnings/(Loss) per ordinary share (sen) - Basic	(0.34)	(0.59)

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 31 December 2018 RM'000
Total accumulated losses of the Company and its subsidiaries:	
- Realised	(2,206)
- Unrealised	-
	(2,206)
Less: Consolidation adjustments	-
Total Group accumulated losses	(2,206)

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B14. Profit for the Period

This is arrived at after crediting / (charging):

	Current Quarter 31 December 2018	Year To Date 3 Months to 31 December 2018
	RM'000	RM'000
Interest income	44	45
Interest expenses	(103)	(188)
Depreciation of Property, Plant & Equipment	(117)	(251)
Amortisation of Intangible Asset	(0)	(0)

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.