



SKH CONSORTIUM BERHAD

SKH CONSORTIUM BERHAD

(Formerly Known As The Media Shoppe Berhad)

(Company No. 383028-D)

(Incorporated in Malaysia)

Year 2015

Quarterly Announcement

For The Quarter Ended 31 December 2015

SKH CONSORTIUM BERHAD
(Formerly Known As The Media Shoppe Berhad)
(Company No. 383028-D)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	2015 CURRENT YEAR QUARTER 31/12/2015 (Unaudited) RM'000	2014 PRECEDING YEAR CORRESPONDING QUARTER 31/12/2014 (Unaudited) RM'000	2015 CURRENT YEAR-TO-DATE 31/12/2015 (Unaudited) RM'000	2014 PRECEDING YEAR CORRESPONDING PERIOD 31/12/2014 (Audited) RM'000
Revenue	39,043	73,578	160,162	256,883
Direct costs	(34,704)	(67,478)	(144,874)	(237,029)
Gross profit	<u>4,339</u>	<u>6,100</u>	<u>15,288</u>	<u>19,854</u>
Other income	183	250	786	1,044
	<u>4,522</u>	<u>6,350</u>	<u>16,074</u>	<u>20,898</u>
Operating expenses	(8,469)	(4,873)	(24,816)	(21,253)
Finance costs	(5)	(35)	(30)	(47)
(Loss)/Profit before taxation	<u>(3,952)</u>	<u>1,442</u>	<u>(8,772)</u>	<u>(402)</u>
Income tax expense	(272)	(453)	(1,000)	(1,076)
(Loss)/Profit after taxation	<u>(4,224)</u>	<u>989</u>	<u>(9,772)</u>	<u>(1,478)</u>
Other comprehensive expenses, net of tax	-	-	-	-
	*	*	*	*
Total comprehensive (expenses)/ income	<u>(4,224)</u>	<u>989</u>	<u>(9,772)</u>	<u>(1,478)</u>
(Loss)/Profit after taxation attributable to:-				
Owners of the Company	(4,234)	495	(9,616)	(1,725)
Non-controlling interests	10	494	(156)	247
	<u>(4,224)</u>	<u>989</u>	<u>(9,772)</u>	<u>(1,478)</u>
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(4,234)	496	(9,616)	(1,725)
Non-controlling interests	10	493	(156)	247
	<u>(4,224)</u>	<u>989</u>	<u>(9,772)</u>	<u>(1,478)</u>
(Loss)/Earning per share (LPS/EPS) (in sen)				
Basic (LPS)/EPS	(0.79)	0.06	(2.08)	(0.20)
Diluted (LPS)/EPS	N/A	N/A	N/A	N/A

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

SKH CONSORTIUM BERHAD
(Formerly Known As The Media Shoppe Berhad)
(Company No. 383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	As at	As at
	31 December 2015	31 December 2014
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	16,711	14,180
Other investments	199	250
Other intangible assets	1,860	650
Lease receivable	128	175
Goodwill on consolidation	7,184	7,184
	<u>26,082</u>	<u>22,439</u>
Current Assets:		
Inventories	17,801	18,671
Trade and other receivables	27,824	26,235
Lease receivable	47	45
Tax refundable	37	146
Short-term investments	13,306	15,280
Deposits with licensed banks	751	1,918
Cash and bank balances	15,902	18,050
	<u>75,668</u>	<u>80,345</u>
TOTAL ASSETS	<u>101,750</u>	<u>102,784</u>
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	54,444	87,018
Reserves	20,032	(14,491)
Total equity attributable to owners of the Company	74,476	72,527
Non-controlling interests	(100)	628
TOTAL EQUITY	<u>74,376</u>	<u>73,155</u>
Non-Current Liabilities:		
Hire purchase payables	273	326
Deferred tax liabilities	30	30
	<u>303</u>	<u>356</u>
Current Liabilities:		
Trade and other payables	26,962	26,823
Short-term borrowings	53	2,303
Provision for taxation	56	147
	<u>27,071</u>	<u>29,273</u>
TOTAL LIABILITIES	<u>27,374</u>	<u>29,629</u>
TOTAL EQUITY AND LIABILITIES	<u>101,750</u>	<u>102,784</u>
Net assets per share (sen)	13.68	8.33

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

SKH CONSORTIUM BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE TWELVE (12) MONTHS ENDED 31 DECEMBER 2015

	(UNAUDITED) CURRENT YEAR-TO-DATE 31 December 2015 RM'000	(AUDITED) PRECEDING YEAR CORRESPONDING PERIOD 31 December 2014 RM'000
CASH FLOW FOR OPERATING ACTIVITIES		
Loss before taxation	(8,772)	(402)
Adjustments for non-cash items:		
Amortisation of software development costs	-	72
Amortisation of intangible assets	459	-
Bad debts written off	2	-
Depreciation of property and equipment	2,041	1,851
Equipment written off	-	4
Impairment losses on receivables	93	677
Impairment of intangible assets	531	-
Impairment of software development costs	-	178
Interest expense	30	47
Loss on disposal of subsidiaries	132	-
Share-based payment arising from ESOS	1,200	-
Gain on disposal of club membership	(41)	(23)
Gain on disposal of equipment	-	(71)
Interest income	(529)	(537)
Negative goodwill	(1)	-
Reversal of impairment losses on receivables	(36)	(317)
Unrealised gain on foreign exchange	(4)	-
Operating (loss)/profit before changes in working capital	(4,895)	1,479
Net change in inventories	870	(4,978)
Net change in trade & other receivables	(2,064)	(8,266)
Net change in trade & other payables	566	11,898
Cash flow (for)/from operations	(5,523)	133
Income tax paid	(1,104)	(1,215)
Income tax refund	122	1
Interest paid	(30)	(47)
Net cash for operating activities	(6,535)	(1,128)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	529	537
Proceeds from disposal of club membership	92	-
Proceeds from disposal of equipment	-	188
Proceeds from NCI	-	245
Repayment from lease receivable	45	22
Disposal of subsidiaries, net of cash	(262)	-
Purchase of property and equipment	(4,573)	(3,902)
Net withdrawal/(placement) of deposits pledged to licensed banks	1,038	(595)
Additional investment in a subsidiary	(1,020)	-
Purchase of intangible assets	(2,200)	(650)
Net cash inflow on acquisition of a subsidiary	3	-
Net cash for investing activities	(6,348)	(4,155)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(50)	(259)
Net drawdown of bankers' acceptance	(2,253)	1,987
Proceeds from exercise of ESOS	10,750	-
Proceeds from conversion of warrants	185	-
Net cash from financing activities	8,632	1,728
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,251)	(3,555)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,210	37,765
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	Note 1 <u>29,959</u>	<u>34,210</u>

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Note 1

Cash and Cash Equivalents at End of the Financial Period comprised:	31 December 2015 RM'000	31 December 2014 RM'000
Short-term investments	13,306	15,280
Deposits with licensed bank	751	1,918
Cash and bank balances	15,902	18,050
	<u>29,959</u>	<u>35,248</u>
Less: Deposits pledged to licensed banks	-	(1,029)
Less: Fixed deposits with maturity period more than 3 months	-	(9)
	<u>29,959</u>	<u>34,210</u>

SKH CONSORTIUM BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE (12) MONTHS ENDED 31 DECEMBER 2015**

	Non-Distributable			Distributable		Non-Controlling Interests ("NCI")	Total
	Share Premium	Warrant Reserve	Foreign Exchange Translation Reserve	Employees Share Option Reserve ("ESOS")	(Accumulated Losses)/ Retained Profit		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 December 2015							
Balance as at 1 January 2015	87,018	4,055	10,146	*	1,200	(29,892)	72,527
Transactions with owners of the Company:-							
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(570)	(570)
Employees' share option lapsed	-	-	-	(1,225)	1,225	-	-
Share option granted under ESOS	-	-	-	1,200	-	-	1,200
Share capital reduction	(43,509)	-	-	-	43,509	-	-
Exercise of ESOS	10,750	1,075	-	(1,075)	-	10,750	10,750
Conversion of warrants	185	-	-	-	-	-	185
Reclassification of warrants reserve upon conversion of warrants	-	94	(94)	-	-	-	-
Total transactions with owners	(32,574)	1,169	(94)	(1,100)	44,164	11,565	(450)
Loss after taxation for the 12 months ended 31 December 2015	-	-	-	-	(9,616)	(9,616)	(156)
Other comprehensive expenses for the 12 months ended 31 December 2015 - Foreign currency translation	-	-	-	*	-	-	*
Total comprehensive expenses for the 12 months ended 31 December 2015	-	-	-	*	-	(9,616)	(156)
Disposal of subsidiaries	-	-	-	-	-	-	(122)
Balance as at 31 December 2015	54,444	5,224	10,052	100	4,656	74,476	(100)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE (12) MONTHS ENDED 31 DECEMBER 2015 (Cont'd)**

	Non-Distributable			Distributable		Total RM'000
	Share Premium RM'000	Warrant Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Employees Share Option Reserve RM'000	Accumulated Losses RM'000	
Share Capital RM'000	87,018	4,055	10,146	-	(28,167)	74,388
Balance as at 1 January 2014			*	1,200		136
Transactions with owners of the Company:-						
NCI share of the acquiree's net identifiable assets	-	-	-	-	-	245
Total transactions with owners	-	-	-	-	-	245
Loss after taxation for the 12 months ended 31 December 2014	-	-	-	-	(1,725)	247
Other comprehensive expenses for the 12 months ended 31 December 2014	-	-	-	-	-	-
- Foreign currency translation	-	-	-	*	-	*
Total comprehensive expenses for the 12 months ended 31 December 2014	-	-	-	*	(1,725)	247
Balance as at 31 December 2014	87,018	4,055	10,146	1,200	(29,892)	72,527
						628
						73,155

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

SKH CONSORTIUM BERHAD (“SKH” or “The Company”)

(Formerly Known As The Media Shoppe Berhad)

(Company No. 383028-D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”)

134 Interim Financial Reporting

A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of The Media Shoppe Berhad (“TMS” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2014. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2014.

The adoption of the following accounting standards and interpretations (including the consequential amendments) that came into effect on or after 1 January 2015 is expected to have no material impact on the unaudited condensed consolidated financial statements upon their initial application.

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15: Revenue from Contracts with Customers
- Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an investor and its Associate or Joint Venture
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception
- Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 - 2014 Cycle

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A3. Change of Company Name

On 26 January 2016, the Company changed its name from The Media Shoppe Berhad to SKH Consortium Berhad.

A4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2014 was not qualified.

A5. Seasonality or Cyclicity of Operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A6. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review that were unusual because of their nature, size or incidence.

A7. Material Changes in Estimates

There were no material changes in estimates during the current financial period under review.

A8. Issuances, Repurchases, and Repayments of Debt and Equity Securities

On 12 June 2015, the Company announced the offer of options to eligible persons to subscribe for new ordinary shares of RM0.10 each in the Company ("Options") under the Employees' Share Option Scheme ("ESOS") of the Company. The number of Options offered is 120,000,000 at an exercise price of RM0.10 each.

The following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of the exercise of Options:-

Date	No. of shares
22 September 2015	41,500,000
25 September 2015	18,500,000
12 October 2015	15,000,000
13 October 2015	11,500,000
16 October 2015	3,000,000
21 October 2015	2,500,000
2 November 2015	15,500,000
Total	107,500,000

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A8. Issuances, Repurchases, and Repayments of Debt and Equity Securities (Cont’d)

Pursuant to the Rights Issue with Warrants, the following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of conversion of warrants to ordinary shares:-

Date	No. of shares
18 September 2015	86,800
23 September 2015	1,763,500
Total	1,850,300

Save for the disclosure above, there were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares since the last annual reporting date.

A9. Dividends Paid

There were no dividends paid during the current financial period under review.

A10. Operating Segment Information

The Group business segments comprise the following:-

- (i) Information Technology (“IT”) and Information Communications Technology (“ICT”) division - Research and development, system network support, IT system and integration services, trading in IT related products (hardware, software and accessories), electronic commerce provider and facilitator, software development and support services and others (“IT and ICT Division”); and
- (ii) Property construction and its related business (“Construction Division”).

Part A**Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont’d)****A10. Operating Segment Information (Cont’d)**

Segmental information is provided based on business segments, as follows:

	IT and ICT Division RM'000	Construction Division RM'000	The Group RM'000
Current quarter ended 31 December 2015			
Revenue			
External revenue	34,682	4,361	39,043
Results			
Segment results	(535)	(2,383)	(2,918)
Interest income	127	-	127
Amortisation of intangible assets	(110)	-	(110)
Depreciation of property and equipment	(512)	- *	(512)
Impairment losses on receivables	(4)	-	(4)
Impairment on intangible assets	(531)	-	(531)
Interest expense	(4)	-	(4)
Consolidated loss before taxation	(1,569)	(2,383)	(3,952)
Income tax expense	(272)	-	(272)
Consolidated loss after taxation	(1,841)	(2,383)	(4,224)
Assets			
Segment assets/Consolidated total assets	85,131	16,619	101,750
Liabilities			
Segment liabilities/Consolidated total liabilities	27,248	126	27,374

Note:-

* - Amount less than RM1,000

Part A**Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS")**
134 Interim Financial Reporting (Cont'd)**A10. Operating Segment Information (Cont'd)**

	IT and ICT Division RM'000	Construction Division RM'000	The Group RM'000
Current quarter ended 31 December 2014			
Revenue			
External revenue	73,578	-	73,578
Results			
Segment results	1,819	-	1,819
Interest income	198	-	198
Reversal of impairment losses on receivables	72	-	72
Amortisation of software development costs	(13)	-	(13)
Depreciation of property and equipment	(326)	-	(326)
Impairment losses on receivables	(97)	-	(97)
Impairment on software development costs	(178)	-	(178)
Interest expense	(33)	-	(33)
Consolidated profit before taxation	1,442	-	1,442
Income tax expense	(453)	-	(453)
Consolidated profit after taxation	989	-	989
Assets			
Segment assets/Consolidated total assets	102,784	-	102,784
Liabilities			
Segment liabilities/Consolidated total liabilities	29,629	-	29,629

The Group operates principally in Malaysia.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting (Cont’d)

A11. Material Events Subsequent to the End of the Interim Period

Save for the following, there were no material events subsequent to the end of the current quarter up to 18 February 2016, being the last practicable date from the date of the issue of this report that are expected to have an operational or financial impact on the Group.

Deed of Mutual Rescission and Revocation - Proposed Transfer of Properties

The Company and its wholly-owned subsidiary, Nuone Sdn Bhd, (“the Parties”) had on 4 February 2016 signed a Deed of Mutual Rescission and Revocation (“DMRR”) to revoke the Master Sale and Purchase Agreement entered into between the Parties on 23 July 2015 (“SPA”) to transfer six (6) parcels of leasehold properties held by the Company (“the Vendor”) to Nuone Sdn Bhd (“the Purchaser”). Pursuant to the DMRR the Vendor released the Purchaser from the due performance and observance of all its obligations and covenants under the SPA and the Purchaser released the Vendor from the due performance and observance of its obligations and covenants under the SPA.

A12. Changes in the Composition of the Group

Save for the below, there were no other changes in the composition of the Group during the current financial period under review.

On 19 October 2015, the Company acquired two (2) ordinary shares of RM1 each which represented 100% equity interest in Tristar Union Sdn Bhd (“TUSB”) for a total cash consideration of RM2.00. TUSB was incorporated on 28 September 2015 and its present authorised share capital is RM400,000.

A13. Changes in Contingent Liabilities and Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 18 February 2016 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

A14. Capital Commitments

There were no capital commitments as at 18 February 2016 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A15. Related Party Transactions

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31.12.2015 are as follows:

	Current quarter RM'000	Cumulative period-to-date RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	36
Rental of office premises charged by a company in which a director is a common director and has substantial financial interest	33	45
Outsourcing fee charged by a related party	-	50
Administrative expenses charged to a related party	-	16
Staff secondment fee charged to a related party	-	228
Key management personnel:-		
- salaries and allowances	117	515
- defined contribution plans	14	65
- others	- *	1
- fee	49	159

Note:-

* - Amount less than RM1,000

A16. Changes in Fair Value of Financial Assets and Financial Liabilities, Transfers and Classifications

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities in the current financial period under review.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

B1. Detailed Analysis of Overall Performance

	Individual Quarter		Cumulative Period	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue:-				
IT and ICT Division	34,682	73,578	155,622	256,883
Construction Division	4,361	N/A	4,540	N/A
	39,043	73,578	160,162	256,883
(Loss)/Profit before taxation ("LBT)/PBT):-				
IT and ICT division	(1,569)	1,442	(6,370)	(402)
Construction Division	(2,383)	N/A	(2,402)	N/A
	(3,952)	1,442	(8,772)	(402)

IT and ICT Division

For the current quarter under review, 88.8% of the Group's revenue was derived from IT and ICT division. As compared to the corresponding quarter and cumulative period in 2014, revenue has decreased by RM38.9 million or 52.9% and RM101.3 million or 39.4%, respectively, as a result of reduced consumers spending in the IT and ICT segment in view of the increased competitiveness in this industry and current economic condition.

The reduction in revenue affected the gross profit contributed from this division and was the main reason for the increase in LBT by RM3.0 million and RM6.0 million in the current quarter and cumulative period ended 31 December 2015, respectively, as there was lesser revenue to support the fixed and semi-fixed costs like staff costs and amortisation of software development costs and intangible assets coupled with increased direct costs for projects.

Construction Division

The Group has diversified its existing business to include property construction and its related business during the financial period ending 31 March 2016. Super Kian Holdings Sdn Bhd ("SKHSB") had completed the earthwork and levelling on the land and the revenue recognised in the current quarter and cumulative period ended 31 December 2015 was mainly for the work performed.

The LBT in the current quarter and cumulative period ended 31 December 2015 was mainly due to pre-construction expenses incurred.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B2. Comments on Material Changes in the Loss Before Taxation for the Quarter Reported as Compared with the Preceding Quarter

	Current quarter ended 31.12.2015 RM'000	Previous quarter ended 30.9.2015 RM'000
Revenue:-		
IT and ICT Division	34,682	29,442
Construction Division	4,361	179
	39,043	29,621
LBT:-		
IT and ICT Division	(1,569)	(1,666)
Construction Division	(2,383)	(19)
	(3,952)	(1,685)

IT and ICT Division

The increase in revenue by RM5.2 million or 17.8% was mainly due to a lower revenue recorded in the previous quarter as a result of the incident happened in Low Yat Plaza in July 2015 which affected sales on the ICT products adversely. The business was gradually recovered in the current quarter. There was no material movement in LBT.

Construction Division

The revenue in the current quarter was mainly attributable to the billings for earthwork and levelling.

As explained in B1, the LBT in the current quarter and was mainly due to pre-construction expenses incurred.

B3. Commentary on Prospects

The Group strives for better performance by continue looking at areas of growth in the business segments as well as strengthening the Group's position in the market. The Group will also from time to time look for more opportunities and when appropriate, implement the necessary changes which include diversify its income stream.

Currently the Group derives most of its revenue from the IT and ICT division and the Group's historical financial performance has not been favourable. Considering the increasingly competitive market in the ICT industry, the Group has diversified its business to include the property construction and its related business. The property construction and its related business are expected to provide additional streams of revenue to reduce the Group's dependency on IT and ICT segment and would contribute positively to the Group's future earnings and improve the financial position of the Group.

Management expects that the overall outlook for the Group's performance for the rest of the period will be challenging due to the uncertainties in the current economic and political conditions.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B4. Variance between Actual Profit and Forecast Profit or Profit Guarantee

There were no profit forecast or profit guarantee made public for the current financial period under review.

B5. Tax Expense

The tax expense is as follows:

	Current Quarter RM'000	Current Year-To-Date RM'000
Current tax expense:		
- For the current financial period	(272)	(1,002)
- Overprovision in the previous financial year	-	2
	<u>(272)</u>	<u>(1,000)</u>

B6. Status of Corporate Proposals

On 27 November 2015, TA Securities Holdings Berhad on behalf of the Board of Directors of SKH announced that the Company proposed to undertake the following proposals:-

- (i) diversification of the existing business of SKH and its subsidiary companies to include property construction and its related business ("Proposed Diversification"); and
- (ii) variation of the utilisation of proceeds raised from the rights issue which was completed on 19 January 2012 ("Proposed Variation").

(collectively referred to as the "Proposals")

The Proposals were approved by the shareholders of the Company at the extraordinary general meeting held on 19 January 2016.

There were no corporate proposals as at 18 February 2016 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B7. Utilisation of Proceeds**Rights Issue with Warrants

On 19 January 2012, Hong Leong Investment Bank Berhad on behalf of TMS announced that the Rights Issue with Warrants has been completed following the listing of and quotation for 312,631,700 Rights Shares together with 234,473,775 Warrants on the ACE Market of Bursa Securities.

Purposes	Proposed Utilisation	Actual Utilisation As At 31.12.2015	Revised Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	9,004	9,004	Within 36 months	-	-	N1
Expansion of existing business	9,782	9,782	Within 24 months	-	-	
Overseas expansion	12,000	-	Within 36 months	12,000	100.0	
Estimated expenses in relation to the Rights Issue with Warrants	477	477	Within 1 month	-	-	
Total	31,263	19,263				

N1 The Company proposed to redeploy this part of proceeds to be used to fund the project in Kemaman, Terengganu and future projects in relation to property industry. The Proposed Variation which was approved by the shareholders of the Company on 19 January 2016 is as follows:-

Descriptions	Proposed Utilisation	Intended Timeframe for Utilisation
Working capital requirements for the project in Kemaman	5,000	Within 18 months
Future projects in the property industry	7,000	Within 24 months
Total	12,000	

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B8. Details of Group Borrowings and Debt Securities

The Group's interest-bearing borrowing as at the end of the reporting period are as follows:

	As at 31.12.2015 RM'000
Current – unsecured	
Hire purchase payable - payable within 12 months	53
Non-current – unsecured	
Hire purchase payable - payable after 12 months	273
	<hr/> <hr/> 326

B9. Gains and Losses arising from Fair Value Changes of Financial Liabilities

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.

B10. Dividends

No interim dividend has been declared or proposed for the current financial period under review.

B11. (Loss)/Earning per Share

The basic (loss)/earning per share was calculated by dividing the (loss)/profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective period as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter Ended 31.12.2015	Preceding Year Corresponding Quarter Ended 31.12.2014	Current Year-to-date Ended 31.12.2015	Preceding Year Corresponding Period Ended 31.12.2014
Basic (loss)/earning per share				
(Loss)/Profit after taxation attributable to the owners of the Company (RM'000)	(4,213)	495	(9,595)	(1,725)
Weighted average number of ordinary shares in issue	534,724,355	870,182,890	461,573,539	870,182,890
Basic (loss)/earning per share (sen)	(0.79)	0.06	(2.08)	(0.20)
Diluted loss per share	N/A	N/A	N/A	N/A

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B12. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	Current quarter 31/12/2015 RM'000	Current year-to-date 31/12/2015 RM'000
Interest income	127	529
Other income	56	216
Interest expense	5	30
Depreciation of property and equipment	512	2,041
Amortisation of intangible assets	110	459
Impairment losses on receivables	4	93
Reversal of impairment losses on receivables	-	36
Provision for and write off of inventories	N/A	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Impairment of assets	N/A	N/A
Unrealised gain on foreign exchange	-	4
Realised loss/(gain) on foreign exchange	-	1
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

B13. Disclosure of Realised and Unrealised Profit or Losses

Pursuant to the directive dated 25 March 2010 issued by Bursa Securities, the breakdown of the retained profit/(accumulated losses) can be analysed as follows:

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained profit/(accumulated losses) of the Group:		
- realised	248	(35,015)
- unrealised	-	-
	<u>248</u>	<u>(35,015)</u>
Less: Consolidation Adjustments	4,408	5,123
	<u>4,656</u>	<u>(29,892)</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1 "*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*", issued by the Malaysian Institute of Accountants on 20 December 2010.

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 February 2016.