



SKH CONSORTIUM BERHAD

SKH CONSORTIUM BERHAD

(Formerly Known As The Media Shoppe Berhad)

(Company No. 383028-D)

(Incorporated in Malaysia)

Year 2017

Quarterly Announcement

For The Quarter Ended 30 June 2016

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 30 JUNE 2016

	INDIVIDUAL QUARTER CURRENT QUARTER ENDED 30 June 2016 (Unaudited) RM'000	CUMULATIVE PERIOD 3 MONTHS ENDED 30 June 2016 (Unaudited) RM'000
Revenue	34,439	34,439
Direct costs	(30,492)	(30,492)
Gross profit	<u>3,947</u>	<u>3,947</u>
Other income	339	339
	<u>4,286</u>	<u>4,286</u>
Operating expenses	(3,755)	(3,755)
Finance costs	(2)	(2)
Profit before taxation	<u>529</u>	<u>529</u>
Income tax expense	(325)	(325)
Profit after taxation/Total comprehensive income	<u>204</u>	<u>204</u>
Profit/(Loss) after taxation attributable to:-		
Owners of the Company	207	207
Non-controlling interests	(3)	(3)
	<u>204</u>	<u>204</u>
Total comprehensive income/(expenses) attributable to:		
Owners of the Company	207	207
Non-controlling interests	(3)	(3)
	<u>204</u>	<u>204</u>
Earning per share (EPS) (in sen)		
Basic EPS	0.04	0.04
Diluted EPS	0.04	0.04

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 period ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

SKH CONSORTIUM BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	As at 30 June 2016 RM'000	As at 31 March 2016 RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	9,312	9,054
Other investment	-	199
Other intangible assets	857	893
Investment property	1,407	1,430
Lease receivable	104	116
Goodwill on consolidation	5,764	5,764
	<u>17,444</u>	<u>17,456</u>
Current Assets:		
Inventories	16,182	17,733
Trade and other receivables	22,975	25,948
Lease receivable	48	48
Tax refundable	415	120
Short-term investments	13,491	13,371
Cash and bank balances	14,372	13,706
	<u>67,483</u>	<u>70,926</u>
Asset held for sale	1,198	1,198
TOTAL ASSETS	<u>86,125</u>	<u>89,580</u>
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	55,444	55,444
Reserves	9,289	9,082
Total equity attributable to owners of the Company	64,733	64,526
Non-controlling interests	(114)	(111)
TOTAL EQUITY	<u>64,619</u>	<u>64,415</u>
Non-Current Liabilities:		
Hire purchase payable	108	115
Deferred tax liabilities	65	30
	<u>173</u>	<u>145</u>
Current Liabilities:		
Trade and other payables	21,153	24,978
Hire purchase payable	25	25
Provision for taxation	155	17
	<u>21,333</u>	<u>25,020</u>
TOTAL LIABILITIES	<u>21,506</u>	<u>25,165</u>
TOTAL EQUITY AND LIABILITIES	<u>86,125</u>	<u>89,580</u>
Net assets per share (sen)	11.68	11.64

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2016 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 THREE (3) MONTHS ENDED 30 JUNE 2016

	(UNAUDITED) CURRENT PERIOD-TO-DATE 3 MONTHS ENDED 30 June 2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	529
Adjustments for non-cash items:	
Amortisation of other intangible assets	36
Depreciation of property and equipment	242
Depreciation of investment property	23
Impairment losses on receivables	54
Interest expense	2
Loss on disposal of other investment	169
Gain on disposal of equipment	(1)
Interest income	(126)
Reversal of impairment losses on receivables	(106)
Operating profit before changes in working capital	822
Net change in inventories	1,551
Net change in trade & other receivables	3,025
Net change in trade & other payables	(3,825)
Cash flow from operations	1,573
Income tax paid	(447)
Interest paid	(2)
Net cash from operating activities	1,124
CASH FLOWS FOR INVESTING ACTIVITIES	
Interest received	126
Proceeds from disposal of other investment	30
Proceeds from disposal of equipment	1
Repayment from lease receivable	12
Purchase of equipment	(500)
Net cash for investing activities	(331)
NET CASH FOR FINANCING ACTIVITY	
Repayment of hire purchase payable	(7)
NET CHANGE IN CASH AND CASH EQUIVALENTS	786
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	27,077
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	27,863

Note 1

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial period ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.)

Note 1

Cash and Cash Equivalents at End of the Financial Period comprised:

	30 June 2016 RM'000
Short-term investments	13,491
Cash and bank balances	14,372
	27,863

SKH CONSORTIUM BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE (3) MONTHS ENDED 30 JUNE 2016

	←----- Non-Distributable ----->			Distributable	Attributable To Owners of the Company	Non- Controlling Interests	Total
	Share Capital	Share Premium	Warrant Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30 June 2016							
Balance as at 1 April 2016	55,444	5,324	10,052	(6,294)	64,526	(111)	64,415
Profit after taxation for the 3 months ended 30 June 2016	-	-	-	207	207	(3)	204
Balance as at 30 June 2016	55,444	5,324	10,052	(6,087)	64,733	(114)	64,619

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.)

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

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(Company No. 383028-D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2016

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 Company and its subsidiaries (“the Group”) for the financial period ended 31 March 2016. 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 period ended 31 March 2016.

A2. Comparative Figures

The Group and the Company changed its financial year end from 31 December to 31 March. The first financial statements that made up to 31 March was for a 15-month period ended 31 March 2016. There are no comparative figures presented for the current quarter under review and cumulative period ended in the current quarter in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flow as there are no comparable interim periods in the immediate preceding financial period. Comparative figures for the interim periods will be available in the quarterly reports for the financial year ending 31 March 2018 onwards.

Part A

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

A3. 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 period ended 31 March 2016 except for the adoption of the following:-

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

- MFRS 14: Regulatory Deferral Accounts
- 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

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

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
- MFRS 16: Leases
- 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 15: Effective Date of MFRS 15
- Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’
- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) is expected to have no material impact on the unaudited condensed consolidated financial statements upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

Part A

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

134 Interim Financial Reporting (Cont’d)

A3. Changes in Accounting Policies (Cont’d)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) is expected to have no material impact on the unaudited condensed consolidated financial statements upon their initial application except as follows:-
(Cont’d)

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

A4. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial period ended 31 March 2016 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

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.

Part A

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

A10. Operating Segment Information

The Group business segments comprise the following:-

- (i) Information Technology (“IT”) and Information Communication 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”).

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 30 June 2016			
Revenue			
External revenue	31,133	3,306	34,439
Results			
Segment results	39	615	654
Interest income	126	-	126
Reversal of impairment losses on receivables	106	-	106
Amortisation of other intangible assets	(36)	-	(36)
Depreciation of property and equipment	(238)	(4)	(242)
Depreciation of investment property	(23)	-	(23)
Impairment losses on receivables	(54)	-	(54)
Interest expense	(2)	-	(2)
Consolidated (loss)/profit before taxation	(82)	611	529
Income tax expense	(179)	(146)	(325)
Consolidated (loss)/profit after taxation	(261)	465	204
Assets			
Segment assets/Consolidated total assets	64,156	21,969	86,125
Liabilities			
Segment liabilities/Consolidated total liabilities	21,314	192	21,506

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

There were no material events subsequent to the end of the current quarter up to 18 August 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.

A12. Changes in the Composition of the Group

There were no other changes in the composition of the Group during the current financial period under review.

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 August 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 August 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 30.6.2016 are as follows:

	Current quarter RM000	Cumulative period-to-date RM000
Rental of office premises charged by a company in which a director is a common director and has substantial financial interest	33	33
Key management personnel:-		
- salaries and allowances	193	193
- defined contribution plans	23	23
- others	1	1
- fee	69	69

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
	30.6.2016 RM'000	30.6.2016 RM'000
Revenue:-		
IT and ICT Division	31,133	31,133
Construction Division	3,306	3,306
	34,439	34,439
Profit/(Loss) before taxation ("PBT/(LBT)"):-		
IT and ICT division	(82)	(82)
Construction Division	611	611
	529	529

IT and ICT Division

The revenue generated from IT and ICT division during the current quarter and cumulative period under review was mainly derived from the sales of IT and ICT products i.e. Do-It-Yourself ("DIY") products (customers' self-built-up owned products), accessories and gadgets. The LBT for the current quarter and cumulative period under review was mainly due to the lesser revenue contribution to cover its operating expenses.

Construction Division

Revenue recognised in the current quarter mainly attributable to work performed on the infra-structural works for a project in Johor Bahru. The PBT in the current quarter under review was mainly due to the profit derived from the project as mentioned above.

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

	Current quarter ended 30.6.2016 RM'000	Previous quarter ended 31.3.2016 RM'000
Revenue:-		
IT and ICT Division	31,133	33,090
Construction Division	3,306	4,402
	34,439	37,492
PBT/(LBT):-		
IT and ICT Division	(82)	(11,258)
Construction Division	611	611
	529	(10,647)

IT and ICT Division

The decrease in revenue in the current quarter was approximately RM2.0 million, representing a decrease of 6% as compared to the previous quarter. The decrease in LBT was mainly due to the impairment losses of assets provided in the previous quarter.

Construction Division

As explained in B1, the revenue in the current quarter was mainly attributable to the billings for infra-structural works and the PBT in the current quarter was mainly derived from this project.

Part B

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

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 current financial year will be challenging due to the uncertainties in the current economic and political conditions.

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	(290)	(290)
Deferred tax expense:		
- Current deferred tax	(20)	(20)
- Underprovision in the previous financial period	(15)	(15)
	<u>(35)</u>	<u>(35)</u>
	<u>(325)</u>	<u>(325)</u>

B6. Status of Corporate Proposals

There were no corporate proposals as at 18 August 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 SKH 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 30.6.2016	Revised Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	9,004	9,004	Within 48 months ⁽ⁱ⁾	-	-	
Expansion of existing business	9,782	9,782	Within 24 months ⁽ⁱ⁾	-	-	
Working capital requirements for the projects in Kemaman	5,000	469	Within 18 months ⁽ⁱⁱ⁾	4,531	90.6	N1
Future projects in the property industry	7,000	6,010	Within 24 months ⁽ⁱⁱ⁾	990	14.1	N1
Estimated expenses in relation to the Rights Issue with Warrants	477	477	Within 1 month ⁽ⁱ⁾	-	-	
Total	31,263	25,742				

N1 Pending utilisation

- (i) The timeframe was computed from the Right Issue with Warrants' completion date, i.e. 19 January 2012.
- (ii) The timeframe is computed from the date of shareholders' approval on the redeployment of this part of proceeds i.e. 19 January 2016.

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 30.6.2016 RM'000
Current - unsecured	
Hire purchase payable - payable within 12 months	25
Non-current - unsecured	
Hire purchase payable - payable after 12 months	108
	133

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. Earnings per Share

The basic earnings per share was calculated by dividing the 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 Current Quarter Ended 30.6.2016	Cumulative Period Current Period-to-date Ended 30.6.2016
Profit after taxation attributable to the owners of the Company (RM'000)	207	207
Weighted average number of ordinary shares in issue	554,441,745	554,441,745
Basic earnings per share (sen)	0.04	0.04
Diluted earnings per share (sen)	0.04	0.04

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 30/6/2016 RM000	Current Period-to-date 30/6/2016 RM000
Interest income	126	126
Other income	-	-
Interest expense	2	2
Depreciation of property and equipment	242	242
Depreciation of investment property	23	23
Amortisation of other intangible assets	36	36
Impairment losses on receivables	54	54
Reversal of impairment losses on receivables	106	106
Provision for and write off of inventories	N/A	N/A
Gain on disposal of equipment	1	1
Loss on disposal of other investment	169	169
Gain or loss on disposal of quoted or unquoted investments	N/A	N/A
Impairment of assets	N/A	N/A
Unrealised gain on foreign exchange	N/A	N/A
Realised gain on foreign exchange	73	73
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 accumulated losses can be analysed as follows:

	As at 30.6.2016 RM'000	As at 31.3.2016 RM'000
Total accumulated losses of the Group:		
- realised	(10,179)	(25,140)
- unrealised	-	-
	(10,179)	(25,140)
Less: Consolidation Adjustments	4,092	18,846
	(6,087)	(6,294)

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 August 2016.