

Notes on the quarterly report – 30 June 2023

A. EXPLANATORY NOTES AS PER MFRS 134- INTERIM FINANCIAL REPORTING

A1. Basis of Preparation & Changes in Accounting Policies

These unaudited condensed consolidated interim financial statements for the 4th quarter ended 30 June 2022 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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2022.

The accounting policies and method of computation adopted in these unaudited condensed consolidated interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022.

At the beginning of the financial year, the Group and the Company adopt the following Amendments to MFRS which mandatory for the financial period beginning on or after 1 January 2022:

- Amendments to MFRS 1 (First-time Adoption of Malaysian Financial Reporting Standards)
- Amendments to MFRS 3 (Business Combinations)
- Amendments to MFRS 9 (Financial Instruments)
- Amendments to MFRS 116 (Property, Plant and Equipment)
- Amendments to MFRS 137 (Provisions, Contingent Liabilities and Contingent Assets)
- Amendments to MFRS 141 (Agriculture)
- Amendments to Annual Improvements to MFRS Standards 2018-2020

Effective for financial periods beginning on or after 1 January 2023

- MFRS 17 (Insurance Contracts)
- Amendments to MFRS 101 (Presentation of Financial Statements)
- Amendments to MFRS 108 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Amendments to MFRS 112 (Income taxes)

The adoption of the above is not expected to have any significant effects on the interim financial report upon their initial application.

A2. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period ended 30 June 2023.

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A4. Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years that have a material effect on the results in the current quarter and financial period ended 30 June 2023.

A5. Issues, Repurchases and Repayments of Debts and Equity Securities

There were no other issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter 30 June 2023. As at 30 June 2023, the converted warrants of the Company for the financial year stand at 7,253,726 at consideration of RM1,305,671 during the quarter.

A6. Dividends Paid

There were no dividends paid during the current quarter and financial period ended 30 June 2023.

A7. Segmental Information

Segmental information is not presented as the Group is primarily engaged in the Information and Communication Technology (“ICT”) Industry.

A8. Valuation of Property, Plant and Equipment

There were no revaluations of property, plant and equipment during the current quarter and financial period ended 30 June 2023. As at 30 June 2023, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

A9. Material Events Subsequent to the End of the Financial Period

Bank Pembangunan Malaysia Berhad (“Plaintiff”), has filed a Writ of Summons dated 15 June 2022, Statement of Claim (“Writ Action”) and Notice for Application (Ex-Parte) for Mareva Injunction (“Application”). The said writ action was filed and registered as Kuala Lumpur High Court Suit No.: WA-22NCC-264-06/2022 (‘Suit 264’).

The following transpired during the case management on 25 October 2022;

1. The Plaintiff mentioned that they will file a Notice of Application for the purpose of amending the Statement of Claim to change Defendant 1’s name to his estate by 4 November 2022;
2. Parties have reserved their right to file affidavits in reply before the exhaustion of the affidavits; and
3. Next Case Management has been fixed on 7 November 2022.

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Further to the above, the following transpired during the case management on 7 November 2022;

1. The Plaintiff updated the Court on the deadlines for filing of affidavits in reply to the interlocutory applications filed by the Defendants;
2. Parties are at the final stages of exhausting affidavits at this stage;
3. The Plaintiff will be filing its application to amend the Writ and Statement of Claim by 11 November 2022; and
4. The next case management is fixed on 22 November 2022 at 8.30 a.m.

Further to the above, the following transpired during the case management on 13 December 2022;

1. Yang Arif has granted an order in terms of the Plaintiff's Notice of Application dated 11 November 2022 to amend the Plaintiff's Amended Writ dated 13 July 2022 and Statement of Claim dated 22 June 2022.
2. The Defendants are directed to file its respective Amended Defence 1 month from the service of the Re-amended Writ and Amended Statement of Claim on the Defendants.
3. Parties are directed to file its Written Submissions in relation to the Striking Out Application, Setting Aside Application and the Opposition of the Mareva Injunction by 10 January 2023.
4. Parties are directed to file its Written Submissions in Reply in relation to the Striking Out Application, Setting Aside Application and the Opposition of the Mareva Injunction by 31 January 2023.
5. Yang Arif has fixed the Striking Out Application, Setting Aside Application and the Opposition of the Mareva Injunction for hearing on 9 February 2023 at 9 a.m.
6. The High Court has heard the parties on an inter-parte basis on the 9.2.2023, 9.3.2023 and 3.5.2023 before Yang Arif Tuan Atan Mustaffa Yussof Ahmad ("YA Tuan Atan")
7. YA Tuan Atan has fixed 7.7.2023 for the delivery of his decision pertaining to the Mareva Injunction Application by the Plaintiff.
8. YA Tuan Atan on 7.7.2023 has decided to postpone the decision for the Mareva Injunction to 15.11.2023 to enable the Court to decide on all the other Interlocutory Applications together.

There are no expected immediate potential financial liabilities to the Group as Suit 264 is in its preliminary stages of deliberations in the High Court. However, the Board estimate expenses will be incurred towards legal fees and the related expenses thereto in defending Suit 264, which sum shall be financed through the Group's internally generated sources.

The Board is of the view that the financial impact to the group's finances shall be limited to the amount being spent on the expenses as those sums shall be expensed out to the profit and loss accounts during the Group's results for its financial period 30 June 2023 and that there would be no operational impact to the Group.

Notes on the quarterly report – 30 June 2023

A10. Changes in the Composition of the Group

There were no other material changes in the composition of the Group for the current quarter 30 June 2023 except as follows:

On 10th April 2023, SR Total Digital Sdn Bhd ("SRTD") its wholly owned subsidiary had entered into the agreements for the acquisition of 67% equity interest of PT. Mitra Multi Solusi ("PTMMS") for 6,700 new ordinary shares in PTMMS for a total consideration of RM1,675,000.00 ("Share Subscription").

However, due to constraints of time PTMMS and SR Total Digital have decided to extend the completion date of the acquisition for a further 120 days period after the previous agreed due date. On 9 June 2023, both parties agreed to further extend another 120 days.

On 11 April 2023, the Company which holds 127,500 ordinary shares or 51% of the share capital of SR Total Digital Sdn Bhd ("SRTD") had further acquired the remaining balance of 49%, 122,500 ordinary shares from the existing shareholders.

Apart of that, on 1 June 2023, the Company had incorporated a new subsidiary known as Total SR Web 3.0 Sdn. Bhd. ("TSWBSB") made up of 1,000 ordinary shares at a price of RM1.00 each per share.

A11. Changes in Contingent Liabilities or Contingent Assets

The 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.

A12. 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 30 June 2023.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of the Group Performance:

Current Quarter

	30 June 2023	30 June 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	3,276	3,447	-171	-5%
Profit/(Loss) from Operations	816	(247)	569	230%
Profit/(Loss) before tax	684	(315)	370	117%
Profit/(Loss) after tax	680	(309)	376	123%

For the current quarter of 30 June 2023, the Group reported a revenue of RM3.28 million approximately 5% lower than quarter ended 30 June 2022 which was attributed by the work done were delayed to certify during the reporting period.

The current quarter's profit after tax stood at RM0.68 million which shown higher compared to the quarter for 30 June 2022 as this was due to the lower cost of sales that led to the higher in gross profit margin.

Financial Year to Date

	30 June 2023	30 June 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	11,661	10,983	678	6%
Profit/(Loss) from Operations	(3,740)	(2,162)	1,578	73%
Profit/(Loss) before tax	(4,114)	(2,366)	1,748	74%
Profit/(Loss) after tax	(4,118)	(2,360)	1,758	74%

For the financial year-to-date ended 30 June 2023, the Group recorded a revenue of 11.66 million, approximately 6% higher in the corresponding financial period ended 30 June 2022 and the losses before tax stood at RM4.11 million which were resulted by the higher of professional, legal fees and the contract services costs.

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B2. Variation of Results Against Immediate-Preceding Quarter

	30 June 2023	31 Mar 2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	3,276	3,456	-180	-5%
Profit/(Loss) from Operations	816	(1,354)	538	39%
Profit/(Loss) before tax	684	(1,406)	721	51%
Profit/(Loss) after tax	680	(1,406)	721	51%

The revenue for the current quarter, 30 June 2023 was recorded at RM3.28 million approximately 5% lower compared to the immediate-preceding quarter, 31 March 2023. This was mainly due to the numbers of particular projects have been not properly certified on timely mannered during the current quarter.

The profit before tax during the current quarter marked at RM0.68 million, higher than the preceding quarter ended 31 March 2023. This was resulted by the lower of cost of sales for the quarter that led to the higher gross profit margin.

B3. Prospects

Currently, the Group is focusing to capitalize on the Company's key strength, particularly the maintenance of network and infrastructure which will enhance the recurring and existing income business model.

To achieve the objective, the Company has identified and evaluated the necessary licenses from various government agencies. While waiting the approval, the Group has met with current licensed holder to complete the project acquisition to keep momentum in strategies, the Company has an interest to invest in the network infrastructure facilities for future generating stable income. In addition of that, the Group has ventured into Tower Development and Management services which further increase the strong cash inflow of the Group.

The Company has always intensified its efforts in the software solutions market that involves deployment and maintenance which provide recurring revenue in annual licensing, maintenance, and feature customizations.

In summary, the Group keep striving to continue in improving its efficiency and the Group profitability by focusing on better margin in product mix.

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B4. Profit Forecast or Profit Guarantee

Not applicable as the Group did not publish any profit forecast.

B5. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2022 were not subject to any qualification.

B6. Tax Expense

	2023 12 months Current period Ended 30 June 2023 RM'000	2023 12 months Cumulative to date 30 June 2023 RM'000
Estimated current tax payable	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-

B7. Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the current quarter and financial period ended 30 June 2023.

Notes on the quarterly report – 30 June 2023

B8. Status of Corporate Proposals.

Save as disclosed below, there were no other corporate proposals which had been announced by the Company and are pending as of to date.

On 30 May 2023, the Company announced a proposed private placement up to 20,337,500 of new ordinary shares representing up to approximately 10% of the total number of issued shares of the Company, to independent third-party investor(s) excluding any treasury shares ("Placement Shares").

Details of proposed private placement utilisation of proceeds

The Proposed Private Placement is expected to raise gross proceeds of up to approximately RM8.48 million in which intended to be utilised as follows: -

Details of utilisation	Amount RM'000	Timeframe for utilization from receipt of placement funds
Repayment of trade and other payables	3,000	Within 6 months
Repayment of bank borrowings	2,075	Within 6 months
Working capital	3,304	Within 24 months
Estimated expenses related to Proposed Private Placement	100	Within 3 months
Total	8,479	

Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 14 June 2023, approved the Placement Shares.

The first tranche, constituting 4,370,100 of new ordinary shares with the indicative issue price of RM0.530 per Placement Share was fixed and announced on 30 June 2023. The 4,370,100 Placement Share were listed and quoted on the ACE Market of Bursa Securities on 10 July 2023.

SILVER RIDGE HOLDINGS BHD
(Company No.: 200401029277 (667785-W))
Incorporated in Malaysia

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Details of proposed utilisation of proceeds (Cont'd)

This Proposed Private Placement was not completed as of 28th August 2023, the first tranche of 4,370,100 new ordinary shares were issued from the Private Placement raising gross proceeds of RM2,316,153.00 which is intended to be utilised as follows: -

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilization	Deviation RM'000	Explanation Deviation ≥ 5%
Repayment of trade and other payables	3,000	-	Within 6 months	3,000	Not Completed
Repayment Bank Borrowing	2,075	-	Within 6 months	2,075	Not Completed
Working capital	3,304	2,238	Within 24 Months	1,066	Not Completed
Estimated expenses related to Proposed Private Placement	100	78	Upon receipt	28	-
Total	8,479	2,316			

The above should be read in conjunction with the Announcement of the Company dated 30 May 2023.

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B9. Borrowings

The Group's borrowings are as follows: -

	As at 30 June 2023 RM'000
Payable within 12 months: Bank borrowings	1,038
Payable after 12 months: Bank borrowings	1,031
Total	2,069

B10. Off Balance Sheet Financial Instruments

There was no off-balance sheet financial instrument as at the date of this report.

B11. Material Litigation

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B12. Dividends

There was no dividend declared as at the date of this report.

SILVER RIDGE HOLDINGS BHD
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B13. Earnings / (Loss) per Share

a) Basic Loss Per Share

	Current Quarter Ended 30 June 2023	12 months Current Year To Date Ended 30 June 2023
Profit/(loss) attributable to ordinary shareholders (RM'000)	684	(3,791)
Weighted average number of ordinary shares on issue ('000)	241,706	241,706
Earnings/(loss) per ordinary share (sen)	0.28	(1.57)

b) Diluted Loss Per Share

	Current Quarter Ended 30 June 2023	12 months Current Year To Date Ended 30 June 2023
Profit/(loss) attributable to ordinary shareholders (RM'000)	684	(3,791)
Weighted average number of ordinary shares on issue ('000)	241,706	241,706
Adjusted for:		
Assumed shares issued from the conversion of warrant 2013/2023	(1,558)	(1,558)
Adjusted weighted average number of ordinary shares on issue and issuable (units)	240,148	240,148
Fully diluted earnings/(loss) per ordinary share (sen)	0.29	(1.58)

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B14. Realised and Unrealised Profits/(Losses) Disclosure

	As at 30 June 2023 RM'000
Total accumulated losses of the Company and its subsidiaries:	
- Realised	(19,595)
- Unrealised	-
	<hr style="width: 100%; border: 0.5px solid black;"/>
	(19,595)
Less:	
Consolidation adjustments	(23)
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	(19,618)

B15. Loss for the Period

This is arrived at after crediting / (charging):

	Current Quarter 30 June 2023 RM'000	Year to Date 12 months to 30 June 2023 RM'000
Interest expenses	(51)	(283)
Amortisation of intangible asset	(9)	(35)
Depreciation of property, plant and equipment	(24)	(224)
Depreciation of rights of use of asset	(90)	(583)

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.